

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2017

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160

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MORELAND ENERGY FOUNDATION LIMITED
(ABN: 72 095 439 160)

REPORT OF THE DIRECTORS

Your directors present their report on the company for the financial year ended 30 June 2017.

1. Directors

The following persons were directors of the company during the whole of the financial year and up to date of this report, unless otherwise stated:

Monique CONHEADY	(Chairperson)
Rosemary Anne BISSETT	
Andrew Hinton HEWETT	
Alison ROWE	(Chief Executive Officer – appointed 18 th July 2016)
Paul Anthony MURFITT	(Chief Executive Officer – resigned 20 th August 2016)
James Donald SCOTT	
Lenka Mai THOMPSON	(resigned 28 th October 2016)
Catherine Wendy LESLIE	
Dale Matthew MARTIN	(appointed 6 th December 2016)
Dugald MURRAY	(appointed 20 th September 2016)

Company Secretary at end of the financial year:

Ian MacDonald THOMAS (Bachelor Arts) (Accounting) CPA

2. Principal Activities

The principal activity of the company during the financial year was to provide advice, education and project implementation services relating to reducing greenhouse gas emissions and demonstrating best practice in energy demand management.

3. Short-term and Long-term Objectives

The entity's short-term objectives are detailed each year through the annual budget setting process. Performance is regularly monitored by the Board of Directors and is measured on financial operating results and against the objectives and targets detailed as specific focus areas in the Annual Budget and associated Program Plans. All activities are guided by our Mission Statement that "*MEFL works with households, businesses, community groups, and governments on innovative approaches to implementing sustainable energy supply and reducing energy use*".

MEFL achieves these short-term program objectives in practice through a range of initiatives including delivering services to households and businesses via its Positive Charge initiative, ongoing implementation of the Moreland community climate action plan (Zero Carbon Evolution) and a range of business services provided to various governments, corporate and community partners.

MORELAND ENERGY FOUNDATION LIMITED
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REPORT OF THE DIRECTORS (CONTINUED)

The entity's longer term objectives are summarised as Key Strategic Priorities in the three-year 2015-2018 MEFL Strategic Plan. The Strategic Plan describes MEFL's vision for Moreland as "*an active, inspired community tackling climate change with sustainable energy solutions*". The Key Strategic Priorities for the coming three year period are -

1. MEFL works in close partnership with Moreland City Council to implement Zero Carbon Evolution in Moreland,
2. MEFL accelerates the development and implementation of models of locally led solar energy that can be replicated and scaled up; and
3. MEFL is a sustainable organisation.

4. Strategies for achieving objectives

The strategy to achieve both short-term and long-term objectives is to continue working with all groups mentioned above and further develop the organisation's capacity and capability.

Key Strategic Partner

A Funding Agreement originally signed between Moreland Energy Foundation Limited and Moreland City Council in 2000 provided MEFL with funding based on interest earned on \$5M of investments from the forced sale of the former Brunswick and Coburg Councils' Electricity Supply Departments. The initial Agreement expired on 30 June 2005 and a new agreement was signed by the parties extending the funding arrangement to June 2010. On 23 April 2010 a further five-year Agreement was entered into between MEFL and Moreland City Council. The 2010-2015 Agreement committed Moreland Council to provide annually indexed funding to MEFL. Council and MEFL have entered into a new agreement for the period 2015-2020, with an amount provided of \$404,000 in 2017 (2016: \$400,000) exclusive of GST. On wind up, or in breach of Council funding requirements, unexpended moneys must be returned to the Council.

5. Performance Measures

The company measures its performance via:

- (i) Reduction in emissions attributable to its activities and programs
- (ii) Level of partner satisfaction compared with targets
- (iii) Effectiveness in influencing the policy and practices of targeted institutions
- (iv) Performance against the annual budget as endorsed
- (v) Staff Satisfaction survey

6. Review of Operations

The operations of the company for the year ended 30 June 2017 resulted in an operating loss of \$294,291 (2016: Surplus - \$58,634). The net assets of the company as at 30 June 2017 were \$467,397 compared to \$761,688 as at 30 June 2016.

