

Assemblies of God in Australia Limited and Controlled Entities

ABN: 65 004 617 467

Financial Statements

For the Year Ended 31 December 2015

Assemblies of God in Australia Limited and Controlled Entities

ABN: 65 004 617 467

For the Year Ended 31 December 2015

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Assemblies of God in Australia Limited and Controlled Entities

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue	3	21,399,234	19,289,427
Employee benefit expense		(8,247,425)	(7,158,837)
Discretionary protection expense		(3,452,181)	(3,210,798)
Claims expenses	5	(1,561,313)	(1,221,358)
Interest expense	6	(1,370,599)	(1,424,552)
Property and occupancy expenses		(1,258,279)	(1,186,651)
Consultants and professional fees		(927,716)	(1,054,912)
Course and academic expenses		(853,112)	(1,026,650)
Advertising and marketing expense		(637,733)	(432,025)
Travel and entertainment expense		(621,649)	(400,738)
Depreciation, amortisation and impairments	14	(367,328)	(422,372)
Office expense		(317,374)	(271,721)
Telephone and IT expense		(310,554)	(288,593)
Doubtful debts expense		(24,350)	(32,402)
Other expenses		(1,061,094)	(797,315)
Profit before income tax		388,527	360,503
Income tax expense	7	(18,777)	-
Profit/(loss) from continuing operations		369,750	360,503
Profit/(loss) from discontinued operations	4	-	406,144
Profit/(loss) before distributions to ACC Movement		369,750	766,647
Distributions to ACC Movement	23	(189,000)	(185,000)
Loss on disposal of subsidiary to ACC Movement	25(c)	(1,131,000)	-
Profit/(loss) for the year		(950,250)	581,647
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment		5,469,066	85,000
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Net gain/(loss) on translation of foreign subsidiaries		(1,444)	2,482
Other comprehensive income for the year		5,467,622	87,482
Total comprehensive income for the year		4,517,372	669,129
Profit/(loss) attributable to:			
Members of the parent entity		(946,595)	576,448
Non-controlling interest		(3,655)	5,199
		(950,250)	581,647
Total comprehensive income attributable to:			
Members of the parent entity		4,516,430	663,582
Non-controlling interest		942	5,547
		4,517,372	669,129

The accompanying notes form part of these financial statements.

Assemblies of God in Australia Limited and Controlled Entities

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Statement of Financial Position

31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	8,884,318	3,318,987
Trade and other receivables	9	1,509,636	1,295,291
Inventories	10	28,220	28,243
Financial assets	11	7,020,156	9,214,621
Other assets	12	1,289,118	1,877,535
TOTAL CURRENT ASSETS		18,731,448	15,734,677
NON-CURRENT ASSETS			
Trade and other receivables	9	1,981,870	2,080,964
Property, plant and equipment	14	31,951,710	27,506,937
Intangible assets	13	340,800	347,776
TOTAL NON-CURRENT ASSETS		34,274,380	29,935,677
TOTAL ASSETS		53,005,828	45,670,354
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	23,093,383	22,746,678
Borrowings	17	477,346	412,730
Current tax liabilities		12,272	-
Short-term provisions	16	486,002	362,671
Other liabilities	18	4,960,180	2,631,110
TOTAL CURRENT LIABILITIES		29,029,183	26,153,189
NON-CURRENT LIABILITIES			
Trade and other payables	15	1,005,041	148,799
Borrowings	17	8,038,734	8,064,269
Long-term provisions	16	158,018	153,896
Other liabilities	18	3,457	896,178
TOTAL NON-CURRENT LIABILITIES		9,205,250	9,263,142
TOTAL LIABILITIES		38,234,433	35,416,331
NET ASSETS		14,771,395	10,254,023
EQUITY			
Reserves	19	5,931,710	468,685
Retained earnings		8,833,296	9,779,891
Parent interest		14,765,006	10,248,576
Non-controlling interest		6,389	5,447
TOTAL EQUITY		14,771,395	10,254,023

The accompanying notes form part of these financial statements.

Assemblies of God in Australia Limited and Controlled Entities

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Statement of Changes in Equity

For the Year Ended 31 December 2015

2015

Note	Retained Earnings \$	Asset Revaluation Surplus \$	Foreign Currency Translation Reserve \$	Non-controlling Interests \$	Total \$
Balance at 1 January 2015	9,779,891	466,451	2,234	5,447	10,254,023
Profit/(loss) attributable to members of the parent entity	(946,595)	-	-	-	(946,595)
Profit/(loss) attributable to non-controlling interests	-	-	-	(3,655)	(3,655)
Gain on revaluation of property, plant and equipment	-	5,464,325	-	4,741	5,469,066
Net gain/(loss) on translation of foreign subsidiaries	-	-	(1,300)	(144)	(1,444)
Balance at 31 December 2015	8,833,296	5,930,776	934	6,389	14,771,395

2014

Note	Retained Earnings \$	Asset Revaluation Surplus \$	Foreign Currency Translation Reserve \$	Non-controlling Interests \$	Total \$
Balance at 1 January 2014	9,027,874	557,020	-	-	9,584,894
Profit/(loss) attributable to members of the parent entity	576,448	-	-	-	576,448
Profit/(loss) attributable to non-controlling interests	-	-	-	5,199	5,199
Derecognition of asset revaluation surplus on revaluation of library books	175,569	(175,569)	-	-	-
Gain on revaluation of property, plant and equipment	-	85,000	-	-	85,000
Net gain/(loss) on translation of foreign subsidiaries	-	-	2,234	248	2,482
Balance at 31 December 2014	9,779,891	466,451	2,234	5,447	10,254,023

The accompanying notes form part of these financial statements.

