

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

30 JUNE 2017
ANNUAL FINANCIAL REPORT

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

CONTENTS

| | |
|------------------------------------|---------|
| Directors' Report | 2 – 7 |
| Financial Report | |
| Statement of Comprehensive Income | 8 |
| Statement of Financial Position | 9 |
| Statement of Changes in Equity | 10 |
| Statement of Cash Flows | 11 |
| Notes to the Financial Statements | 12 – 26 |
| Directors' Declaration | 27 |
| Audit Report | 28 – 29 |
| Auditor's Independence Declaration | 30 |

LIFE SAVING VICTORIA
ACN 102 927 364

DIRECTORS REPORT

This Report is made pursuant to the Corporations Act 2001

COMPANY PARTICULARS

The registered office of the Company is:

Life Saving Victoria Limited
200 The Boulevard
Port Melbourne VIC 3207

Life Saving Victoria Limited is a company limited by guarantee, incorporated in Australia and having its principal place of business at the address listed above.

MEMBERS LIABILITY

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member, of which there are approximately 31,000, is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company.

The directors present their report together with the financial statements of Life Saving Victoria Limited for the year ended 30 June 2017 and the Auditor's Report thereon.

DIRECTORS –

Thomas Mollenkopf President
Norman Farmer ESM
Darren McLeod
David Rylance
David Schultz
Vincent Sheehan
Jeannene Stewart
Peter Williams
Rachael Rylance
Angela Malan

Directors have been in office since the start of the financial year to report date unless otherwise stated.

Company secretary Dr Michael Kennedy, OAM (resigned November 2016)
Company secretary Alexandra Moule (appointed November 2016)

PRINCIPAL ACTIVITIES

The principal activities of Life Saving Victoria are Lifesaving Services and Water Safety and Education and Training.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

REVIEW OF OPERATIONS AND RESULTS

In 2016/17, Life Saving Victoria continued to provide positive and innovative ways to contribute to a water safe state in its mission of preventing aquatic death and injury across all waterways in Victoria.

We have strengthened our strategic partnerships with communities, government and industry to assist in the delivery of our core mission. Through diverse and sophisticated partnerships LSV has enabled interoperable emergency management to work more effectively; empowered, effective decision making is delivering better outcomes. A key strategic partnership, and engagements with Community Issue Based Working Groups (CIWBG), has developed key planning strategies for the implementation of the Safer Public pools (SPP) and Safer Home Pools (SHP) initiatives.

Included in our wider LSV community are our 57 affiliated lifesaving clubs, a record 33,154 members (2015/16 – 32,710), 400 staff (permanent and seasonal), licensees, community education and aquatic industry members, and associated marine and rescue organisations. LSV continues to collaborate with all these partners for community resilience strategies and initiatives.

We finalised the "LSV 2020" 2016-2020 Strategic Plan in December 2016 providing clear direction and focus for the organisation. A key part of this plan has been reporting against our defined Risk Register and building a robust and resilient organisation with the development of the Business Continuity Plan and the Disaster Recovery Plan. This, coupled with the planned integration of our various technology platforms, including moving most of these IT platform into cloud based solutions, has continued the future-proofing of the organisation.

Life Saving Club House redevelopments and upgrades continue to be a key focus with government funding commitments received for

LIFE SAVING VICTORIA
ACN 102 927 364

DIRECTORS REPORT (Cont)

the redevelopment of Jan Juc, Point Lonsdale and Brighton Clubs' lifesaving facilities, and for urgent repairs and upgrades for other lifesaving clubhouses. Works continued on upgrades to the facilities at Mordialloc, Seaspray, Ocean Grove, South Melbourne, St Kilda, Anglesea, Cape Paterson, Edithvale and Portsea. In addition, LSV received funding to complete a clubhouse audit of all facilities across Victoria.