MORELAND ENERGY FOUNDATION LIMITED
(ABN: 72 095 439 160)

REPORT OF THE DIRECTORS (CONTINUED)

7. Meeting of Directors

During the financial year seven meetings of directors were held. Attendances by each director were as follows:

<u>Meeting of Directors</u>	<u>Number of Meetings Held while a Director</u>	<u>Number Attended</u>
Attended		
Monique CONHEADY	7	7
Rosemary BISSETT	7	6
Andrew HEWETT	7	6
Alison ROWE	7	7
Paul MURFITT	1	1
James SCOTT	7	7
Catherine LESLIE	7	6
Lenka THOMPSON	2	2
Dale MARTIN	3	3
Dugald MURRAY	6	6

8. Directors Emoluments

No director of the company has received or become entitled to receive a benefit (other than a benefit included in fixed salary as a full time employee of the company) by reason of a contract made or proposed by the company or a related corporation with the director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

**MORELAND ENERGY FOUNDATION LIMITED
(ABN: 72 095 439 160)**

REPORT OF THE DIRECTORS (CONTINUED)

9. Information and Qualifications of Directors

DIRECTOR	QUALIFICATIONS	EXPERIENCE	BOARD FUNCTION
Monique Conheady	BA, BEng (Honours) and GAICD	Commissioner, Taxi Services Commission (TSC), Director, Victorian Responsible Gambling Foundation (VRGF), Member, Environment Protection Agency (EPA) Interim Board, Chair, TSC Audit & Risk Committee, Chair, EPA People & Culture Committee, Member, VRGF Risk & Finance Committee.	Board Member and Chair (from 19 th Nov 2010)
Rosemary Bissett	B. Ed., M App Sci, MBA, MRACI C Chem, Grad AICD	Head of Sustainability Governance and Risk, National Australia Bank, Director, Sustainable Business Australia, North East Water	Board Member (from 6 th Nov 2002)
Paul Murfitt	M. Soc. Sci, Grad AICD	MEFL CEO, Board Member, Consumer Action Legal Centre	CEO and Board Member (from 3 rd Jan 2008 to 18 th July 2016)
James Scott	B Bus (Accounting), Chartered Accountant	Director Corporate Services, Moreland City Council	Board Member (from 19 th Dec 2011)
Catherine Wendy Leslie	BA/LLB	Lawyer, Victoria Legal Aid	Board Member (from 28 th October 2014)
Andrew Hewett		Formerly Executive Director, Oxfam Australia	Board Member (from 19 th Nov 2010)
Lenka Thompson	B.Science (Geology), Master of Environment, Grad AICD	Moreland City Councillor	Board Member from 22 nd November 2014 to 28 th Oct 2016)
Alison Rowe	MBA, Grad Dip Technology Management, MAICD	Chair Future Business Council, Formerly; Global Executive Director Sustainability at Fujitsu Limited, Director Infrastructure Sustainability Council Australia, Director Environment Victoria and Director Bioregional Australia.	CEO and Board Member (from 18 th July 2016)
Dale Martin	B. Business (Economics and Finance), Master of Energy Systems degree	Moreland City Councillor, Advisory and analyst roles in public sector and for Australian Energy market Operator.	Board Member (from 6 th Dec 2016)
Dugald Murray	B. Business (Economics)	Director at Nous Consulting Group and Wildlife Victoria. Formerly Chief of Staff and Senior Adviser to Australian and Victorian Ministers, Chief Economist at Australian Conservation Foundation.	Board Member (from 20 th Sep 2016)

MORELAND ENERGY FOUNDATION LIMITED
(ABN: 72 095 439 160)

REPORT OF THE DIRECTORS (CONTINUED)

10. Members Guarantee

The company is a not for profit entity incorporated under the *Corporations Act 2001* and is limited by guarantee. If the company is wound up, the company constitution states that community members are not required to contribute towards meeting any outstanding obligations of the company. On winding up, the assets of the company must be transferred to the Moreland City Council.

11. Auditor Independence Declaration

The lead auditor's independence declaration for the year ended 30th June 2017 has been received and can be found in the financial report.

