

Yoga Association of Mangrove Mountain Incorporated

ABN 48 596 099 032

Financial Report

For the Year Ended 30 June 2014

Yoga Association of Mangrove Mountain Incorporated

ABN 48 596 099 032

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Yoga Association of Mangrove Mountain Incorporated

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2014

	2014	2013
	\$	\$
Revenue	983,638	797,295
Donation income	13,726	13,293
Changes in inventories of finished goods and work in progress	18,394	(14,259)
Raw materials and consumables used	(112,000)	(69,166)
Employee benefits expense	(233,958)	(230,070)
Depreciation and amortisation expense	(9,412)	(9,798)
Consultants and contractors	(435)	-
Rent expense	(37,800)	(37,800)
Affiliation fees	(128,396)	(135,218)
Utilities	(57,685)	(56,398)
Kitchen supplies	(152,556)	(120,407)
Courses and seminars	(11,933)	(13,515)
Service and management fees	(482)	-
Postage	(12,885)	(15,256)
Other expenses	(94,004)	(79,367)
	<hr/>	<hr/>
Profit for the year attributable to members of the entity	164,212	29,334
	<hr/>	<hr/>
Other comprehensive income:		
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income (loss) for the year attributable to members of the entity	164,212	29,334
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The accompanying notes form part of these financial statements.

Yoga Association of Mangrove Mountain Incorporated

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Statement of Financial Position

As At 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	51,136	49,737
Trade and other receivables	3	18,961	11,159
Inventories	4	78,897	60,503
Other assets	6	3,436	-
TOTAL CURRENT ASSETS		<u>152,430</u>	<u>121,399</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	55,018	18,666
TOTAL NON-CURRENT ASSETS		<u>55,018</u>	<u>18,666</u>
TOTAL ASSETS		<u>207,448</u>	<u>140,065</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	134,927	63,895
Other liabilities	8	46,706	134,566
TOTAL CURRENT LIABILITIES		<u>181,633</u>	<u>198,461</u>
NON-CURRENT LIABILITIES			
Trade and other payables	7	-	71,968
Long-term provisions	9	12,726	20,759
TOTAL NON-CURRENT LIABILITIES		<u>12,726</u>	<u>92,727</u>
TOTAL LIABILITIES		<u>194,359</u>	<u>291,188</u>
NET ASSETS		<u>13,089</u>	<u>(151,123)</u>
EQUITY			
Retained earnings/(accumulated losses)		<u>13,089</u>	<u>(151,123)</u>
TOTAL EQUITY		<u>13,089</u>	<u>(151,123)</u>

The accompanying notes form part of these financial statements.

Yoga Association of Mangrove Mountain Incorporated

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Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

	Retained earnings	Total
	\$	\$
Balance at 1 July 2013	(151,123)	(151,123)
Profit attributable to members of the entity	164,212	164,212
Other comprehensive income attributable to members of the entity	-	-
Balance at 30 June 2014	13,089	13,089

2013

	Retained earnings	Total
	\$	\$
Balance at 1 July 2012	(180,457)	(180,457)
Profit attributable to members of the entity	29,334	29,334
Other comprehensive income attributable to members of the entity	-	-
Balance at 30 June 2013	(151,123)	(151,123)

The accompanying notes form part of these financial statements.

Yoga Association of Mangrove Mountain Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2014

The financial statements cover Yoga Association of Mangrove Mountain Incorporated as an individual entity. Yoga Association of Mangrove Mountain Incorporated is a not-for-profit association incorporated in New South Wales under the *Associations Incorporation Act (NSW) 2009* and the *Associations Incorporation Regulation (NSW) 2010*.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The committee members of the association have prepared the financial statements on the basis that the association is a non-reporting entity because there are no users dependent upon general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Associations Incorporations Act (NSW) 2009*.

The financial statements have been prepared in accordance with the recognition and measurement criteria in Australian Accounting Standards and the disclosure requirements of *Class Order No. 11/01*.

The significant accounting policies disclosed below are those which the committee members have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting policies

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(c) Property, plant and equipment

Property, plant and equipment are carried at cost. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the association.

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

(d) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Yoga Association of Mangrove Mountain Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(d) Financial instruments continued

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The association's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the association renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the association does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are recognised when the association becomes a party to the contractual agreements of the instrument.

Financial liabilities are classified as other financial liabilities. The association's financial liabilities include borrowings and trade and other payables, which are measured at amortised cost using the effective interest rate method.

Yoga Association of Mangrove Mountain Incorporated

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Notes to the Financial Statements**For the Year Ended 30 June 2014****1 Summary of Significant Accounting Policies continued****(e) Impairment of non-financial assets**

At the end of each reporting period the association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(g) Employee benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the value of the estimated future cash outflows to be made for those benefits. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the association does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(h) Income tax

The association is exempt from income tax.

Yoga Association of Mangrove Mountain Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(i) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Donations

Donations and bequests are recognised as revenue when received.

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

(j) 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 statement of financial position are shown inclusive of GST.

(k) Critical accounting estimates and judgments

The committee members have not made any significant accounting estimates or judgements which are likely to affect the future results of the association.

(l) Going concern

Notwithstanding the association's deficiency in net current assets, the committee members are of the opinion that the association will be able to pay its debts as and when they fall due as a result of the anticipated timing of future receipts and payments.

(m) Adoption of new and revised accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the association:

Yoga Association of Mangrove Mountain Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(m) Adoption of new and revised accounting standards continued

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investment in Associates and Joint Ventures*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 *Consolidated Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the association has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation - Special Purpose Entities* and resulted in consequential amendments to a number of other standards.

The association has reviewed its investment in other entities to determine whether any entities are required to be consolidated under AASB 10. Based on this review, no entities are required to be consolidated.

AASB 11 *Joint Arrangements* replaces AASB 131 *Interests in Joint Ventures* and Interpretation 112 *Jointly-Controlled Entities - Non-monetary Contributions by Venturers* as well as consequential amendments to a number of other standards. AASB 11 uses the revised definition of control from AASB 10 and once joint control is determined, then classifies joint arrangements as either joint ventures or joint operations. Joint ventures are accounted for using the equity method, proportionate consolidation is not permitted under AASB 11. Joint operations are accounted for by incorporating the venturer's share of assets, liabilities, income and expenses into the financial statements. There were no changes to the accounting for joint arrangements under AASB 11.

AASB 12 *Disclosure of Interests in Other Entities* includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. As the entity prepares special purpose financial statements, no additional disclosures are required.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(m) Adoption of new and revised accounting standards continued

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, and as the entity prepares special purpose financial statements additional disclosures on the methodology and fair value hierarchy are not required to be included in the financial statements.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The association reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The committee members have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the association.

2 Cash and Cash Equivalents

	2014	2013
	\$	\$
Cash on hand	1,941	1,626
Cash at bank	49,195	48,111
Total cash and cash equivalents	51,136	49,737

3 Trade and Other Receivables

	2014	2013
	\$	\$
CURRENT		
Trade receivables	9,405	-
GST receivable	9,556	11,159
	18,961	11,159

Yoga Association of Mangrove Mountain Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2014

4 Inventories

	2014	2013
	\$	\$
CURRENT		
At cost:		
Finished goods	83,897	65,503
Provision for stock obsolescence	<u>(5,000)</u>	<u>(5,000)</u>
	<u>78,897</u>	<u>60,503</u>

5 Property, Plant and Equipment

	2014	2013
	\$	\$
Plant and equipment		
At cost	14,426	9,102
Accumulated depreciation	<u>(7,012)</u>	<u>(5,718)</u>
Total plant and equipment	<u>7,414</u>	<u>3,384</u>
Furniture, fixture and fittings		
At cost	19,117	40,341
Accumulated depreciation	<u>(11,192)</u>	<u>(30,221)</u>
Total furniture, fixture and fittings	<u>7,925</u>	<u>10,120</u>
Motor vehicles		
At cost	50,173	12,000
Accumulated depreciation	<u>(13,585)</u>	<u>(12,000)</u>
Total motor vehicles	<u>36,588</u>	<u>-</u>
Office equipment		
At cost	8,131	21,414
Accumulated depreciation	<u>(5,040)</u>	<u>(16,252)</u>
Total office equipment	<u>3,091</u>	<u>5,162</u>
Total property, plant and equipment	<u>55,018</u>	<u>18,666</u>

6 Other assets

	2014	2013
	\$	\$
CURRENT		
Prepayments	<u>3,436</u>	<u>-</u>

Yoga Association of Mangrove Mountain Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2014

7 Trade and Other Payables

	2014	2013
	\$	\$
CURRENT		
Trade payables	58,005	7,662
Employee benefits	37,324	41,953
Sundry payables and accrued expenses	17,630	14,280
Satyananda Yoga Academy Limited	21,968	-
	<u>134,927</u>	<u>63,895</u>
	2014	2013
	\$	\$
NON-CURRENT		
Satyananda Yoga Academy Limited	-	71,968
	<u>-</u>	<u>71,968</u>

8 Other Liabilities

	2014	2013
	\$	\$
CURRENT		
Deferred course revenue	46,706	134,566
	<u>46,706</u>	<u>134,566</u>

9 Provisions

	2014	2013
	\$	\$
NON-CURRENT		
Long service leave	12,726	20,759
	<u>12,726</u>	<u>20,759</u>

10 Contingencies

The association has been advised by the Royal Commission into Institutional Responses to Child Sexual Abuse that it will be subject to a public hearing into incidents that occurred in the 1980's. This review will cover the systems and processes in place, and the response both at the time the incidents occurred and more recently. It is not possible to estimate the expenses or other liabilities, if any, that may be incurred as a result of the review.

Except as noted above, In the opinion of the committee members, the association did not have any contingencies at 30 June 2014 (30 June 2013:None).

Yoga Association of Mangrove Mountain Incorporated

ABN 48 596 099 032

Independent Auditor's Report to the members of Yoga Association of Mangrove Mountain Incorporated

We have audited the accompanying financial report, being a special purpose financial report of Yoga Association of Mangrove Mountain Incorporated, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income and statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the committee members' declaration.

Committee Members' Responsibility for the Financial Report

The committee members of the association 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 *Associations Incorporation Act (NSW) 2009* and is appropriate to meet the needs of the members. The committee members' responsibility also includes such internal control as the committee members 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee members, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting and Professional Ethical Standards Board.

Yoga Association of Mangrove Mountain Incorporated

ABN 48 596 099 032

Independent Auditor's Report to the members of Yoga Association of Mangrove Mountain Incorporated*Opinion*

In our opinion the financial report of Yoga Association of Mangrove Mountain Incorporated is in accordance with the *Associations Incorporation Act (NSW) 2009*, including:

- (a) giving a true and fair view of the association's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Associations Incorporation Regulation (NSW) 2010*.

Basis of Accounting

Without modifying our opinion, 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 committee members' financial reporting responsibilities under the *Associations Incorporation Act (NSW) 2009*. As a result, the financial report may not be suitable for another purpose.

Kelly Partners Assurance Services

Peter Dawkins
Registered Auditor Number 4334
North Sydney

Dated this day of2014