The State Government continues to recognise the need for provision of specialist water safety programs and education within multicultural communities, with \$419,190 made available for this purpose in 2016/17 (2015/16 - \$338,722), benefiting over 14,000 participants. Our Education Team continues to grow its value to the community, with over 18,000 students participating in the Open Water Learning Experience, a 20% increase on the 15/16 year. The Swim and Survive program also saw increased participation, with increased program resources and the implementation of targeted professional development for swim teachers seeing a \$25K improvement on the budgeted result.

While consolidating traditional services and programs, we have introduced and enhanced our fit for purpose technology including the Trainer App, Virtual Reality training and education and equipment for lifesaving operations and the delivery of new programs in Training and Education. LSV's work is undertaken in close association and collaboration with our two national bodies, Royal Life Saving Society of Australia and Surf Life Saving Australia. We have continued to lead and participate in a number of key initiatives over the year with these national bodies, including drowning prevention at identified Black Spots, pool safety initiatives, and the introduction of additional safety measures including fit for purpose equipment and resources for lifesaving and sporting activities.

The full financial year result for 2016/17 was a surplus of \$1,106,007 (deficit of \$94,538 in 2015/16), largely due to the inclusion of the Emergency Services Volunteer Sustainability (ESVS) grant of \$1,151,492 with most of the related expenditure (\$1,094,700) to take place and be accounted for, in the 2017/18 financial year. The recognition of this revenue represents a change in the accounting treatment of grants received during the year, where a material balance remains unexpended at balance date.

Key financial items to note during the year are.

- There has been continued benefit from significant grant funding from various Local, State and Commonwealth agencies. In 2016/17 these grants totaled \$7.6 Million and represented 50% of total income (2015/16 48%)
- Government funding of \$6.0 Million was received and held in trust for lifesaving facility upgrades (2015/16 \$4.75 Million).
- Increased revenue from the Education and Multicultural areas has led to a result of nearly \$100K ahead of budget, enabling the provision of additional programs
- Deficit in the results of the aquatic sports program due to many different factors including inclement weather has encouraged a review of the entire program.
- Surf life Saving Foundation distributions received totaled \$309,617 (2015/16 \$440,764). Funds were acknowledged as income during the financial year, in line with the treatment in the 2015/16 financial year and contributed to the result.
- Lifeguards@200 Function Centre continues to contribute to our commercial enterprises with a regular client base and quality service
- There has been a restatement of the prior period (2015/16) revenue and expenses due to the reclassification of the treatment of the funds received for Clubhouse redevelopment and upgrades and the Volunteer Emergency Services Equipment program (VESEP). This has resulted in a decrease in both "Grants for clubs" and "Grant disbursements - Clubs" by \$1,453,168 for the 2015/16 period, with no net impact on the financial result

The implementation of the investment strategy utilising using key cash management tools, together with the increased Government funding and profitability of social enterprise operations, has allowed funds to be invested to grow the capital base and invest for future lifesaving needs.

As detailed in the annual report, a review of the source and distribution of funds shows continued diversification of financing for all operations with Social Enterprise contributing 34% (2016/17 34%) and recurring Government Grants (excluding facilities) at 33.5 % (2015/16 32.3%). Distribution of funding shows over 59% of all funds directed towards the provision of life saving services with 39% of this directly to clubs as grants (22% as facilities grants), with 27% invested in the core LSV service of Public Training, Education and Pool Safety Services.

The financial result for the organisation is a product of collaboration within the wider LSV community. These partnerships have supported our core mission, and with the implementation of initiatives such as Survival Swimming, Safer Public Pools, enhanced Volunteer Sustainability and targeted public awareness campaigns in the coming year, together with the increased corporate resilience of LSV, we continue to enhance our value to our community.

DIVIDENDS

The Memorandum of Association of the Company provides that no income or property of the entity, shall be paid or transferred directly or indirectly by way of dividends to the members. Accordingly no dividend has been declared or paid since incorporation.

SUBSEQUENT EVENTS

Between the end of the financial year and the date of this report no significant transaction occurred.