Signed at Brunswick, in accordance with a resolution of the Board of Moreland Energy Foundation Limited.

Dated:


.....
Monique CONHEADY
Chair


.....
James SCOTT
Director



McBAIN
McCARTIN & CO

CHARTERED ACCOUNTANTS
AUDIT & ASSURANCE SERVICES

PO BOX 82 BALWYN
VICTORIA, AUSTRALIA 3103
ABN 26 028 714 960

**MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160**

**Auditor's Independence Declaration
under Section 307C of the Corporations Act 2001.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

McBain McCartin & Co

Simon Aukstin

Dated this 25th day of September 2017

Signed at Balwyn



McBAIN
McCARTIN & Co

CHARTERED ACCOUNTANTS
AUDIT & ASSURANCE SERVICES

PO BOX 82 BALWYN
VICTORIA, AUSTRALIA 3103
ABN 26 028 714 960

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MORELAND ENERGY FOUNDATION LIMITED**

ABN: 72 095 439 160

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Moreland Energy Foundation Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of Moreland Energy Foundation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
 - (ii) complying with applicable Australian Accounting Standards and Accounting polices detailed at Note 1, and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Liability limited by a scheme approved under Professional Standards Legislation

Level 1, 123 Whitehorse Road Balwyn VIC 3103

Phone: +61 3 9817 0700 Facsimile: +61 3 9817 0799 E-mail: office@mc bainmccartin.com.au Web: www.mcbainmccartin.com.au

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a. identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Financial Report (Cont'd)

- d. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

- e. Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



McBain McCartin & Co
Chartered Accountants



Simon Aukstin
Partner
Level 1, 123 Whitehorse Road
BALWYN VIC 3103

Dated this 26th day of September 2017

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes attached, are in accordance with the *Corporations Act 2001* and;
 - (a) comply with Australian Accounting Standards applicable to the company;
and
 - (b) give a true and fair view of the company's financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.


.....
Monique CONHEADY
Chair


.....
James SCOTT
Director

Signed at Brunswick on

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2017**

	Note	2017 \$	2016 \$
Revenue	2	2,390,651	2,228,355
Employee Benefit Expenses	3	(1,859,094)	(1,553,219)
Project Costs		(583,014)	(397,330)
Depreciation Expense		(20,972)	(19,674)
Auditors Remuneration - Statutory Audit		(9,450)	(9,250)
Rental Expense		(42,239)	(41,412)
Other Expenses	4	(170,173)	(148,827)
Net Current year surplus/(deficit)		----- (294,291) -----	----- 58,643 -----
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to members of the entity		----- (294,291) =====	----- 58,643 =====

The accompanying notes form part of the financial statements.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,058,787	670,576
Accounts receivable and other debtors	6	969,970	644,539
Prepayments		17,828	12,552
Other financial assets	11	4,092	3,670
Inventories on hand		9,900	-
		-----	-----
TOTAL CURRENT ASSETS		3,060,577	1,331,337
		-----	-----
NON CURRENT ASSETS			
Accounts receivable and other debtors	6	11,000	11,000
Plant and equipment	7	91,532	51,212
Other financial assets	11	14,153	16,885
		-----	-----
TOTAL NON CURRENT ASSETS		116,685	79,097
		-----	-----
TOTAL ASSETS		3,177,262	1,410,434
		=====	=====
CURRENT LIABILITIES			
Accounts payable and other payables	8	2,505,104	384,665
Borrowings	9	40,000	40,000
Provisions	10	113,080	125,822
		-----	-----
TOTAL CURRENT LIABILITIES		2,658,184	550,488
		-----	-----
NON CURRENT LIABILITIES			
Borrowings	9	40,000	80,000
Provisions	10	11,681	18,258
		-----	-----
TOTAL NON CURRENT LIABILITIES		51,681	98,258
		-----	-----
TOTAL LIABILITIES		2,709,865	648,746
		=====	=====
NET ASSETS		467,397	761,688
		=====	=====
EQUITY			
Retained Surplus		467,397	761,688
		=====	=====

The accompanying notes form part of the financial statements.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