Assemblies of God in Australia Limited and Controlled Entities

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Statement of Cash Flows

For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers, members and others		24,586,739	26,821,440
Payments to suppliers, members and employees		(21,778,464)	(23,363,748)
Interest received		758,211	633,944
Interest paid		(1,368,651)	(1,424,552)
Income tax paid		(6,505)	-
Net cash provided by/(used in) operating activities	26	<u>2,191,330</u>	<u>2,667,084</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		9,091	57,109
Proceeds from sale of investments		90,261	236,548
Purchase of property, plant and equipment		(407,146)	(223,420)
Redemption/(placement) of term deposits		2,038,525	(3,371,911)
Loans repaid/(advanced)		99,094	(909,811)
Net cash used by investing activities		<u>1,829,825</u>	<u>(4,211,485)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings advanced/(repaid)		<u>1,544,730</u>	1,746,742
Net cash used by financing activities		<u>1,544,730</u>	<u>1,746,742</u>
Net increase/(decrease) in cash and cash equivalents held		5,565,885	202,341
Cash and cash equivalents at beginning of year		<u>3,318,433</u>	<u>3,116,092</u>
Cash and cash equivalents at end of financial year	8	<u><u>8,884,318</u></u>	<u><u>3,318,433</u></u>

The accompanying notes form part of these financial statements.

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

The financial report include the consolidated financial statements and notes of Assemblies of God in Australia Limited and controlled entities (the Group) and the separate note disclosure of Assemblies of God in Australia Limited as an individual parent entity (the company). Assemblies of God in Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia.

1 Accounting policies

Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated. The financial statements are based on historical costs, except for the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

The financial report has been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

(a) Going Concern

The financial report has been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business. This approach has been taken based on the considerations listed below:

Assemblies of God in Australia Limited holds on its balance sheet the liabilities and assets in relation to its investment products Smartsaver and Accumulator. Smartsaver/Accumulator investors are, in a legal sense, unsecured debenture holders, and are represented on the balance sheet as liabilities. Investors invest "at call" or in term investments with maturities generally less than 12 months, and are therefore represented further as current liabilities. The company has applied these funds to invest in cash and fixed interest investments of varying maturities and loans to various entities. As the greater portion of these assets are non-current in nature the company has a deficit in its net current asset position. The deficit in net current assets creates an element of uncertainty surrounding the going concern should debenture holder redemption requests exceed liquid current assets available.

To ensure that adequate liquidity is maintained to satisfy debenture holder redemption requests as they occur, regular liquidity profiling, monitoring, forecasting and modelling by the manager of this product is performed. Specifically for redemption management purposes the manager allocates a significant portion of assets to short-term highly liquid cash and term deposit investments. These assets represented approximately 42% of the scheme's total liability at 31 December 2015 (2014: 32%).

The company first issued debenture products in 2002, and since that date all interest payments to, and redemption requests from debenture holders have been satisfied within specified timeframes. Based on forecasting and modelling of these liabilities as at March 2016, the company's liquid asset position as at March 2016, and historical redemption behaviour, there is a reasonable basis to conclude that current liquidity is adequate to satisfy anticipated future redemption requests of debenture holders.

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

The total scheme liability at 31 December 2015 is \$21,530,263, which includes amounts totalling \$4,428,981 held directly by entities under the control of the ACC Movement (Australian Christian Churches Unincorporated - ABN: 58 123 514 361). As disclosed in Note 24 to the financial statements, this is the unincorporated parent body of Assemblies of God in Australia Limited.

The group has also demonstrated profitability over the past four years. This has occurred alongside significant restructuring within the main operating division of the group (ACS Financial) between 2012 and 2015. This has involved the discontinuation of operations in less profitable and higher risk areas. ACS Financial is projecting stable profitability for the next three years, which in turn is likely to strengthen the balance sheet and continue to improve liquidity available within the group.

The directors believe that the key considerations analysed above provide adequate evidence that the group will continue as a going concern.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the parent (Assemblies of God in Australia Limited) and all of its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the parent. The combination of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

(c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date. Goodwill or a gain on bargain purchase may arise on the acquisition date. This is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

(c) Business combinations continued

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(d) Intangible Assets

Goodwill

Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non-controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

(e) Property, plant and equipment

Land and buildings

Freehold land and buildings are shown at their fair value based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

(e) Property, plant and equipment continued

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

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 - 4%
Plant and Equipment	10 - 30%
Furniture, Fixtures and Fittings	10 - 30%
Motor Vehicles	15 - 25%
Office Equipment	10 - 30%
Computer Equipment	10 - 40%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Inventories

Inventories are measured at the lower of cost and current replacement cost.