LIKELY DEVELOPMENTS

LSV will continue the Principal Activities.

LIFE SAVING VICTORIA
ACN 102 927 364

DIRECTORS REPORT (Cont)

INFORMATION ON DIRECTORS

Mr Tom Mollenkopf
LSV President and Board Chair
LL.B., B.Juris., MBA, FAICD, FCSA
Occupation: CEO

Tom is CEO of the Peter Cullen Water and Environment Trust, a Senior Associate with the Aither Consultancy and holds a series of Board roles. He is Senior Vice-President of the International Water Association and a Director of Dandenong Market and SLSA. Previous board roles include as Chair of the Water Industry Superannuation Fund and Director of Western Water, Water Aid Australia and Water Australia Solutions Ltd. Tom was CEO of the Australian Water Association from 2007 until 2013. Prior to that he held executive positions with the International Water Association in London and South East Water in Melbourne. His background is in law, first in private practice and then as corporate counsel. In addition to being a Life Member of Point Leo SLSC (where he maintains his lifesaving proficiency), Tom chairs the Gary Tierney Foundation.

Appointed November 2012
Meetings 10 - 10

Mr Norman Farmer ESM
Director Aquatic Education Council
Grad Dip Mgmt AGSM AMICDA
Occupation: Retired General Manager/Aquatic Safety Consultant

Norm is currently an Aquatic Safety Consultant. Norm was a General Manager with Surf Life Saving Australia (2007 to 2014) having previously been CEO of RLSSA Victoria Branch (1998 to 2005) and joint CEO of Life Saving Victoria (2003/2005). Norm has experience in not for profit management, water safety program design in Australia and overseas, aquatic facility design, management and operation, and was editor of the Guidelines for Safe Pool Operation from 1992 to 2005. Norm is currently volunteer Chair of the Business Commission of the International Life Saving Federation-ILS, Executive Director of the RLSS Commonwealth, a Life Governor of the Mordialloc LSC and a member of the Frankston LSC.

Appointed March 2014
Meetings 7-10

Mr Darren McLeod
Director Lifesaving Services
Occupation: Business Manager

Darren is the Managing Director of a SME in the electronics industry which he has been part of for more than 30 years, and is a member of the Australian Institute of Emergency Services. Darren has been actively involved in lifesaving since the early 80's when he joined Point Leo SLSC. He is the current President of Seaford LSC where he actively patrols. In addition to being a Life Member of LSV, Darren is a Life Member of Hampton LSC. Darren holds a number of committee positions with LSV including the Chair of LSV's Honours and Awards Committee.

Appointed April 2013
Meetings 10 - 10

Mr David Rylance
Director Training and Assessment
Occupation: Firefighter

David is a Leading Firefighter with the Metropolitan Fire Brigade (MFB) and has been a fire fighter for the past nine years. David has coordinated and facilitated specialist courses for the MFB and is the Chief Controller and Chief Instructor for the MFB's Remotely Piloted Aircraft Systems Program. Prior to this he worked for Brivis Climate Systems as a Research and Development Technician for over 11 years. David currently is a member of the SLSA Learning and Development Advisory Committee. He is a Life Member of Elwood LSC and a member of Williamstown S&LSC.

Appointed November 2013
Meetings 8 - 10

LIFE SAVING VICTORIA
ACN 102 927 364

DIRECTORS REPORT (Cont)

David Schultz MIEAust, CPEng, GAICD

Director Council of Lifesaving Clubs

MIEAust., GAICD

Occupation: Civil Engineer

David is a Civil Engineer and holds a Company Director Diploma. He is the independent Chair of the Bass Coast Shire Council Audit Committee, Chair of the Human Resources Committee of the Bass Coast Shire and Chair of South Gippsland Water. David has been actively involved with the Inverloch SLSC since it started in 1998, being a member of the first patrol and President of the club from 1999 until 2006 and is a Life Member. Previously David held various executive roles with GHD Global including Practice Leader of the Management Consulting practice and Senior Project Director Middle East.