	Retained Surplus
	\$
Balance at 1 July 2015	703,045
Operating surplus 2016	58,643
Balance at 30 June 2016	----- 761,688
Operating (deficit) 2017	(294,291) -----
Balance at 30 June 2017	467,397 ----- -----

The accompanying notes form part of the financial statements.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
Cash Flow from Operating Activities			
Interest received		21,688	22,889
Moreland City Council funding		764,112	685,407
Consultancy, partnerships and government grants		3,197,082	1,400,851
Other income		26,562	1,953
Employee and related services expenditure		(2,106,749)	(1,704,945)
Operating expenditure		(414,880)	(529,600)
		-----	-----
Net Cash Provided/(Used) By Operating Activities	13	1,487,815	(123,445)
		-----	-----
Cash Flow from Investing Activities			
Purchase of plant and equipment		(62,389)	(4,336)
Proceeds on sale of plant & equipment		475	-
Joint Venture Investment proceeds		-	100,000
Investment Loan – Solar PV repaid/(provided)		2,310	(15,317)
Purchase of Shares in unlisted entity		-	(1,000)
		-----	-----
Net Cash Provided By Investing Activities		(59,604)	79,347
		-----	-----
Cash Flow from Financing Activities			
Loan - Social Traders Ltd (repayments)		(40,000)	(40,000)
		-----	-----
Net Cash (Used) By from Financing Activities		(40,000)	(40,000)
		-----	-----
Net (decrease)/Increase in cash held		1,388,211	(84,098)
		-----	-----
Cash at Bank at beginning of the financial year		670,576	754,674
		-----	-----
Cash at Bank at the end of the financial year	5	2,058,787	670,576
		=====	=====

The accompanying notes form part of the financial statements.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Moreland Energy Foundation Limited as an individual entity, incorporated and domiciled in Australia, and is a company limited by guarantee.

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 25th September 2017 by the directors of the company.

a. Taxation

The Company is a tax – exempt body under the *Income Tax Act 1997* and therefore does not account for income tax.

b. Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

MORELAND ENERGY FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets is depreciated over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The various classes of depreciable assets are depreciated on a straight line basis or diminishing value basis at between 10% to 33% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period which they arise.

c. Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to Corporate Bond rates. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefit expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

d. General funding and Revenue

Moreland City Council Funding is recognised as income in the financial year to which the funding relates irrespective of when received.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax.

- e. Government Grants**
Government Grant income is treated as an unexpended income (liability) to the extent it has not been expended on a project which requires strict accountability and compliance with certain undertakings and outcomes.
- f. Fee for Service Project Income**
Fee for service project income is treated as an unexpended liability to the extent it has not been expended on the project to which it relates.
- g. Recognition of Income**
The company receives operational grants which are recognised as income when received. It also receives certain grants with milestones stipulating certain outcomes required and necessary expenditure. When these outcomes or expenditure have not been achieved or moneys not expended, then the income is treated as unexpended and recognised as a current liability at balance date.
- h. Accounts Receivable and Other Debtors**
Accounts receivable and other debtors include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.
- i. Provisions**
Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.
- j. Accounts Payable and Other Payables**
Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- k. Cash and Cash Equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less.
- l. Inventories on Hand**
Inventories are measured at the lower of cost and current replacement cost.
- m. Goods and Services Tax (GST)**
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.
- n. Impairment of Assets**
At each reporting date the company's management reviews its assets to determine whether there is any indication that those assets are impaired if such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.
- o. Critical Accounting Estimates and Judgements**
The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.
- Key Judgements**
(a) Unearned Income
Unearned Income is ascertained by management assessing the level of completion of project grants and attributing actual expenditure incurred, including an allowance for on costs from any specific project grant received.
- p. Going Concern**
The financial report is based on the company continuing as a going concern. Accordingly, the directors believe debts will be paid as and when they fall due and the preparation of the financial report on a going concern basis remains appropriate.
- q. Leases**
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a material retrospective restatement or materially reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

Amendment to Prior year Comparative

In line with the provision of accounting standard AASB108: Accounting Policies, Changes in Accounting Estimates and Errors, an adjustment has been made to the prior year comparatives to disclose Accrued Income separately from Unexpended Project Grants and Unearned Income. The adjustment doesn't impact the operating result, the net assets of the organisation for the comparative year and the working capital ratio.

s. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standards are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

MORELAND ENERGY FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: Contributions.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

MORELAND ENERGY FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- AASB 2016-4: Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2017).

This Standard amends AASB 136: Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and clarify that AASB 136 does not apply to non-cash-generating specialised assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138: Intangible Assets, but applies to such assets accounted for under the cost model in those Statements.

AASB 2016-4 is not expected to have a significant impact on the company's financial statements.

MORELAND ENERGY FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
2. REVENUE		
Moreland City Council Funding	764,112	685,407
Consultancy Fees & Project Income	1,575,741	1,517,724
Interest Earned	23,364	22,809
Membership Fees	1,635	1,221
Donations	2,155	-
Sundry Income	23,644	1,194
	<u>2,390,651</u>	<u>2,228,355</u>
3. EMPLOYEE BENEFITS EXPENSE		
Wages and Salaries	1,633,540	1,374,566
Superannuation	140,864	119,354
Work Cover	18,417	14,200
Contract Staff	26,983	27,927
Provision for Annual Leave	22,294	(17,621)
Provision for Long Service	(41,613)	(11,576)
Payroll Tax	58,609	46,369
	<u>1,859,094</u>	<u>1,553,219</u>
4. EXPENDITURE ON OPERATING ACTIVITIES		
Printing, Stationery & Design	4,129	5,721
Bank Charges	901	784
Computer Expenses	1,812	2,832
Consultant Advice	24,922	11,234
Telephone and Internet	11,541	15,971
Conferences and Travelling Expenses	24,852	18,115
Subscriptions and memberships	3,964	10,536
Premises Cost	11,245	11,033
Sub Contract Services	7,395	560
Other	79,412	72,041
	<u>170,173</u>	<u>148,827</u>

MORELAND ENERGY FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017 (Continued)

	2017	2016
	\$	\$
5. CASH AND CASH EQUIVALENTS		
Cash at Bank – Federal Funding	-	189
Cash at Bank – Operating Accounts	1,458,552	370,083
Cash at Bank – Fixed Term Deposits	600,000	300,000
Petty Cash	235	304
	-----	-----
	<u>2,058,787</u>	<u>670,576</u>
	-----	-----
6. ACCOUNTS RECEIVABLE AND OTHER DEBTORS		
Current		
Trade Debtors	884,570	454,312
Interest Receivable	1,952	276
Accrued Income	83,448	189,951
	-----	-----
	<u>969,970</u>	<u>644,539</u>
	-----	-----
Non Current		
Rental Security Bond	11,000	11,000
	-----	-----
	<u>11,000</u>	<u>11,000</u>
	-----	-----
7. PLANT AND EQUIPMENT		
Office Equipment at Cost	3,877	24,076
Less Accumulated Depreciation	2,454	23,724
	-----	-----
Total Office Equipment	<u>1,423</u>	<u>352</u>
	-----	-----
Office Furniture at Cost	42,504	66,975
Less Accumulated Depreciation	28,468	50,825
	-----	-----
Total Office Furniture	<u>14,036</u>	<u>16,150</u>
	-----	-----
Computer Equipment at Cost	57,230	47,991
Less Accumulated Depreciation	41,610	35,052
	-----	-----
Total Computer Equipment	<u>15,620</u>	<u>12,939</u>
	-----	-----
Software at Cost	2,698	2,698
Less Accumulated Depreciation	2,698	2,698
	-----	-----
Total Software	<u>-</u>	<u>-</u>
	-----	-----

MORELAND ENERGY FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017 (Continued)

	2017	2016
	\$	\$
Plant and Equipment at Cost	26,491	26,448
Less Accumulated Depreciation	21,962	19,934
	<u>4,529</u>	<u>6,514</u>
Leasehold Improvement at Cost	75,639	25,816
Less Accumulated Amortisation	24,088	16,390
	<u>51,551</u>	<u>9,426</u>
Vehicles at Cost	9,571	9,571
Less Accumulated Depreciation	5,198	3,740
	<u>4,373</u>	<u>5,831</u>
Total Plant and Equipment at Cost	218,010	203,575
Less Total Accumulated Depreciation & Amortisation	126,478	152,363
	<u>91,532</u>	<u>51,212</u>
8. ACCOUNTS PAYABLE AND OTHER PAYABLES		
Trade Creditors	74,454	28,867
Unexpended Project Grants and Unearned Income	2,145,507	201,284
GST Payable	191,419	55,308
PAYG Payable	33,699	25,618
Superannuation Payable	-	40,899
Wages Payable	37,731	25,083
Accrued Expenses	20,092	7,607
Paid Parental	2,202	-
	<u>2,505,104</u>	<u>384,666</u>
9. BORROWINGS		
Current Liability		
Loan Social Traders	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
Non – Current Liability		
Loan Social Traders	40,000	80,000
	<u>80,000</u>	<u>120,000</u>

The loan from Social Traders is an unsecured loan. During the 30 June 2015 year the terms of the loan were extended from 3 years to 5 years. The loan is interest bearing at 5% per annum with interest and principal repayments due over the 5 years.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017 (Continued)

		2017	2016
		\$	\$
10. PROVISIONS			
Current Liability			
Annual Leave		89,790	67,496
Long Service Leave		23,290	58,326
		-----	-----
		113,080	125,822
		-----	-----
Non Current Liability			
Long Service Leave		11,681	18,258
		-----	-----
		124,761	144,080
		=====	=====
11. OTHER FINANCIAL ASSETS			
Current			
Loans – Solar PV		4,092	3,670
		-----	-----
		4,092	3,670
		-----	-----
Non-Current			
Shares unlisted entity – available for sale		1,000	1,000
Loans – Solar PV		13,153	15,885
		-----	-----
		14,153	16,885
		-----	-----
		18,245	20,555
		=====	=====

Loans – Solar PV

As at 30 June 2017 MEFL has provided loans to three organisations for the purpose of financing the cost of a solar PV. The term of the loans is five years with interest rate of 4% per annum. Interest is paid in arrears at each quarter.

12. MEMBERS GUARANTEE

On winding up, the company's assets are to be distributed to the Moreland City Council and according to the constitution of the company no members are required to contribute to any outstanding obligations of the company on winding up.

MORELAND ENERGY FOUNDATION LIMITED
ABN: 72 095 439 160
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017 (Continued)

	2017	2016
	\$	\$
13. RECONCILIATION OF CASH FLOWS WITH CURRENT YEAR SURPLUS		
Operating Surplus/(Deficit)	(294,291)	58,643
Non-cash flow items in surplus/(deficit):		
Loss on sale of plant and equipment	621	-
Depreciation	20,972	19,674
Changes in assets and liabilities:		
(Increase)/decrease in assets		
Accounts receivable and other debtors	(325,431)	90,698
Prepayments	(5,276)	(3,325)
Inventory	(9,900)	-
Increase/(decrease) in liabilities		
Accounts payable and other payables	2,120,439	(259,938)
Provisions	(19,319)	(29,197)
	-----	-----
Net cash provided/(used) by operating activities	1,487,815	(123,445)
	=====	=====

14. COMMITMENTS

Occupancy lease

The company has a lease for occupancy at Suite 6, 200 Sydney Road, Brunswick. The occupancy commenced on the 1st October 2012, the period of the lease for five years expiring 30th September 2017. Lease has been renewed effective 1st October 2017, the period of the lease is for a further three years. The annual rental as per renewed agreement is \$42,448 plus GST. The rental increase of 5% on 1 April 2018, thereafter indexed by 5% annually on 1 October. The rent is to be paid in equal monthly instalments in advance.

Telephone systems lease

The company entered an operating lease with Telstra in May 2014 for the provision of a new telephone system. The period of the lease is five years with monthly payments of \$292.85 plus GST. Upon completion of the lease (but not before) the title of the equipment supplied will pass to the company. At this point the equipment will be recorded in the accounts of the company at fair value.

15. REGISTERED OFFICE

The registered office of the company is:
Level 1, 200 Sydney Road
Brunswick VIC 3056