(g) Cash and Cash Equivalents

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

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

(g) Cash and Cash Equivalents continued

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.

(h) Discretionary protection arrangement

The contractual obligation arising out of a discretionary protection contract held by the group is recorded as a discretionary protection expense and is recognised in Statement of Profit or Loss and Other Comprehensive Income from the attachment date over the period of protection in accordance with the expected pattern of incidence of risk ceded. Accordingly, where the benefit of risk ceded is available following the end of the financial year, the portion of fee is recognised in the balance sheet as a prepayment.

(i) Prepaid discretionary protection expenses

Prepaid discretionary protection expenses consist of costs that have been paid, where the group has rights to re-insurance protection covering a period subsequent to the end of the financial year. Prepaid discretionary protection costs are recognised as an expense on a pro-rata basis in accordance with the period of cover. Where the period of protection exceeds 12 months, the balance is recognised as a non-current asset.

(j) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, alternative valuation techniques are adopted.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

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

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

(j) Financial Instruments continued

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iv) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

(k) Impairment

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use or where appropriate, depreciated replacement cost, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(l) Employee Benefits

Provision is made for the group'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 payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the group to an employee superannuation fund and are charged as expenses when incurred.

(m) 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

(p) 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 Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Income taxes

No current or deferred income tax assets or liabilities have been raised by the company it is exempt from income tax under Division 50 of the Income Tax Assessment Act. Prior year tax losses exist for the taxpaying entities within the group, with the exception of ACS Mutual Limited, ACS Business Trust and AOG Financial Services Trust.

ACS Mutual Limited is a company limited by guarantee and operates for the mutual benefit of members. Accordingly, this entity is not liable for income tax on contributions received from members, nor are the related outgoings allowable as an income tax deduction. This entity is, however, liable for income tax on interest and other income derived from investments.

ACS Business Trust is a fixed trust which distributes taxable profits to ACS Financial Trust. ACS Financial Trust is an income tax exempt trust within the group.

AOG Financial Services Trust is a discretionary trust which distributes taxable profits to income tax exempt entities within the group.

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(r) Revenue

Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

(r) Revenue continued

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Insurance revenue

Insurance revenue is recorded on a cash basis when the insured accepts the offer of insurance coverage.

Discretionary protection revenue

Discretionary protection revenue consists of member contributions to ACS Mutual Limited, which entitles each member to discretionary protection. The proportion of these contributions equal to the direct re-insurance cost (discretionary protection expense) paid to the underwriter is recognised as revenue from the attachment date over the period of the contract on a straight-line basis. The remaining proportion of member contributions is recognised as revenue on receipt.

Recoveries related to discretionary protection agreements

Recoveries receivable from insurers in relation to discretionary protection liabilities for claims incurred above the ACS Mutual Limited's retention are recognised as revenue.

Fleet revenue

Fleet revenue is recognised on an accruals basis, based on the invoicing of fleet customers on a monthly basis. Sales revenue is recognised when the motor vehicle is sold.

Revenue from services

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

Tuition revenue is recognised when the student has commenced the semester of study to which the revenue attaches.

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

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Accounting policies continued

(t) Comparative Figures

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

(u) Critical Accounting Estimates and Judgments

In the application of the consolidated entity's accounting policies, the directors are required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis.

Key estimates - Impairment

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers.

Key estimates - Claims

ACS Mutual Limited self-insures a proportion of the risk ceded at the inception of a discretionary protection contract with a member of the mutual. Specific risk limits are set by the directors annually based on previous claims history. The mutual's risk exposure above the set limits is insured with general insurance companies. The directors ensure that there is sufficient cash within ACS Mutual Limited to meet all claims within the mutually retained limits.

A provision is made at year end for the estimated cost of claims incurred but not settled at the balance date, including the cost of claims incurred but not yet reported to the group. This provision is calculated gross of any discretionary protection related recoveries under insurance contracts with general insurers. A separate estimate is made for the amounts that will be recoverable under the discretionary protection related recovery based upon the gross provisions.

The claims provision is based on actual claims for the year. A property protection provision is taken up on claims based on what is known to have been incurred during the financial year, plus a risk margin as determined by the directors. A public liability protection provision is taken up for the balance of self-insured risk lying with ACS Mutual Limited.

Key estimates - Course accreditation costs

Alphacrucis College Limited capitalises costs directly attributable to the development of new awards and re-accreditation of existing awards. The directors have assessed impairment by calculating a value-in-use based on the estimated present value of future cash flows associated with the academic operations of the college. As such, cash flows relating to the college's property have not been included in this calculation.

Where the directors have assessed there is a reasonable likelihood economic benefits are likely to be consumed within the next 12 months, the asset has been classified as current. The remaining amount has been classified as non-current.

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Parent entity

The following information has been extracted from the books and records of the parent, Assemblies of God in Australia Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Assemblies of God in Australia Limited has been prepared on the same basis as the consolidated financial statements.

	2015	2014
	\$	\$
Statement of Financial Position		
Assets		
Current assets	10,641,757	8,589,758
Non-current assets	12,747,624	2,670,340
Total Assets	<u>23,389,381</u>	<u>11,260,098</u>
Liabilities		
Current liabilities	22,203,887	21,554,919
Non-current liabilities	1,005,041	1,720,770
Total Liabilities	<u>23,208,928</u>	<u>23,275,689</u>
Equity		
Retained earnings	180,453	(12,015,592)
Total Equity	<u>180,453</u>	<u>(12,015,592)</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	<u>12,196,045</u>	366,745
Total comprehensive income	<u>12,196,045</u>	<u>366,745</u>

Assets and liabilities relating to the Accumulator unsecured debenture product are recorded within the Statement of Financial Position of Assemblies of God in Australia Limited.

Assemblies of God in Australia Limited has loans with several entities within the group. During the year ended 31 December 2011 the directors recorded an impairment loss on these loans to the value of \$10,971,881, which resulted in a provision for impairment of \$11,791,881 at 31 December 2011. The reason for this impairment was due to poor financial performance and investment losses of some of these entities which cast doubt on their ability to repay the loans.

Since 2012 these entities have met all principal repayments in accordance with formal signed loan agreements. These loan agreements have subsequently been renegotiated, and a fixed repayment schedule is in place that requires for the loans to be fully repaid within 10 years commencing from 2015. In addition, the directors have forecasted the profitability of the entities servicing the loans to grow over the next 3 years. Therefore, the directors have assessed these entities are reasonably able to meet future contractual loan repayments, and that a provision for impairment on these loans is no longer required in Assemblies of God in Australia Limited. Accordingly, the provision for impairment has been fully reversed in the 2015 year, resulting an improvement to profit or loss of \$10,617,728 during the year.

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

3 Revenue and Other Income

	Note	2015 \$	2014 \$
Revenue			
- Discretionary protection revenue		7,690,058	7,660,899
- Insurance revenue		1,279,048	1,187,765
- Interest revenue		751,024	634,404
- Financial services revenue		296,404	732,097
- Tuition revenue		8,116,771	6,274,603
- Governing grant funding (New Zealand)		631,723	232,166
- Rent revenue		2,174,857	2,189,039
- Donation revenue		295,309	135,848
- Other revenue		164,041	242,605
Total Revenue		<u>21,399,235</u>	<u>19,289,427</u>

4 Discontinued Operations

During the year the Group announced its decision to dispose of its fleet management operations, thereby discontinuing its operations in this business segment. The division was sold on 31 July 2014 and the division disposed of is reported in these financial statements as a discontinued operation. Financial information relating to the discontinued operation to the date of disposal is set out below.

The financial performance (excluding corporate overheads) of the discontinued operation to the date of sale which is included in profit / (loss) from discontinued operations is as follows:

	2015 \$	2014 \$
Revenue	-	5,601,002
Expenses	-	(5,556,425)
Gross profit	-	44,577
Gain on sale of the division	-	361,567
Profit attributable to discontinued operations	-	<u>406,144</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

5 Net claims incurred

	2015	2014
	\$	\$
Claims expense		
Gross claims incurred - undiscounted	7,672,973	1,617,080
	<u>7,672,973</u>	<u>1,617,080</u>
Discretionary protection recoveries		
Discretionary protection related recoveries revenue - undiscounted	(6,111,660)	(395,722)
	<u>(6,111,660)</u>	<u>(395,722)</u>
Net claims incurred	<u>1,561,313</u>	<u>1,221,358</u>

6 Profit for the year

Expenses

Rental Expense on Operating Leases		
Lease payments	252,543	204,831
Total Rental Expense	<u>252,543</u>	<u>204,831</u>
Interest Expense		
Accumulator/smartsaver debenture holders	802,405	871,541
Banks and other financial institutions	541,041	545,260
Other lenders	27,153	7,751
Total Interest Expense	<u>1,370,599</u>	<u>1,424,552</u>

7 Income Tax Expense

The major components of tax expense (income) comprise:

Current tax expense

Local income tax - current period	9,133	-
Under/(over) provision in respect of prior years	9,644	-
	<u>18,777</u>	<u>-</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

8 Cash and Cash Equivalents

	2015	2014
Note	\$	\$
Cash on hand	5,324	2,530
Cash at bank	<u>8,878,994</u>	<u>3,316,457</u>
	<u><u>8,884,318</u></u>	<u><u>3,318,987</u></u>

(a) Reconciliation of cash

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

Cash and cash equivalents	8,884,318	3,318,987
Bank overdraft	-	(554)
Balance as per statement of cash flows	<u><u>8,884,318</u></u>	<u><u>3,318,433</u></u>

9 Trade and other receivables

CURRENT

Trade receivables	969,393	1,051,663
Provision for impairment	(a) (25,800)	(10,855)
	<u>943,593</u>	<u>1,040,808</u>
Accrued Income	82,157	103,651
Fee HELP receivables	415,611	29,666
Sundry receivables	<u>68,275</u>	<u>121,166</u>
Total current trade and other receivables	<u><u>1,509,636</u></u>	<u><u>1,295,291</u></u>

NON-CURRENT

Church and other loans	<u>1,981,870</u>	<u>2,080,964</u>
Total non-current trade and other receivables	<u><u>1,981,870</u></u>	<u><u>2,080,964</u></u>

(a) Movement in provision for impairment of receivables is as follows:

	2015
	\$
Balance at beginning of the year	10,855
Additional impairment loss recognised	24,350
Provision used	<u>(9,405)</u>
Balance at end of the year	<u><u>25,800</u></u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

10 Inventories

	Note	2015 \$	2014 \$
At cost			
Finished goods		28,220	28,243
		<u>28,220</u>	<u>28,243</u>

11 Financial Assets

CURRENT

Financial assets at fair value through profit or loss		4,042	4,544
Held-to-maturity financial assets	(a)	7,016,114	9,210,077
		<u>7,020,156</u>	<u>9,214,621</u>

(a) Held-to-maturity investments

Term deposits		6,683,619	8,722,144
Managed fund investments		332,496	487,933
		<u>7,016,115</u>	<u>9,210,077</u>

12 Other Assets

CURRENT

Course development and accreditation costs		715,639	642,887
Prepayments		415,078	314,592
Prepaid discretionary protection expenses		68,186	784,482
Future discretionary protection benefit		85,000	125,000
Formation costs		5,215	10,574
		<u>1,289,118</u>	<u>1,877,535</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

13 Intangible Assets

	2015	2014
	\$	\$
Goodwill		
At cost	340,800	347,776
Total goodwill	340,800	347,776
Total Intangibles	340,800	347,776

Movements in carrying amounts of intangible assets

	Goodwill	Total
	\$	\$
Balance at 1 January 2015	347,776	347,776
Foreign exchange movements	(6,976)	(6,976)
Balance at 31 December 2015	340,800	340,800

Alphacrucis Limited (incorporated in New Zealand) purchased Alphacrucis International College Limited in 2010. The consideration paid in excess to the net identifiable assets acquired has been recorded as goodwill.

14 Property plant and equipment

	2015	2014
	\$	\$
LAND AND BUILDINGS		
Land		
At valuation (a)	21,128,415	16,440,898
Total land	21,128,415	16,440,898
Buildings		
At valuation (a)	9,386,585	10,119,434
Accumulated depreciation	-	(386,123)
Total buildings	9,386,585	9,733,311
Total land and buildings	30,515,000	26,174,209

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Property plant and equipment continued

	2015	2014
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	818,017	693,206
Accumulated depreciation	(401,068)	(322,574)
Total plant and equipment	<u>416,949</u>	<u>370,632</u>
Furniture, fixture and fittings		
At cost	77,125	90,066
Accumulated depreciation	(11,894)	(37,653)
Total furniture, fixture and fittings	<u>65,231</u>	<u>52,413</u>
Motor vehicles		
At cost	65,038	85,386
Accumulated depreciation	(15,383)	(26,289)
Total motor vehicles	<u>49,655</u>	<u>59,097</u>
Computer equipment		
At cost	726,585	646,968
Accumulated depreciation	(490,460)	(468,675)
Total computer equipment	<u>236,125</u>	<u>178,293</u>
Improvements		
At cost	-	307,466
Accumulated depreciation	-	(300,588)
Total improvements	<u>-</u>	<u>6,878</u>
Leasehold improvements		
At cost	23,436	23,436
Accumulated amortisation	(5,859)	-
Total leasehold improvements	<u>17,577</u>	<u>23,436</u>
Library books		
At valuation (b)	769,586	693,309
Accumulated depreciation	(118,413)	(51,330)
Total library books	<u>651,173</u>	<u>641,979</u>
Total plant and equipment	<u>1,436,710</u>	<u>1,332,728</u>
Total property, plant and equipment	<u>31,951,710</u>	<u>27,506,937</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Property plant and equipment continued

(a) Land and buildings at valuation

Land and buildings at 30 Cowper Street, Parramatta NSW were valued by independent valuer as at 31 December 2015. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The directors have reviewed the key assumptions adopted by the valuers and have adopted a directors' valuation within the range of the independent valuation. The directors therefore believe the carrying amount of the land and buildings correctly reflects the fair value as at 31 December 2015.

Land is also held at Lot 1 Kerang St, Surfside NSW. The value of this land has been impaired in the 2008, 2009 and 2015 financial years by directors' valuation. The directors have assessed that no further impairment is required.

(b) Library books at valuation

During the 2014 financial year the directors engaged an independent valuer to perform a valuation of library collection held by Alphacrucis College Limited (Australia). The directors adopted the replacement cost of the library in the independent valuation as the basis for the director's valuation. The valuation of the library reflects the current replacement cost of the library less estimated depreciable value consumed (depreciated replacement cost). The critical assumptions adopted in determining the depreciated replacement cost included the current age, condition and future economic value of the collection. The directors have reviewed the assumptions adopted in 2014 and do not believe there has been a significant change in these assumptions.

During the 2015 financial year, Alphacrucis Limited and Alphacrucis International College Limited (New Zealand) performed a valuation of their library collections based on similar assumptions. A revaluation increment has accordingly been recognised in the current financial year.

The directors believe that the carrying amount of the library books correctly reflects fair value as at 31 December 2015.

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Property plant and equipment continued

Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Library Books	Computer Equipment	Improvements	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2014	16,440,898	9,733,311	370,632	52,413	59,097	641,979	178,292	6,878	23,437	27,506,937
Additions	-	112,238	126,867	25,353	50,629	19,435	123,253	-	-	457,775
Additions at fair value	-	-	-	-	-	14,007	-	-	-	14,007
Disposals	(698,481)	(335,000)	-	(641)	(48,005)	-	-	(6,878)	-	(1,089,005)
Revaluation increase recognised in equity	5,421,648	-	-	-	-	47,418	-	-	-	5,469,066
Depreciation expense	-	(123,964)	(80,078)	(11,894)	(12,066)	(68,046)	(65,420)	-	(5,860)	(367,328)
Impairment loss in income	(35,650)	-	-	-	-	-	-	-	-	(35,650)
Foreign exchange movements	-	-	(472)	-	-	(3,620)	-	-	-	(4,092)
Balance at 31 December 2015	21,128,415	9,386,585	416,949	65,231	49,655	651,173	236,125	-	17,577	31,951,710

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

15 Trade and other payables

	Note	2015 \$	2014 \$
CURRENT			
Unsecured liabilities			
Trade payables		392,612	299,157
Sundry payables and accrued expenses		976,744	1,030,971
GST Payables		198,805	564,263
Debentures	(a)	21,525,222	20,852,287
		<u>23,093,383</u>	<u>22,746,678</u>
NON-CURRENT			
Unsecured liabilities			
Related party payables		1,000,000	-
Debentures	(a)	5,041	148,799
		<u>1,005,041</u>	<u>148,799</u>

(a) Debentures

Assemblies of God in Australia Limited offers an unsecured debenture product known as ACC Accumulator (previously Smartsaver). ACC Accumulator is a Religious Charitable Development Fund that is exempt from the regulatory requirements of the Banking Act 1959 under the Banking Exemption No.2 2015. This exemption applies to funds that have been established to borrow and use money for charitable purposes. The debentures consist of both 'at-call' accounts and term investments with varying maturities (predominantly less than 12 months).

16 Provisions

CURRENT			
Employee benefits		486,002	362,671
		<u>486,002</u>	<u>362,671</u>
NON-CURRENT			
Employee benefits		158,018	153,896
		<u>158,018</u>	<u>153,896</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

17 Borrowings

	Note	2015 \$	2014 \$
CURRENT			
Unsecured liabilities			
Other financial liabilities		35,907	35,907
Secured liabilities			
Bank overdraft		-	554
Bank loans	(a)	55,560	-
Finance lease obligation		34,328	17,522
Other loans	(b)	351,551	358,747
		<u>477,346</u>	<u>412,730</u>
NON-CURRENT			
Secured liabilities			
Finance lease obligation		94,294	64,269
Bank loans	(a)	7,944,440	8,000,000
		<u>8,038,734</u>	<u>8,064,269</u>
Total borrowings		<u>8,516,081</u>	<u>8,476,999</u>
(a) The carrying amounts of non-current assets pledged as security are:			
Freehold land and buildings		30,000,000	24,505,078
Company charge over assets		5,779,309	3,481,460
		<u>35,779,309</u>	<u>27,986,538</u>

The loan facility with the Commonwealth Bank of Australia is secured by a registered mortgage over Alphacrusis College Limited's property at 30 Cowper Street, Parramatta and a first registered company charge over the whole of assets and undertakings of Alphacrusis College Limited.

(b) Other loans

Alphacrusis Limited (NZ) has a loan from a private individual, which is secured against the assets of Alphacrusis International College Limited.

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

18 Other Financial Liabilities

	Note	2015 \$	2014 \$
CURRENT			
Outstanding claims liabilities		542,370	785,920
Discretionary protection revenue received in advance		1,374,970	1,281,982
Income received in advance		3,042,840	563,208
		<u>4,960,180</u>	<u>2,631,110</u>
NON-CURRENT			
Income received in advance		3,457	896,178
		<u>3,457</u>	<u>896,178</u>

Outstanding claims liabilities

Expected future claim payments by class of business

	Property \$	Public Liability \$	Total \$
2015			
Case estimates	277,052	265,318	542,370
Discount to present value	-	-	-
Total liability for outstanding claims	<u>277,052</u>	<u>265,318</u>	<u>542,370</u>

Reconciliation of movement in discounted outstanding claims liabilities

	Outstanding claims liabilities \$	Discretionary protection related receivables \$	Net \$
2015			
Balance at the beginning of the year	848,786	(62,866)	785,920
Incurring claims recognised in the statement of profit or loss and other comprehensive income	7,672,973	(6,111,660)	1,561,313
Total claims related payments for the period	(7,671,228)	5,866,365	(1,804,863)
Balance at the end of the year	<u>850,531</u>	<u>(308,161)</u>	<u>542,370</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

19 Reserves

Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non current assets.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

20 Capital and Leasing Commitments

(a) Operating Lease Commitments

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

	2015	2014
	\$	\$
Payable - minimum lease payments:		
- not later than 12 months	305,886	304,960
- between 12 months and 5 years	540,461	814,622
	<u>846,347</u>	<u>1,119,582</u>

The property leases are non-cancelable leases, with rent payable monthly in advance. An option exists to renew each lease at the end of the term.

(b) Contracted Commitments

Contracted commitments for:

Building refurbishment	517,264	-
	<u>517,264</u>	<u>-</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

21 Fair Value Measurement

The Group has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The Group does not subsequently revalue any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Recurring fair value measurements

	Note	2015 \$	2014 \$
Financial Assets			
Financial assets at fair value through profit or loss - listed shares	11	4,042	4,544
Property, plant and equipment			
Freehold land	14	21,128,416	16,440,898
Freehold buildings	14	9,386,585	9,360,196
Library books	14	693,309	606,523
		<u>31,208,310</u>	<u>26,407,617</u>

22 Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable, unsecured debentures and bank borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets			
Cash and cash equivalents		8,884,318	3,318,987
Financial assets at fair value through profit or loss			
- listed shares		4,042	4,544
Held to maturity financial assets		7,016,114	9,210,077
Loans and receivables		3,491,506	3,376,255
Total Financial Assets		<u>19,395,980</u>	<u>15,909,863</u>
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables		24,098,424	22,895,477
Borrowings		8,516,081	8,476,998
Total Financial Liabilities		<u>32,614,505</u>	<u>31,372,475</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

23 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Director related entities who transacted with the consolidated entity during the year:

Related Parties (transactions disclosed below)

- Australian Christian Churches (Unincorporated)
- Australian Christian Churches Victoria Ltd
- Australian Christian Churches New South Wales Ltd
- Australian Christian Churches Queensland Ltd
- ACC International Relief Inc
- ACC International Missions Ltd
- Faith! Christian Church Inc, Harvest Bible College and We Care Community Services
- Hope Centre International and Brisbane City Church Foundation
- Hillsong Church Ltd
- Enjoy Church
- Life Unlimited Church and Life Projects
- Globalheart Church
- Inspire Church and Inspire Community Services
- Centro Church

	2015	2014
	\$	\$
Debt interest (expense) paid to:		
- related churches	26,454	3,681
- other related entities	133,156	32,287
	<u>159,610</u>	<u>35,968</u>
Insurance premiums and discretionary protection payments received from:		
- related churches	976,066	810,095
- other related entities	56,375	72,022
	<u>1,032,441</u>	<u>882,117</u>
Financial services and other revenue:		
Investment management fees received from Australian Christian Superannuation	-	402,583
Project fees received from Australian Christian Superannuation	-	185,558
Distributions to ACC movement:		
Australian Christian Churches (unincorporated parent entity)	160,000	160,000
ACC International Relief Inc (related aid organisation)	29,000	25,000
	<u>189,000</u>	<u>185,000</u>

Assemblies of God in Australia Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 31 December 2015

24 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Group was \$ 1,730,580 (2014: \$ 2,155,987).

25 Interests in Subsidiaries

(a) Composition of the Group

	Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2015	2014
Subsidiaries:			
ACS Financial Pty Ltd (as trustee for ACS Business Trust)	Australia	100	100
ACS Capital Nominees Pty Ltd (as trustee for ACS Capital Trust and AOG Financial Services Trust)	Australia	100	100
ACS Property Pty Ltd (as trustee for ACS Property Trust)	Australia	100	100
ACS Property (Batemans Bay) Pty Ltd	Australia	100	100
ACS Fleet Sales Pty Ltd	Australia	100	100
ACSF Australia Pty Ltd (as trustee for ACS Financial Trust)	Australia	100	100
ACS Mutual Ltd	Australia	100	100
ACS Isle of Man Ltd	Isle of Man (UK)	100	100
Assemblies of God in Australia Charitable Trust	Australia	-	100
Alphacrucis College Ltd	Australia	100	100
Alphacrucis Ltd	New Zealand	90	90
Alphacrucis International College Ltd	New Zealand	90	90

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

(b) Significant restrictions relating to subsidiaries

The group includes some subsidiaries which are controlled by the parent entity by means other than ownership in equity interests. As a result, these subsidiaries may have restrictions on their ability to transfer assets to other entities within the group. This is common with not-for-profit entities, which are typically required to have specific clauses in the governing documents specifying their charitable purposes upon which the entity operates, and rules prohibiting the distribution of assets to members from surpluses or on winding up. The following entities are subject to restrictions:

Alphacrucis College Ltd

Alphacrucis College Ltd is a company limited by guarantee, and a not-for-profit entity that is registered as a charity with the Australian Charities and Not-for-profits Commission. The principal purpose of the company is to provide education in accordance with the objects of the company. Additionally, if the company was wound up, any surplus assets after the settlement of all liabilities must be distributed to another tax concession charity with similar objects and purposes. The net assets of the company attributable to the consolidated group was \$23,912,668 at 31 December 2015.

Assemblies of God in Australia Limited and Controlled Entities

ABN: 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2015

25 Interests in Subsidiaries continued

(b) Significant restrictions relating to subsidiaries continued

Alphacrucis Ltd & Alphacrucis International College Ltd

Alphacrucis Ltd and Alphacrucis International College Ltd are both New-Zealand incorporated companies limited by shares, which are also not-for-profit organisations. In accordance with the constitution of each company, on winding-up any surplus assets after the settlement of liabilities must be distributed to another New Zealand entity with similar objects and purposes. The net assets of these companies attributable to the consolidated group was \$63,893 at 31 December 2015.

ACS Mutual Ltd

ACS Mutual Ltd is a company limited by guarantee and operates for the mutual benefit of members. The membership of the mutual consists of any church or affiliated institution or entity or person associated with churches in Australia, that has applied and been accepted as a member. Members join for the purpose of obtaining discretionary protection cover offered by the company. In the event of winding up, after the settlement of liabilities, remaining assets must be distributed to members in accordance with the constitution of the company. The net assets of the company attributable to the consolidated group was \$318,944 at 31 December 2015.

(c) Disposal of a subsidiary that results in loss of control

During the year Assemblies of God in Australia Limited resigned as trustee of Assemblies of God in Australia Charitable Trust, which had been assessed as an entity controlled by the parent entity. The new trustee appointed was Australian Christian Churches Property Ltd, which is a related entity within the Australian Christian Churches denominational movement. However, the directors have assessed it is not controlled by the parent entity. Accordingly, this loss of control has been deemed as a disposal of the subsidiary.

A loss of \$ 1,131,000 attributable to members of the parent from the disposal was recognised and is separately disclosed in the statement of profit or loss and other comprehensive income.

Assemblies of God in Australia Limited and Controlled Entities

ABN: 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2015

26 Cash Flow Information

Reconciliation of cashflow from operations with surplus for the year

	2015	2014
	\$	\$
Surplus / (deficit) for the year	(950,250)	581,647
Non-cash flows in surplus		
Depreciation and amortisation expense	367,329	422,372
Net (gain)/loss on disposal of property, plant and equipment	1,115,564	4,019
Gain on donation of library books at fair value	(14,007)	-
Unrealised losses/(gains) on investments	65,678	40,381
Gain on business combination	-	(46,382)
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(212,397)	(199,662)
(Increase)/decrease in other assets	586,469	771,887
(Increase)/decrease in inventories	23	68
Increase/(decrease) in trade payables and accruals	(343,153)	(8,233)
Increase/(decrease) in provisions	127,453	(24,052)
Increase/(decrease) in other liabilities	1,436,349	1,125,039
Increase/(decrease) in income taxes payable	12,272	-
	<u>2,191,330</u>	<u>2,667,084</u>

27 Events After the End of the Reporting Period

Acquisition of Tabor College Tasmania Inc

On 8 March 2016, Alphacrucis College Limited (Alphacrucis) signed an agreement with Tabor College Tasmania Inc (Tabor) to acquire all of the assets of Tabor, subject to any securities, debts and encumbrances, for a nominal consideration of \$1. In signing this agreement, Alphacrucis has committed to integrating the existing operations of Tabor into a new campus of Alphacrucis College.

Creation of Protected Cell Captive and associated guarantee

After the end of the reporting period ACS Financial Pty Ltd entered into to an agreement with Grand Isle SAC Limited to rent a segregated account (cell) as part of a restructure of its insurance activities. Grand Isle SAC Limited is a segregated accounts company that is owned by AIG and domiciled in Bermuda. As part of this agreement, ACSF Australia Pty Ltd (as trustee for ACS Financial Trust) has agreed to act as guarantor for ACS Financial Pty Ltd such that the segregated account is fully collateralised in accordance with the agreement.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Assemblies of God in Australia Limited and Controlled Entities

ABN: 65 004 617 467

Notes to the Financial Statements

For the Year Ended 31 December 2015

28 Company Details

The registered office of the company is:

Assemblies of God in Australia Limited
Suite 408, 12 Century Circuit
Baulkham Hills NSW 2153

The principal place of business is:

Assemblies of God in Australia Limited
Level 1, 917 Riversdale Road
Surrey Hills VIC 3127

Assemblies of God in Australia Limited and Controlled Entities

ABN: 65 004 617 467

Directors' Declaration

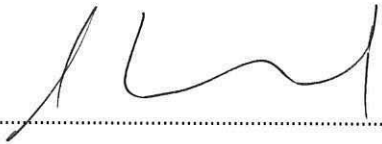
The directors of the company declare that in their opinion:

(a) there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable;
and

(b) the financial statements and notes satisfy the requirements of *Australian Charities and Not-for-profits Commission Act 2012*.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director



Director



Date:

16/6/16

Assemblies of God in Australia Limited and Controlled Entities

ABN: 65 004 617 467

Independent Audit Report to the members of Assemblies of God in Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Assemblies of God in Australia Limited and Controlled Entities, which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 judgment, 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 group's preparation and fair presentation of the financial report 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 group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 Australian Professional Ethical Standards.

Assemblies of God in Australia Limited and Controlled Entities

ABN: 65 004 617 467

Independent Audit Report to the members of Assemblies of God in Australia Limited

Opinion

In our opinion, the financial report of Assemblies of God in Australia Limited and controlled entities 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 group's financial position as at 31 December 2015 and of its performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Saward Dawson Chartered Accountants



Tim Flowers
Partner

Blackburn

Date: 10 February 2017