Appointed April 2013
Meetings 8-10

Vincent Sheehan BEc FCA

Independent Director

Chair of Finance, Risk and Audit Committee

Occupation: Chartered Accountant

Vincent is a Partner with Ernst & Young in Assurance, where he specialises in providing financial accounting advice to a broad range of public and private sector clients. He is a Fellow of the Institute of Chartered Accountants in Australia.

Vincent is an active patrolling member and Nipper parent at both Lorne Surf Life Saving Club and Sandridge Life Saving Club and competes with Lorne. He is a former Treasurer of Lorne Surf Life Saving Club and has been a member of the Finance, Risk and Audit Committee since July 2013.

Appointed August 2014
Meetings 10 - 10

Ms Jeannene Stewart BBus, Grad Dip Business Computing, Cert Risk Management, CPA

Independent Director

Occupation: Independent Consultant

Jeannene is a part time consultant across fields of policy, HR, governance, systems, project management and finance. Previously Jeannene was the Director Corporate Services for VICSES for 5 years and before that the Senior Advisor to the Commonwealth Minister for Aging. Prior to that she was the Funding and Retirement Living Manager for Aged and Community Care Victoria. Jeannene is a Certified Practising Accountant with more than 30 years' experience in senior management roles in the welfare, information technology, health and aged care sectors. She has also provided consulting services to the aged care industry and not for profit organisations.

Appointed October 2013
Meetings 10-10

Peter Williams M.Sc, BEng(Mech), Dip Mech Eng.

Director Council of Lifesaving Clubs

Occupation: Business Consultant

Peter is a former executive manager with VicRoads and now provides consulting assistance in the international development sector. His background is in environmental engineering having worked in the electricity industry and then as a consulting environmental engineer before moving into international project management. Peter was a Director of Anglesea SLSC from 1995 to 2000 and President from 2000 to 2006 and from 2011 to 2014. He is a Life Member of Anglesea SLSC and continues to patrol there. From 2001 until 2014 was a Trustee of the Anglesea SLSC Foundation.

Appointed April 2013
Meetings 8-10

Ms Rachael Rylance

Director Aquatic Sports

Occupation: Manager

Rachael is the Accounts & Transformation Manager at AIA Australia Ltd, she has held various Finance roles over the last 15-years. Her expertise is in developing and improving processes with experience in enterprise projects. Rachael has been a member of Elwood LSC since 2006, an active volunteer lifesaver since 2010 and continues to patrol. Rachael is the current Secretary of Elwood Life Saving Club. She has also held several state positions including team manager for the IRB State team and the Pool Panel Coordinator.

Appointed August 2015
Meetings 10-10

LIFE SAVING VICTORIA
ACN 102 927 364

DIRECTORS REPORT (Cont)

Ms Angela Malan BBus.

Director Membership & Leadership Development

Occupation: Education Support

Angela is an Integration Aide with the Department of Education. Angela has been actively involved at Inverloch Surf Living Saving Club since 2005 and is a current patrolling member. She was Junior Coordinator from 2006-2011 and Club President from 2011-2016. Angela has also held positions at a state level on the Membership and Leadership Development Executive for the past 7 years. Angela represents LSV on the Ministerial Advisory Council to the Minister for Volunteers.

| | |
|-----------|-------------|
| Appointed | August 2015 |
| Meetings | 8 – 10 |

Alexandra Moule

LSV Company Secretary

LLB (Hons), B.Comm (Hons), FGIA, FCIS

Occupation: Lawyer

Alex is a senior lawyer at a global law firm, with over 20 years' experience in governance and corporate regulatory advice. She advises listed clients across a range of industry groups on various governance and Board matters, in particular relating to disclosure, policies and procedures and shareholder meetings, communications and engagement. Alex is a Fellow of the Governance Institute of Australia. Alex is a nipper parent and Age Manager at Elwood LSC.

| | |
|-----------|---------------|
| Appointed | November 2016 |
| Meetings | 7-7 |

Meetings of Directors

During the financial year there were 10 meetings of Directors, with no meeting held in January 2017.

The number of meetings attended by each Director during the year is stated earlier in the report.

COMMITTEE MEMBERSHIPS

At 30 June 2017 the Company had a Finance, Risk and Audit Committee, Governance Committee and Honours and Awards Committee of the Board of Directors. Members acting on the Committees of the Board during the year were:-

Finance, Risk and Audit Committee

Vincent Sheehan (Chair), Dr Michael Kennedy OAM *, Neil Hough*, Garry Martin*, Neil Morarty OAM*, Jeannene Stewart and Dean Sibun*.

Honours and Awards Committee

Darren McLeod (Chair), Michael Martin AM *, Bree Ambry*, Andrew Barnes*, Neil Morarty OAM*, Tony Fraser*, Phillip McGibbon*, Russell Rees* Dianne Montalto ESM *, Ann-Maree Gadinier and Belinda Porter*(Awards of Excellence Committee Chair).

Governance Committee

Dr Michael Kennedy OAM *Matt Finnis *, Tom Mollenkopf, David Shultz, Jeannene Stewart, Susan Wolff *, Peter Williams, Alexandra Moule *

*= Non-Director

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has agreed to indemnify the current and former directors against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has agreed to indemnify the Chief Executive Officer for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

LIFE SAVING VICTORIA
ACN 102 927 364

DIRECTORS REPORT (Cont)

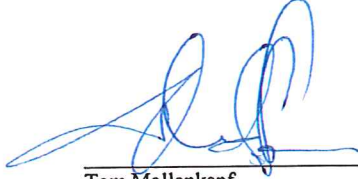
PROCEEDINGS ON BEHALF OF THE ENTITY

No person has a current application for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration is set out on page 31 and forms part of the Directors Report for the 2017 financial year. This financial report is made with a resolution of the Directors.

Signed in accordance with a resolution of the Directors:



Tom Mollenkopf
President



Vincent Sheehan
Director

Melbourne, 10 October 2017

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|-------------------|-------------------|
| INCOME | | | |
| Sales | | 842,100 | 721,070 |
| Fees for Services | | 4,116,590 | 4,037,355 |
| Grants for Clubs | | 2,497,135 | 1,040,913 |
| Grants - Other | | 2,334,578 | 3,479,543 |
| Emergency Services Volunteer Sustainability Grant | | 1,151,492 | - |
| Sponsorships | | 1,462,223 | 1,466,471 |
| Surf Life Saving Foundation Distributions | | 309,617 | 440,764 |
| Other Fundraising and Donations | | 103,214 | 186,368 |
| Function Centre | | 558,372 | 451,912 |
| Interest Income | | 354,269 | 251,579 |
| Realised Gain on Sale of Assets | | 89,272 | 6,495 |
| Other Income | | 256,876 | 283,140 |
| TOTAL INCOME | | 14,075,738 | 12,365,610 |
| EXPENSES | | | |
| Cost of Sales | | 477,865 | 433,348 |
| Life Saving Operations | | 2,754,991 | 2,667,237 |
| Training and Education Programs | | 3,070,202 | 2,914,245 |
| Aquatic Risk and Research | | 440,850 | 384,382 |
| External Services | | 1,004,728 | 920,456 |
| Grants Disbursements - Clubs | | 594,046 | 821,047 |
| Grant Disbursements - Other | | 338,338 | 399,208 |
| Fundraising | | 271,219 | 270,339 |
| Function Centre | | 558,372 | 555,694 |
| Corporate Administration | | 2,720,981 | 2,362,271 |
| Depreciation/Amortisation | | 705,792 | 603,098 |
| Other Expenses | | 32,347 | 129,140 |
| TOTAL EXPENSES | | 12,969,731 | 12,460,465 |
| SURPLUS/(LOSS) FOR THE YEAR | | 1,106,007 | (94,854) |
| COMPREHENSIVE RESULT ATTRIBUTABLE TO THE MEMBERS | | 1,106,007 | (94,854) |

The accompanying notes form part of these financial statements

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

| | Note | 2017 \$ | 2016 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | 3 | 3,681,883 | 5,534,213 |
| Trade and other receivables | 4 | 1,328,005 | 776,458 |
| Financial assets | 5(a) | 13,186,286 | 6,999,743 |
| Inventories | | 91,459 | 107,5967 |
| TOTAL CURRENT ASSETS | | <u>18,287,633</u> | <u>13,418,011</u> |
| NON-CURRENT ASSETS | | | |
| Property plant and equipment | 6 | 4,198,966 | 3,917,242 |
| Intangible asset – IT Development | 7 | 60,965 | 144,186 |
| TOTAL NON-CURRENT ASSETS | | <u>4,259,931</u> | <u>4,061,428</u> |
| TOTAL ASSETS | | <u>22,547,564</u> | <u>17,479,439</u> |
| LIABILITIES | | | |
| Trade and other payables | 8 (a) | 672,468 | 360,586 |
| Funds held in Trust for Clubs | 8 (b) | 11,355,098 | 7,315,034 |
| Grants In Advance | 8 (c) | 1,472,013 | 1,901,768 |
| Short term provisions | 9 (a) | 823,554 | 776,295 |
| TOTAL CURRENT LIABILITIES | | <u>14,323,133</u> | <u>10,353,683</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term provisions | 9 (a) | 62,481 | 69,814 |
| TOTAL NON-CURRENT LIABILITIES | | <u>62,481</u> | <u>69,814</u> |
| TOTAL LIABILITIES | | <u>14,385,614</u> | <u>10,423,497</u> |
| NET ASSETS | | <u>8,161,950</u> | <u>7,055,942</u> |
| EQUITY | | | |
| Retained surplus | | 8,161,950 | 7,055,942 |
| TOTAL EQUITY | | <u>8,161,950</u> | <u>7,055,942</u> |

The accompanying notes form part of these financial statements

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

Retained Surplus

| | \$ |
|--------------------------------|-------------------------|
| Balance at 30 June 2015 | 7,150,797 |
| Surplus for the year | <u>(94,854)</u> |
| Balance at 30 June 2016 | 7,055,943 |
| Surplus for year | <u>1,106,007</u> |
| Balance at 30 June 2017 | <u><u>8,161,950</u></u> |

The accompanying notes form part of these financial statements.

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from sponsors, donors and customers | | 17,568,177 | 14,930,252 |
| Cash paid to suppliers and employees | | (12,773,210) | (9,994,829) |
| Interest received | | 354,269 | 251,615 |
| Net cash provided by operating activities | 11 | <u>5,149,236</u> | <u>5,187,038</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant & equipment | | (1,236,342) | (172,738) |
| Purchase of financial assets | | (6,186,542) | (134,987) |
| Proceeds on disposal of property, plant & equipment | | 421,318 | 65,732 |
| Net cash used in investing activities | | <u>(7,001,566)</u> | <u>(241,993)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | - | - |
| Net cash provided by financing activities | | <u>-</u> | <u>-</u> |
| Net increase in cash & cash equivalents held | | (1,852,330) | 4,945,045 |
| Cash and cash equivalents at the beginning of the financial year | | 5,534,213 | 589,168 |
| Cash and cash equivalents at the end of the financial year | 3 | <u>3,681,883</u> | <u>5,534,213</u> |

The accompanying notes form part of these financial statements

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

The financial report covers Life Saving Victoria Limited as the chief entity, which is a not-for-profit public benevolent institution.

The financial report of Life Saving Victoria Limited complies with all Australian Accounting Standards

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

Basis of preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Revenue Recognition

Income is recognised as revenue at the time the company obtains control over the assets, this usually occurs upon receipt of the funds from the customer, fees and memberships received from members and sponsorships, fundraising and donations received from contributors.

Fund held in Trust for Clubs

"Funds held in Trust for Clubs" represents grants received by Life Saving Victoria Ltd in an agency capacity to be passed on to clubs named in the relevant grant agreements.

In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission. In this instance the commission has no value.

An entity is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. In addition when the entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer.

Specifically, this includes funds received for Club Redevelopment and upgrades and the Volunteer Emergency Services Equipment Program (VESEP). The reclassification of the funds received in this capacity has resulted in a restatement of revenue and expenses for the 2015/16 period

| | 2016 (Current Statements) | 2016 (Prior Period) |
|------------------------------|------------------------------|------------------------|
| Revenue | \$ | \$ |
| Grants for Clubs | 1,040,913 | 2,494,081 |
| Expenses | | |
| Grants Disbursements - Clubs | 821,047 | 2,274,215 |

Grant Income

Grant income is recognised when the company obtains control over the assets comprising these receipts. For reciprocal grants, the company is deemed to have assumed control when the performance has occurred under the grant conditions. For non-reciprocal grants, the company is deemed to have assumed control over granted assets upon their receipt (or acquittal) and valued at their fair value at the date of the non-reciprocal transfer. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant

The Emergency Services Volunteer Sustainability grant was received in April 2017 to be acquitted within a 12 month period. The income was recognised within the 2016/17 year as a non-reciprocal grant with the requisite committed expenses to be recognised in the following period

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Conditions on Grants | | |
| Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were: | 1,094,700 | - |
| Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were: | - | - |
| Net Increase in Restricted Assets Resulting from Grant Revenues for the Year: | 1,094,700 | - |

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT)

| | 2017 | 2016 |
|--|------------------|----------|
| | \$ | \$ |
| Unspent Grants received on Condition that they be spent in a Specific Manner: | | |
| Balance at start of year | - | - |
| Emergency Services Volunteer Sustainability Grant Received | 1,151,492 | - |
| Emergency Services Volunteer Sustainability Grant Expended | 56,792 | - |
| Received in prior years and spent during the financial year | - | - |
| Balance at Year End | 1,094,700 | - |

(b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(c) Income Tax Expense

The Company has received an income tax exemption as a public benevolent institution in accordance with Subdivision 50-B of the Income Tax Assessment Act 1997.

(d) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

(i) Annual Leave

Liabilities for wages and salaries are all recognised in the provision for employee benefits as current liabilities, because the Company does not have an unconditional right to defer settlements of these liabilities. Depending on the expectation of the timing of settlement, annual leave liabilities are measured at nominal value and disclosed as either:

- wholly settle within 12 months; or
- not expected to wholly settle within 12 months.

(ii) Long Service Leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Company does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at present value and disclosed as either:

- undiscounted value- if the Company expects to wholly settle within 12 months; and
- present value-if the Company does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

(e) Property, Plant and Equipment

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use.

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

| | |
|------------------------|--------------|
| Leasehold Improvements | 20 years |
| Motor Vehicles | 5 to 6 years |
| Other Assets | 2 to 5 years |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. 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 comprehensive income

Impairment

At each reporting date, the Company reviews the carrying values of its 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, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Leasehold Improvements

Leasehold Improvements represent the construction costs of the State Headquarters building in Port Melbourne. The asset is being amortised over 20 years in accordance with the term of the lease for the land from Port of Melbourne Corporation.

(f) Inventories

Inventories are valued at lower of cost or net realisable value.

(g) 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 Company are classified as finance leases. The entity has not entered into any Finance Leases.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) Trade and Other Receivables

Trade and other receivables are carried at amounts receivable. The collectability of debts is assessed on an ongoing basis and specific provision is made for any accounts where the debt is considered unlikely to be collected. Debts which are uncollectable are written off.

(i) Trade and Other Payables

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

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT)

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term bank deposits with less than three months to maturity at balance date, and bank overdrafts. Bank overdrafts are shown as part of cash and cash equivalents and reduce the amount shown as cash at bank. Short-term bank deposits with a maturity greater than 3 months at balance date, are recorded as Financial Assets.

(k) Interest Income

Interest income is recognised as it accrues.

(l) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs. The amortisable amount of intangible assets is amortised over their useful lives commencing from the time the asset is held for use.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Company.

The amortisation rate used for each class of intangible assets are;
IT Development Costs 2 to 5 years.

Expenditure on research activities is recognised as an expense in the period on which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(m) Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company will use valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

As at reporting date the company's property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. It is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(o) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2017. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

| | 2017 | 2016 |
|--|-----------|-----------|
| | \$ | \$ |
| NOTE 3: CASH AND CASH EQUIVALENTS | | |
| Operating Bank Accounts | 3,678,333 | 5,532,363 |
| Other | 3,550 | 1,850 |
| Total Cash and Cash Equivalents | 3,681,883 | 5,534,213 |

* Restrictions on Cash & Financial Assets - Life Saving Victoria holds funding for Clubhouse redevelopments and other services as disclosed in Note 5 (b).

NOTE 4: TRADE AND OTHER RECEIVABLES

CURRENT

| | | |
|-----------------------------------|-----------|----------|
| Trade Accounts Receivable | 1,004,100 | 724,215 |
| Provision for Doubtful Debts (a) | (14,232) | (48,558) |
| | 989,868 | 675,657 |
| Other Receivables and Prepayments | 338,137 | 100,801 |
| Total Trade and Other Receivables | 1,328,005 | 776,458 |

(a) Provision for Doubtful Debts

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision made for doubtful debts is recognised when there is objective evidence that an individual trade receivable is doubtful. These amounts have been included in other expense items. Movements in the provision for doubtful debts are as follows:

| | | |
|-------------------------------|----------|----------|
| Balance beginning of the year | 48,558 | 25,872 |
| Reversal | 0 | (11,889) |
| Charge for the year | 0 | 83,043 |
| Amounts written off | (34,326) | (48,468) |
| Balance at end of the year | 14,232 | 48,558 |

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

| NOTE 5(a): FINANCIAL ASSETS | 2017 | 2016 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Term Deposit held by Surf Life Saving Foundation on behalf of LSV | 10,425,162 | 4,290,520 |
| Other Bank Term Deposits | 2,761,124 | 2,709,223 |
| Total Financial Assets | <u>13,186,286</u> | <u>6,999,743</u> |
| * Restrictions on Cash & Financial Assets disclosed in Note 5 (b). | | |
| NOTE 5 (b): RESTRICTIONS ON CASH AND FINANCIAL ASSETS | | |
| Life Saving Victoria holds funding for Clubhouse redevelopments and other services. | | |
| Funds Held in Trust for Clubs - Note 8 (b) | 11,355,098 | 9,461,802 |
| Conditions on Grants received – Note 8 (c) | 1,472,013 | 2,461,802 |
| Conditions on Grants recognised as revenue– Note 8 (c) | 1,094,700 | - |
| Total Restricted Cash and Financial Assets | <u>13,921,811</u> | <u>11,923,604</u> |
| NOTE 6: PROPERTY, PLANT AND EQUIPMENT | | |
| BUILDINGS | | |
| Leasehold Improvements | | |
| At cost | 6,630,882 | 6,453,787 |
| Less: accumulated depreciation | <u>3,553,575</u> | <u>3,226,909</u> |
| Total Leasehold Improvements | <u>3,077,307</u> | <u>3,226,878</u> |
| Total Buildings | <u>3,077,307</u> | <u>3,226,878</u> |
| PLANT AND EQUIPMENT | | |
| Motor Vehicles | | |
| At cost | 1,308,013 | 1,046,390 |
| