

**The Scout Association of
Australia, South Australian
Branch and controlled entity
ABN 35 621 021 366**

Consolidated Financial report
For the year ended 31 March 2017

Pitcher Partners
100 Hutt Street
Adelaide SA 5000

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THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

COMMITTEE'S REPORT

The committee members present their report together with the financial report of the group, being the association and its controlled entity, for the year ended 31 March 2017 and auditor's report thereon.

Committee members names

The names of the committee members in office at any time during or since the end of the year are:

| | |
|---------------|---------------------------------------|
| G Coates | President |
| P Dickson | Vice President |
| H Long | Chief Commissioner |
| C Waples | Supporting Member |
| B Whittenbury | Adult Leader (Resigned 22 July 2016) |
| G Warnes | Adult Leader |
| G Wood | Young Adult (Resigned 22 July 2016) |
| J Tsakiris | Young Adult |
| J Turbill | Supporting Member |
| D Ryan | Chief Executive Officer |
| J Carter | Young Adult (Appointed 22 July 2016) |
| S Frederick | Adult Leader (Appointed 22 July 2016) |

The committee members have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the group for the year amounted to \$157,891 (2016: Loss of \$990,545).

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

COMMITTEE'S REPORT

Principal activities

The principal activity of the group during the year was promotion of the interest of members and the development of the Scouting movement in South Australia.

After balance date events

On 16 December 2016, Scouts Stadium Incorporated and SavetheArena Pty Ltd being the two joint owners of the Titanium Security Arena entered into an agreement with Adelaide Basketball Pty Ltd (36ers) granting an exclusive option for 36ers to buy the property (jointly controlled asset). The option period is 5 years and 6 months from 16 December 2016.

On 16 June 2017, 36ers exercised the option and a valuer has been appointed to value the property within 30 days. After the sale of this property, Scouts Stadium Incorporated will no longer have operations and will likely be wound up within the next financial year. Accordingly, the jointly controlled asset (freehold land and buildings) have been classified as current assets in this financial report.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Likely developments

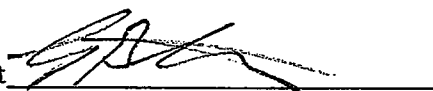
The group expects to maintain the present status and level of operations.

Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

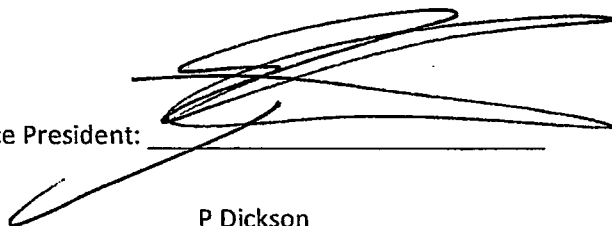
Signed in accordance with a resolution of the members of the committee.

President



G Coates

Vice President:



P Dickson

Dated this

26

day of

June

2017

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|-------------------------|---------------------------|
| Revenue and other income | | | |
| Revenue from commercial fundraising activities | 2 | 23,121,181 | 22,676,099 |
| Other revenue | 2 | 2,907,961 | 2,853,629 |
| Other income | 2 | <u>1,103,187</u> | <u>176,295</u> |
| | 2 | <u>27,132,329</u> | <u>25,706,023</u> |
| Less: expenses | | | |
| Materials and consumables used | | (13,304,109) | (13,579,302) |
| Depreciation and amortisation expense | | (930,529) | (887,209) |
| Employee wages and on-costs | | (8,074,862) | (7,655,285) |
| Repairs and maintenance expense | | (444,012) | (474,818) |
| Rental expense | | (715,151) | (697,806) |
| Advertising expense | | (132,563) | (152,236) |
| Finance costs | | (185,585) | (211,942) |
| Administration expenses | 3 | (1,353,792) | (1,361,489) |
| Impairment expenses | 3 | (324,763) | - |
| Other expenses | | <u>(1,669,506)</u> | <u>(1,516,178)</u> |
| | | <u>(27,134,872)</u> | <u>(26,536,265)</u> |
| Share of net profits / (losses) of associates and joint ventures accounted for using the equity method | | <u>160,434</u> | <u>(160,303)</u> |
| Profit / (loss) before income tax expense | 3 | 157,891 | (990,545) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit and loss</i> | | | |
| Change in fair value of available for sale financial assets | | <u>946,541</u> | <u>(1,661,135)</u> |
| | | <u>946,541</u> | <u>(1,661,135)</u> |
| Other comprehensive income for the year | | <u>946,541</u> | <u>(1,661,135)</u> |
| Total comprehensive income | | <u><u>1,104,432</u></u> | <u><u>(2,651,680)</u></u> |

The accompanying notes form part of these financial statements.

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ | 2015 \$ |
|--------------------------------------|------|-------------------|-------------------|-------------------|
| Current assets | | | | |
| Cash and cash equivalents | 5 | 1,308,848 | 1,381,701 | 2,138,872 |
| Receivables | 6 | 1,430,039 | 1,204,873 | 1,238,957 |
| Inventories | 7 | 793,772 | 795,270 | 655,990 |
| Other assets | 10 | <u>2,087,059</u> | <u>169,102</u> | <u>255,131</u> |
| Total current assets | | <u>5,619,718</u> | <u>3,550,946</u> | <u>4,288,950</u> |
| Non-current assets | | | | |
| Other financial assets | 8 | 8,444,632 | 7,363,688 | 9,170,378 |
| Equity accounted investments | | 9,441 | 9,572 | 9,441 |
| Intangible assets | | 80,000 | 80,000 | 80,000 |
| Property, plant and equipment | 9 | <u>25,135,870</u> | <u>26,926,634</u> | <u>26,691,640</u> |
| Total non-current assets | | <u>33,669,943</u> | <u>34,379,894</u> | <u>35,951,459</u> |
| Total assets | | <u>39,289,661</u> | <u>37,930,840</u> | <u>40,240,409</u> |
| Current liabilities | | | | |
| Payables | 11 | 858,952 | 842,899 | 1,196,579 |
| Borrowings | 12 | 3,622,582 | 391,693 | 315,676 |
| Provisions | 13 | 451,998 | 413,179 | 392,869 |
| Other liabilities | 14 | <u>167,790</u> | <u>157,530</u> | <u>-</u> |
| Total current liabilities | | <u>5,101,322</u> | <u>1,805,301</u> | <u>1,905,124</u> |
| Non-current liabilities | | | | |
| Payables | 11 | 113,109 | 113,109 | 113,109 |
| Borrowings | 12 | 606,806 | 3,766,505 | 3,424,139 |
| Provisions | 13 | <u>893,385</u> | <u>775,318</u> | <u>675,750</u> |
| Total non-current liabilities | | <u>1,613,300</u> | <u>4,654,932</u> | <u>4,212,998</u> |
| Total liabilities | | <u>6,714,622</u> | <u>6,460,233</u> | <u>6,118,122</u> |
| Net assets | | <u>32,575,039</u> | <u>31,470,607</u> | <u>34,122,287</u> |
| Members funds | | | | |
| Reserves | 15 | 3,776,393 | 2,907,319 | 4,471,469 |
| Accumulated surplus / (losses) | 16 | <u>28,798,646</u> | <u>28,563,288</u> | <u>29,650,818</u> |
| Total members funds | | <u>32,575,039</u> | <u>31,470,607</u> | <u>34,122,287</u> |

The accompanying notes form part of these financial statements.

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS FUNDS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | Reserves \$ | Retained earnings \$ | Total equity \$ |
|---|------|--------------------|----------------------------|--------------------|
| Consolidated | | | | |
| Balance as at 1 April 2015 | | 4,471,469 | 29,838,838 | 34,310,307 |
| Adjustment on correction of error | 23 | <u>-</u> | <u>(188,020)</u> | <u>(188,020)</u> |
| Restated balance as at 1 April 2015 | | <u>4,471,469</u> | <u>29,650,818</u> | <u>34,122,287</u> |
| Balance as at 1 April 2015 | | 4,471,469 | 29,650,818 | 34,122,287 |
| Profit/(loss) for the year | | - | (990,545) | (990,545) |
| Change in fair value of available for sale financial assets | 15 | <u>(1,661,135)</u> | <u>-</u> | <u>(1,661,135)</u> |
| Total comprehensive income for the year | | <u>(1,661,135)</u> | <u>(990,545)</u> | <u>(2,651,680)</u> |
| Transfers | 16 | <u>96,985</u> | <u>(96,985)</u> | <u>-</u> |
| Balance as at 31 March 2016 | | <u>2,907,319</u> | <u>28,563,288</u> | <u>31,470,607</u> |
| Balance as at 1 April 2016 | | 2,907,319 | 28,563,288 | 31,470,607 |
| Profit for the year | | - | 157,891 | 157,891 |
| Change in fair value of available for sale financial assets | 15 | <u>946,541</u> | <u>-</u> | <u>946,541</u> |
| Total comprehensive income for the year | | <u>946,541</u> | <u>157,891</u> | <u>1,104,432</u> |
| Transfers | 16 | <u>(77,467)</u> | <u>77,467</u> | <u>-</u> |
| Balance as at 31 March 2017 | | <u>3,776,393</u> | <u>28,798,646</u> | <u>32,575,039</u> |

The accompanying notes form part of these financial statements.

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|--|-------|-----------------------|-------------------------|
| Cash flow from operating activities | | | |
| Receipts from customers | | 24,902,043 | 25,122,456 |
| Payments to suppliers and employees | | (25,280,096) | (25,584,225) |
| Dividends received | | 625,967 | 557,890 |
| Interest received | | 25,523 | 30,932 |
| Interest Paid | | <u>(185,585)</u> | <u>(241,172)</u> |
| Net cash provided by / (used in) operating activities | | <u>87,852</u> | <u>(114,119)</u> |
| Cash flow from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 762,789 | 93,600 |
| Proceeds from sale of investments | | 1,254,165 | 1,901,952 |
| Payment for property, plant and equipment | | (1,044,003) | (1,150,212) |
| Payment for investments | | <u>(1,188,339)</u> | <u>(1,906,776)</u> |
| Net cash provided by / (used in) investing activities | | <u>(215,388)</u> | <u>(1,061,436)</u> |
| Cash flow from financing activities | | | |
| Proceeds from borrowings and equipment loans | | 130,000 | 1,112,605 |
| Repayment of borrowings | | (334,795) | (541,434) |
| Repayment of hire purchases | | <u>(71,026)</u> | <u>(152,787)</u> |
| Net cash provided by / (used in) financing activities | | <u>(275,821)</u> | <u>418,384</u> |
| Reconciliation of cash | | | |
| Cash at beginning of the financial year | | 1,381,701 | 2,138,872 |
| Net increase / (decrease) in cash held | | <u>(403,357)</u> | <u>(757,171)</u> |
| Cash at end of financial year | 19(a) | <u><u>978,344</u></u> | <u><u>1,381,701</u></u> |

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial report was approved by the committee as at the date of the committee's report.

The Scout Association of Australia, South Australian Branch (parent entity) is a not-for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-entity balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests in the result of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

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

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

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

(e) Income tax

No provision for income tax has been raised as the group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(g) Inventories

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

(h) Financial instruments

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the group intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories or are designated as such on initial recognition. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit or loss.

Non-listed investments for which the fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-entity balances and loans from or other amounts due to committee member-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property

Property is measured on a cost basis.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Jointly controlled assets

Jointly controlled assets are shown at their fair value less, where applicable, any accumulated depreciation and impairment losses.

| Class of fixed asset | Depreciation rates | Depreciation basis |
|-----------------------------|---------------------------|---------------------------|
| Buildings at cost | 1.5% | Straight line |
| Plant and equipment at cost | 2.5% - 20% | Straight line |
| Improvements at cost | 2.5% | Straight line |
| Motor vehicles at cost | 12.5% - 20% | Straight line |

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED).

(j) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about the relevant activities are required. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement.

Joint ventures

The group's interest in joint ventures are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture are recognised in the group's profit or loss and the group's share of the joint venture's other comprehensive income is recognised in the group's other comprehensive income. Details of the group's interests in joint ventures are disclosed in Note 17.

(k) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Provisions

Provisions are recognised when the group 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.

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(n) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (Continued)

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(o) Borrowing costs

Borrowing costs including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(p) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|-------------------|-------------------|
| NOTE 2: REVENUE AND OTHER INCOME | | | |
| Sales revenue | | | |
| Sales income | | | |
| Revenue from commercial fundraising activities | | 23,121,181 | 22,676,099 |
| Other revenue | | | |
| Dividend income | | 625,967 | 557,890 |
| Interest income | | 25,523 | 30,932 |
| Donations | | 16,175 | 183,076 |
| Grants | | 170,340 | 91,273 |
| Membership and registration fees | | 356,675 | 350,732 |
| Rent, hire & letting charges | | 762,720 | 940,488 |
| Rental income (Arena) | | 79,250 | 60,625 |
| Insurance income | | 133,581 | 123,159 |
| Sponsorship income | | - | 1,818 |
| Sundry Income | | 93,272 | 129,607 |
| Course, camping and activity fees | | <u>644,458</u> | <u>384,029</u> |
| | | <u>2,907,961</u> | <u>2,853,629</u> |
| Other Income | | | |
| Profit on sale of property, plant and equipment | | 777,593 | 65,592 |
| Profit on sale of investments | | 235,536 | 102,648 |
| Insurance recoveries | | <u>90,058</u> | <u>8,055</u> |
| | | <u>1,103,187</u> | <u>176,295</u> |
| | | <u>27,132,329</u> | <u>25,706,023</u> |

NOTE 3: OPERATING PROFIT

Profit / (losses) before income tax has been determined after:

| | | | |
|--|--|---------|---------|
| Impairment | | | |
| - Impairment losses - Scout SA and Environbank Recycling Joint venture | | 324,763 | - |
| Rental expense on operating leases | | | |
| - minimum lease payments | | 715,151 | 697,806 |
| Net loss on disposal of non-current assets | | | |
| - Loss on sale of investments | | 215,638 | 253,025 |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|------------------|------------------|
| NOTE 3: OPERATING PROFIT (CONTINUED) | | | |
| Administration expenses | | | |
| - Administration | | 66,893 | 76,491 |
| - Computer and membership system expenses | | 128,713 | 175,705 |
| - Insurance premiums | | 307,379 | 387,724 |
| - Printing, postage and stationery | | 190,471 | 214,859 |
| - Other Administration expenses | | <u>660,336</u> | <u>506,710</u> |
| | | <u>1,353,792</u> | <u>1,361,489</u> |
| Share of joint venture profit /(loss) | | | |
| - Share of joint venture (loss)/ write - back of previous losses recognised - Scout SA and Environbank Recycling Joint Venture (note 17) | | 160,434 | (160,434) |
| - Share of joint venture loss - Arena Stadium Management Pty Ltd (note 17) | | - | 131 |

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

| | | | |
|--|--|----------------|----------------|
| Compensation received by key management personnel of the group | | | |
| - short-term employee benefits | | <u>361,590</u> | <u>377,973</u> |
| | | <u>361,590</u> | <u>377,973</u> |

The names of committee members who have held office during the year are:

| Name | Appointment / resignation details |
|---------------|---------------------------------------|
| G Coates | President |
| P Dickson | Vice President |
| H Long | Chief Commissioner |
| C Waples | Supporting Member |
| B Whittenbury | Adult Leader (Resigned 22 July 2016) |
| G Warnes | Adult Leader |
| G Wood | Young Adult (Resigned 22 July 2016) |
| J Tsakiris | Young Adult |
| J Turbill | Supporting Member |
| D Ryan | Chief Executive Officer |
| J Carter | Young Adult (Appointed 22 July 2016) |
| S Frederick | Adult Leader (Appointed 22 July 2016) |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|-------------------------|-------------------------|
| NOTE 5: CASH AND CASH EQUIVALENTS | | | |
| Cash on hand | | 151,670 | 126,670 |
| Cash at bank | | <u>1,157,178</u> | <u>1,255,031</u> |
| | | <u><u>1,308,848</u></u> | <u><u>1,381,701</u></u> |
| NOTE 6: RECEIVABLES | | | |
| CURRENT | | | |
| Trade debtors | | 1,185,623 | 853,364 |
| Impairment loss | | <u>-</u> | <u>(2,921)</u> |
| | | 1,185,623 | 850,443 |
| Other receivables | | 143,364 | 130,000 |
| Amounts receivable from: | | | |
| - Scout SA and Environbank Recycling Joint venture | | 380,865 | 203,961 |
| - Arena Stadium Management Pty Ltd | | 44,950 | 20,469 |
| Impairment loss for amount due from Scout SA and Environbank Recycling Joint venture | | <u>(324,763)</u> | <u>-</u> |
| | | <u>101,052</u> | <u>224,430</u> |
| | | <u><u>1,430,039</u></u> | <u><u>1,204,873</u></u> |
| NOTE 7: INVENTORIES | | | |
| CURRENT | | | |
| At cost | | | |
| Finished goods | | <u>793,772</u> | <u>795,270</u> |
| NOTE 8: OTHER FINANCIAL ASSETS | | | |
| NON CURRENT | | | |
| <i>Financial assets at fair value through profit or loss</i> | | | |
| Shares in unlisted entities | | 118,593 | 110,993 |
| Ken Maguire Trust | | 44,780 | 40,897 |
| G J Ware Trust | | 138,616 | 128,507 |
| DD Harris | | <u>46,022</u> | <u>42,031</u> |
| Total financial assets at fair value through profit or loss | | <u><u>348,011</u></u> | <u><u>322,428</u></u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|--------------------|--------------------|
| NOTE 8: OTHER FINANCIAL ASSETS (CONTINUED) | | | |
| <i>Available-for-sale financial assets</i> | | | |
| At fair value | | | |
| Shares in listed corporations | | 7,712,175 | 6,991,610 |
| Other investments | | <u>384,446</u> | <u>49,650</u> |
| Total available-for-sale financial assets at fair value | | <u>8,096,621</u> | <u>7,041,260</u> |
| | | <u>8,444,632</u> | <u>7,363,688</u> |
| NOTE 9: PROPERTY, PLANT AND EQUIPMENT | | | |
| Land | | | |
| Freehold land | | | |
| At cost | | <u>13,623,103</u> | <u>13,623,390</u> |
| Total freehold land | | <u>13,623,103</u> | <u>13,623,390</u> |
| Land and buildings - jointly controlled asset | | | |
| At valuation 2015 | 24 | - | 1,950,000 |
| Accumulated depreciation | 24 | <u>-</u> | <u>(15,500)</u> |
| | | <u>-</u> | <u>1,934,500</u> |
| Buildings | | | |
| At cost | | 10,348,366 | 10,255,413 |
| Accumulated depreciation | | <u>(2,106,664)</u> | <u>(1,923,930)</u> |
| | | <u>8,241,702</u> | <u>8,331,483</u> |
| Total land and buildings | | <u>21,864,805</u> | <u>23,889,373</u> |
| Plant and equipment | | | |
| Plant and equipment at cost | | 4,397,293 | 3,894,242 |
| Accumulated depreciation | | <u>(2,982,837)</u> | <u>(2,644,078)</u> |
| | | 1,414,456 | 1,250,164 |
| Improvements at cost | | 683,711 | 683,711 |
| Accumulated depreciation | | <u>(222,204)</u> | <u>(205,112)</u> |
| | | 461,507 | 478,599 |
| Motor vehicles at cost | | 3,154,908 | 2,883,259 |
| Accumulated depreciation | | <u>(1,933,964)</u> | <u>(1,744,496)</u> |
| | | 1,220,944 | 1,138,763 |
| Capital Works in Progress | | <u>174,158</u> | <u>169,735</u> |
| Total plant and equipment | | <u>3,271,065</u> | <u>3,037,261</u> |
| Total property, plant and equipment | | <u>25,135,870</u> | <u>26,926,634</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|--------------------|-------------------|
| NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | | |
| (a) Reconciliations | | | |
| Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year | | | |
| <i>Freehold land</i> | | | |
| Opening carrying amount | | 13,623,390 | 13,623,390 |
| Disposals | | <u>(287)</u> | <u>-</u> |
| Closing carrying amount | | <u>13,623,103</u> | <u>13,623,390</u> |
| <i>Land and buildings</i> | | | |
| Opening carrying amount | | 1,934,500 | 1,950,000 |
| Depreciation expense | | (15,458) | (15,500) |
| Transfer to other current assets (net) | 10 | <u>(1,919,042)</u> | <u>-</u> |
| Closing carrying amount | | <u>-</u> | <u>1,934,500</u> |
| <i>Buildings</i> | | | |
| Opening carrying amount | | 8,331,483 | 8,337,877 |
| Additions | | - | 87,836 |
| Disposals | | - | - |
| Depreciation expense | | (182,734) | (179,042) |
| Transfer of capital work in progress | | <u>92,953</u> | <u>84,812</u> |
| Closing carrying amount | | <u>8,241,702</u> | <u>8,331,483</u> |
| <i>Plant and equipment</i> | | | |
| Opening carrying amount | | 1,250,164 | 1,228,792 |
| Additions | | 271,997 | 334,333 |
| Disposals | | - | - |
| Depreciation expense | | (364,033) | (358,996) |
| Transfer of capital work in progress | | <u>256,328</u> | <u>46,035</u> |
| Closing carrying amount | | <u>1,414,456</u> | <u>1,250,164</u> |
| <i>Improvements</i> | | | |
| Opening carrying amount | | 478,599 | 495,691 |
| Depreciation expense | | <u>(17,092)</u> | <u>(17,092)</u> |
| Closing carrying amount | | <u>461,507</u> | <u>478,599</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|------------------|------------------|
| NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | | |
| (a) Reconciliations (Continued) | | | |
| <i>Motor vehicles</i> | | | |
| Opening carrying amount | | 1,138,763 | 1,037,162 |
| Additions | | 531,458 | 446,189 |
| Disposals | | (98,067) | (28,008) |
| Depreciation expense | | <u>(351,210)</u> | <u>(316,580)</u> |
| Closing carrying amount | | <u>1,220,944</u> | <u>1,138,763</u> |
| <i>Capital Works In Progress</i> | | | |
| Opening carrying amount | | 169,735 | 18,728 |
| Additions | | 353,704 | 281,854 |
| Transfer of capital work in progress | | <u>(349,281)</u> | <u>(130,847)</u> |
| Closing carrying amount | | <u>174,158</u> | <u>169,735</u> |

The property located at No.5 Wandana Ave Seaview Downs was sold during the year at a price of \$762,789 resulting in a net disposal profit of \$756,878 after selling expenses. This property was initially recorded at a nominal value of \$287 when the asset was donated to the Association.

(b) Property, plant and equipment pledged as security

Land and buildings with a book value of \$3,709,878 (Bank valuation of \$6,880,000) are secured by mortgage with Commonwealth Bank (Note 12).

NOTE 10: OTHER ASSETS

CURRENT

| | | | |
|---|----|------------------|----------------|
| Prepayments | | 106,866 | 147,662 |
| Prepayments - Australian Jamboree 2019 | | 61,151 | 20,270 |
| Accrued income | | - | 1,170 |
| Land and buildings - jointly controlled asset | | | |
| At valuation | 24 | 1,950,000 | - |
| Less: accumulated depreciation | 24 | <u>(30,958)</u> | <u>-</u> |
| | | <u>1,919,042</u> | <u>-</u> |
| | | <u>2,087,059</u> | <u>169,102</u> |

NOTE 11: PAYABLES

CURRENT

Unsecured liabilities

| | | |
|-----------------|---------|---------|
| Trade creditors | 581,450 | 460,811 |
|-----------------|---------|---------|

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|------------------|------------------|
| NOTE 11: PAYABLES (CONTINUED) | | | |
| Amounts payable to: | | | |
| - Scout SA and Environbank Recycling Joint Venture (note 17) | | - | 160,303 |
| Sundry creditors and accruals | | <u>277,502</u> | <u>221,785</u> |
| | | <u>858,952</u> | <u>842,899</u> |
| NON CURRENT | | | |
| <i>Unsecured liabilities</i> | | | |
| Airport Group Surplus Funds | | 45,696 | 45,696 |
| Pt Pirie Group Surplus Funds | | <u>67,413</u> | <u>67,413</u> |
| | | <u>113,109</u> | <u>113,109</u> |
| NOTE 12: BORROWINGS | | | |
| CURRENT | | | |
| <i>Secured liabilities</i> | | | |
| Bank overdraft | | 330,504 | - |
| Market rate loan | | 2,877,053 | - |
| Insurance finance funding | | 56,399 | 75,475 |
| Loan from Scouts Australia | | 130,000 | - |
| Commercial equipment loan | | 159,047 | 164,892 |
| Hire purchase liability | | <u>69,579</u> | <u>151,326</u> |
| | | <u>3,622,582</u> | <u>391,693</u> |
| NON CURRENT | | | |
| <i>Secured liabilities</i> | | | |
| Market rate loan | | - | 3,277,053 |
| Commercial equipment loans | | 606,806 | 420,084 |
| Hire purchase liability | | <u>-</u> | <u>69,368</u> |
| | | <u>606,806</u> | <u>3,766,505</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| Note | 2017 | 2016 |
|------|------|------|
| | \$ | \$ |

NOTE 12: BORROWINGS (CONTINUED)

(a) Terms and conditions and assets pledging as security relating to the above financial instruments

Hire purchase liabilities and commercial equipment loan liabilities are secured by the assets purchased.

Market rate loan obtained from Commonwealth Bank has an approved limit of \$4,366,000 at an interest rate of 2.82% per annum and other fee, of 1.8% with a combined total rate of 4.62% per annum, maturing on 16 January 2018 at which date the outstanding balance is fully repayable. The loan balance at 31 March 2017 was \$2,877,053. This facility is subject to annual review and the Association intends to negotiate with the bank to extend the term of the current facility prior to its maturity in January 2018.

As disclosed in note 9, certain land and buildings of the Association are secured by mortgage with Commonwealth Bank.

NOTE 13: PROVISIONS

CURRENT

| | | |
|-------------------|--------------------|----------------|
| Employee benefits | (a) <u>451,998</u> | <u>413,179</u> |
|-------------------|--------------------|----------------|

NON CURRENT

| | | |
|-------------------|--------------------|----------------|
| Employee benefits | (a) <u>893,385</u> | <u>775,318</u> |
|-------------------|--------------------|----------------|

| | | |
|---|------------------|------------------|
| (a) Aggregate employee benefits liability | <u>1,345,383</u> | <u>1,188,497</u> |
|---|------------------|------------------|

NOTE 14: OTHER LIABILITIES

CURRENT

| | | |
|----------------------------|----------------|----------------|
| Deferred income | 142,071 | 145,401 |
| Grants received in advance | <u>25,719</u> | <u>12,129</u> |
| | <u>167,790</u> | <u>157,530</u> |

NOTE 15: RESERVES

| | | |
|--|---------------------|------------------|
| Asset revaluation reserve | 15(a) 884,470 | 884,470 |
| James Russell Fund | 15(b) 5,244 | 5,244 |
| DD Harris Fund | 15(c) 46,022 | 42,031 |
| Available for sale financial asset reserve | 15(d) 1,979,978 | 1,033,437 |
| Woodhouse Fund | 15(e) 25,189 | 122,719 |
| G J Ware Trust | 15(f) 790,710 | 778,521 |
| Ken Maguire Trust | 15(g) <u>44,780</u> | <u>40,897</u> |
| | <u>3,776,393</u> | <u>2,907,319</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|--|------|------------------|--------------------|
| NOTE 15: RESERVES (CONTINUED) | | | |
| (a) Asset revaluation reserve | | | |
| The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. | | | |
| Opening balance | | <u>884,470</u> | <u>884,470</u> |
| Closing balance | | <u>884,470</u> | <u>884,470</u> |
| (b) James Russell Fund | | | |
| The James Russell Fund represents funds received that are to be used to assist disabled members attend Jamboree event. | | | |
| Opening balance | | 5,244 | 5,168 |
| Transfers | | <u>-</u> | <u>76</u> |
| Closing balance | | <u>5,244</u> | <u>5,244</u> |
| (c) DD Harris Fund | | | |
| The DD Harris Fund represents funds received that are to be used to fund the development of Leaders. | | | |
| Opening balance | | 42,031 | 44,194 |
| Transfers | | <u>3,991</u> | <u>(2,163)</u> |
| Closing balance | | <u>46,022</u> | <u>42,031</u> |
| (d) Available for sale financial asset reserve | | | |
| The available for sale financial asset reserve is used to record movements in fair values of investments classified as available for sale. | | | |
| Opening balance | | 1,033,437 | 2,694,572 |
| Change in fair value of available for sale financial assets, net of tax | | <u>946,541</u> | <u>(1,661,135)</u> |
| Closing balance | | <u>1,979,978</u> | <u>1,033,437</u> |
| (e) Woodhouse Fund | | | |
| The Woodhouse Fund represents funds received or allocated that are to be used to fund the development of Woodhouse operations. | | | |
| <i>Movements in reserve</i> | | | |
| Opening balance | | 122,719 | 24,258 |
| Transfers | | <u>(97,530)</u> | <u>98,461</u> |
| Closing balance | | <u>25,189</u> | <u>122,719</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|--------------------------|--------------------------|
| NOTE 15: RESERVES (CONTINUED) | | | |
| (f) G J Ware Trust | | | |
| The G J Ware Trust represents funds received that are to be used to fund future expansion of the organisation through capital acquisitions. | | | |
| Opening balance | | 778,521 | 775,806 |
| Transfers | | <u>12,189</u> | <u>2,715</u> |
| Closing balance | | <u><u>790,710</u></u> | <u><u>778,521</u></u> |
| (g) Ken Maguire Trust | | | |
| The Ken Maguire Trust represents funds received that are to be used to fund future expansion and training initiatives. | | | |
| Opening balance | | 40,897 | 43,001 |
| Transfers | | <u>3,883</u> | <u>(2,104)</u> |
| Closing balance | | <u><u>44,780</u></u> | <u><u>40,897</u></u> |
| NOTE 16: ACCUMULATED SURPLUS / (LOSSES) | | | |
| Accumulated surplus at beginning of year | | 28,563,288 | 29,650,818 |
| Net profit / (loss) | | 157,891 | (990,545) |
| Transfers from / (to) reserves | | <u>77,467</u> | <u>(96,985)</u> |
| | | <u><u>28,798,646</u></u> | <u><u>28,563,288</u></u> |

NOTE 17: INTERESTS IN JOINT ARRANGEMENTS

(a) Joint Ventures

| | Nature of relationship | Ownership interest | | Measurement basis |
|--|------------------------|--------------------|-----------|-----------------------------|
| | | 2017 % | 2016 % | |
| Joint venture | | | | |
| Arena Stadium Management Pty Ltd | Joint venture | 50 | 50 | Equity method of accounting |
| Country of incorporation: Australia | | | | |
| Arena Stadium Management Pty Ltd is involved in managing and operating the jointly controlled asset, known as Titanium Security Arena. | | | | |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 17: INTERESTS IN JOINT ARRANGEMENTS (CONTINUED)

(a) Joint Ventures (Continued)

| | | | | |
|--|---------------|----|----|-----------------------------|
| Scout SA and Environbank Recycling Joint Venture | Joint venture | 50 | 50 | Equity method of accounting |
|--|---------------|----|----|-----------------------------|

Country of incorporation: Australia

Scout SA and Environbank Recycling Joint venture is involved in automating selected existing CDL depots and establishing automated new CDL depots in South Australia. This joint venture ceased operations in February 2017.

The following adjustments have been made in this financial report for the year ended 31 March 2017, based on the Committee's estimates due to cessation of joint venture operations:

- an impairment provision of \$324,763 has been recorded against the amount receivable of \$380,865 from this joint venture (note 6); and
- the net losses of \$160,434 accounted in the 2016 financial year has been written back (note 3).

Further, the Scouts SA's share of net losses of this joint venture for the year ended 31 March 2017, amounting to \$114,615, has not been accounted for in this financial report as the Committee believe that the Scouts SA has no further obligations for this joint venture due to cessation of operations.

(b) Summarised financial information for associates and joint ventures

| | Arena Stadium Management Pty Ltd \$ | Scout SA and Environbank Recycling Joint Venture \$ |
|--|---|---|
| 2017 | | |
| Current assets | 441,421 | 25,892 |
| Non-current assets | 923,009 | 51,697 |
| Current liabilities | (963,676) | (627,687) |
| Non-current liabilities | (381,612) | - |
| Net assets | <u>19,142</u> | <u>(550,098)</u> |
| Revenue | 1,554,176 | 402,871 |
| Income tax expense | (2,213) | - |
| Expenses | (1,551,963) | (632,101) |
| Profit / (loss) from continuing operations | - | (229,230) |
| Total comprehensive income | <u>-</u> | <u>(229,230)</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 17: INTERESTS IN JOINT ARRANGEMENTS (CONTINUED)

(b) Summarised financial information for associates and joint ventures (Continued)

Reconciliation to carrying amount of interest in joint ventures:

| | | |
|--|---------------|------------------|
| Opening net assets | 19,142 | (320,868) |
| Current year profit /(loss) | - | (229,230) |
| Add: Other comprehensive income | - | - |
| Closing net assets | <u>19,142</u> | <u>(550,098)</u> |
| Group's % share of net assets | 50.0% | 50.0% |
| Group's share of net assets/ (net liabilities) | <u>9,571</u> | <u>(275,049)</u> |
| Carrying amount of investment | <u>9,571</u> | <u>(275,049)</u> |

2016

| | | |
|-------------------------|---------------|------------------|
| Current assets | 199,700 | 34,246 |
| Non-current assets | 761,920 | 68,960 |
| Current liabilities | (530,326) | (180,114) |
| Non-current liabilities | (412,152) | (243,960) |
| Net assets | <u>19,142</u> | <u>(320,868)</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 17: INTERESTS IN JOINT ARRANGEMENTS (CONTINUED)

(b) Summarised financial information for associates and joint ventures (Continued)

| | | |
|--|-------------------|-------------------------|
| Revenue | 1,359,024 | 199,304 |
| Expenses | (1,359,024) | (520,172) |
| Income tax expense | <u>262</u> | <u>-</u> |
| Profit from continuing operations | <u>262</u> | <u>(320,868)</u> |
| Total comprehensive income | <u>262</u> | <u>(320,868)</u> |
| Reconciliation to carrying amount of interest in joint arrangements: | | |
| Opening net assets | 18,880 | |
| Current year profit/ (loss) | <u>262</u> | <u>(320,868)</u> |
| Closing net assets | <u>19,142</u> | <u>(320,868)</u> |
| Group's % share of net assets | 50.0% | 50.0% |
| Group's share of net assets/ (net liabilities) | <u>9,571</u> | <u>(160,434)</u> |
| Carrying amount of investment | <u>9,571</u> | <u>(160,434)</u> |

(c) Jointly controlled asset

During March 2013, the Association established Scouts Stadium Incorporated (100% controlled by the Association) for the purposes of acquiring 50% interest in the Titanium Security Arena. As at 31 March 2015, the 50% interest acquired by Scouts Stadium Incorporated has been reclassified from Buildings and disclosed as a separate class of assets referred to as Jointly Controlled Asset (refer Note 9).

An independent valuation of the Titanium Security Arena using the income approach basis (for multi-purpose facilities) was conducted by Maloney Field Services as at 31 March 2015. The valuation of land amounted to \$1.9M and valuation of the building structures and site improvements amounted to \$2M. The Board of Scouts Stadium Incorporated resolved to revalue its 50% interest of this asset in accordance with valuation resulting in an increment in value of \$884,470 for the year ended 31 March 2015.

On 16th December 2016, Scouts Stadium Incorporated and Savethearena Pty Ltd being the joint owners of Titanium Security Arena, and Scout SA and Savethearena Pty Ltd being the two shareholders of Arena Stadium Management Pty Ltd, have entered into an agreement with Adelaide Basketball Pty Ltd (36ers) granting an exclusive option for the 36ers to buy the Titanium Security Arena (jointly controlled asset- refer note 9) and all the shares of Arena Stadium Management Pty Ltd. The option period is 5 years and 6 months from 16 December 2016. This option was exercised on 16 June 2017.

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 18: INTERESTS IN SUBSIDIARIES

(a) Subsidiary

The details of the group's subsidiary are as follows:

| | Country of incorporation |
|-----------------------------|--------------------------|
| Scouts Stadium Incorporated | Australia |

During March 2013, the Association established Scouts Stadium Incorporated (100% controlled by the Association) for the purposes of acquiring 50% interest in the Titanium Security Arena. Refer note 17 for details.

| | |
|------|------|
| 2017 | 2016 |
| \$ | \$ |

NOTE 19: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:

| | | |
|-----------------|------------------|------------------|
| Cash on hand | 151,670 | 126,670 |
| Cash at bank | 1,157,178 | 1,255,031 |
| Bank overdrafts | <u>(330,504)</u> | <u>-</u> |
| | <u>978,344</u> | <u>1,381,701</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 20: RELATED PARTY TRANSACTIONS

(a) Transactions with entities with joint ventures in which the entity is a venturer

| | 2017 | 2016 |
|---|------------------|-------------|
| | \$ | \$ |
| Impairment expenses recorded in relation to amount due from Scout SA and Environbank Recycling Joint venture (note 17) | 324,763 | - |
| Write-back of losses recorded previously in relation to Scout SA and Environbank Recycling Joint venture due to cease of operations (note 17) | <u>(160,434)</u> | <u>-</u> |

(b) Transactions with key management personnel of the group and their personally related entities

| | 2017 | 2016 |
|---|---------------|-------------|
| | \$ | \$ |
| Mr H Long (Chief Commissioner) - Honorarium for reimbursement of expenses | 31,500 | 30,000 |
| Mr G Coates (President) - Mindvision Interactive Pty Ltd for IT Services provided to the Association | 207,838 | 221,026 |
| Mr G Coates (President) for IT Services provided to the Association | 9,455 | 9,455 |
| Ms J Turbill (Supporting Member) - Intuito Pty Ltd for advertising / marketing services provided to the Association | 16,998 | - |
| Ms T Hayward (Chief Financial Officer) - purchase of second hand vehicle of the Association | <u>24,000</u> | <u>-</u> |

Related Party Transactions have been carried out on commercial terms.

NOTE 21: CAPITAL AND LEASING COMMITMENTS

(a) Hire purchase commitments

| | | |
|---|----------------|-----------------|
| Payable | | |
| - not later than one year | 72,561 | 114,287 |
| - later than one year and not later than five years | <u>-</u> | <u>72,349</u> |
| Minimum hire purchase payments | 72,561 | 186,636 |
| Less future finance charges | <u>(2,982)</u> | <u>(11,388)</u> |
| Total hire purchase liability | <u>69,579</u> | <u>175,248</u> |
| Represented by: | | |
| Current liability | 69,579 | 105,669 |
| Non-current liability | <u>-</u> | <u>69,579</u> |
| | <u>69,579</u> | <u>175,248</u> |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| Note | 2017 | 2016 |
|------|------|------|
| | \$ | \$ |

NOTE 21: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

The motor vehicle and plant and equipment leases are non-cancelable operating leases which expire in the range of less than 1 year and 5 years, with rent payable monthly.

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

| | | |
|---|------------------|------------------|
| - not later than one year | 688,624 | 634,636 |
| - later than one year and not later than five years | <u>1,278,885</u> | <u>1,498,234</u> |
| | <u>1,967,509</u> | <u>2,132,870</u> |

The property and equipment lease commitments are non-cancelable operating leases which expire in the range of less than 1 year and 6 years with rent payable monthly.

NOTE 22: CONTINGENT LIABILITIES

The Association has a contingent liability in respect of self-insurance of certain risks. The Association has elected to self-insure up to \$10,000 per single claim (2016:\$10,000 for total claims made). The Association has not provided guarantees during the year.

The Association has a potential litigation liability and the outcome is unknown at the signing date of these financial statements.

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTE 23: Correction of prior period error

During the 2005 financial year, the Association has capitalised \$683,711 upon completion of site works in relation to Australian Jamboree 2004. However, this amount was incorrectly classified as land rather than improvements and therefore the capitalised amount of \$683,711 has not been depreciated up to 31 March 2017. This was rectified by restating each of the affected financial statement line items for prior periods as follows:

| | 31 March 2016 | | | |
|--|--|--------------------------|---|---------------------------|
| | As previously reported \$ | Adjustment \$ | Current year classification changes \$ | As restated \$ |
| Statement of financial position | | | | |
| Property, plant and equipment | 27,131,746 | (205,112) | - | 26,926,634 |
| Non-current assets | 34,585,005 | (205,112) | - | 34,379,893 |
| Total assets | 38,135,820 | (205,112) | 132 | 37,930,840 |
| Net assets | 31,675,719 | (205,112) | - | 31,470,607 |
| Retained earnings | 28,768,400 | (205,112) | - | 28,563,288 |
| Total equity | 31,675,719 | (205,112) | - | 31,470,607 |

| | 31 March 2015 | | |
|--|--|--------------------------|---------------------------|
| | As previously reported \$ | Adjustment \$ | As restated \$ |
| Statement of financial position | | | |
| Property, plant and equipment | 26,879,660 | (188,020) | 26,691,640 |
| Non-current assets | 36,139,479 | (188,020) | 35,951,459 |
| Total assets | 40,428,429 | (188,020) | 40,240,409 |
| Net assets | 34,310,307 | (188,020) | 34,122,287 |
| Retained earnings | 29,838,838 | (188,020) | 29,650,818 |
| Total equity | 34,310,307 | (188,020) | 34,122,287 |

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

| | For the year ended 31 March 2016 | | | |
|--|----------------------------------|------------|---|-------------|
| | As previously reported | Adjustment | Current year classification changes | As restated |
| | \$ | \$ | \$ | \$ |
| Statement of comprehensive income | | | | |
| Depreciation expenses | (870,117) | (17,092) | - | (887,209) |
| Loss before income tax | (973,585) | (17,092) | 132 | (990,545) |
| | | | - | |
| Total comprehensive income for the year | (2,634,588) | (17,092) | | (2,651,680) |

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

On 16 December 2016, Scouts Stadium Incorporated and SavetheArena Pty Ltd being the two joint owners of the Titanium Security Arena entered into an agreement with Adelaide Basketball Pty Ltd (36ers) granting an exclusive option for 36ers to buy the property (jointly controlled asset). The option period is 5 years and 6 months from 16 December 2016.

On 16 June 2017, 36ers exercised the option and a valuer has been appointed to value the property within 30 days. After the sale of this property, Scouts Stadium Incorporated will no longer have operations and will likely be wound up within the next financial year. Accordingly, the jointly controlled asset (freehold land and buildings) have been classified as current assets in this financial report.

There has been no matter or circumstance, which has arisen since 31 March 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 March 2017, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 March 2017, of the group.

NOTE 25: ENTITY DETAILS

The registered office of the group is:

The Scout Association of Australia, South Australian Branch
 211 Glen Osmond Road
 Frewville, SA 5063

THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366

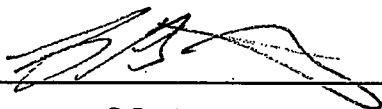
STATEMENT BY MEMBERS OF THE COMMITTEE

The committee declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

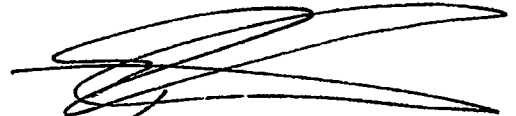
Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

President:



G Coates

Vice President



P Dickson

Dated this

26

day of

June

2017



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY

In relation to the independent audit for the year ended 31 March 2017, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (ii) No contraventions of any applicable code of professional conduct.

A P FAULKNER

Principal

Date:

28 June, 2017

PITCHER PARTNERS

Adelaide



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY ABN 35 621 021 366

Opinion

We have audited the financial report of The Scout Association of Australia, South Australian Branch "the Registered Entity" and its controlled entity, "the Group", which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in members funds and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of the Registered Entity, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Registered Entity's financial position as at 31 March 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for 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 Registered Entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 23 in the financial report which indicates correction of a prior period error.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366**

Other Information

The committee is responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 31 March 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the Reduced Disclosure Requirements financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

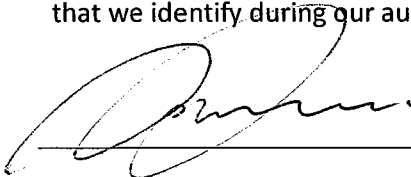
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY
ABN 35 621 021 366**

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:

- 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.
- 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's 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 Registered Entity'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.
- 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 committee 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.

We communicate with those charged with governance 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.

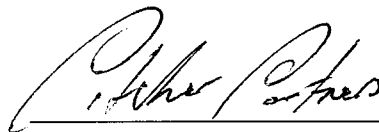


A P FAULKNER

Principal

Date:

28 June, 2017



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Adelaide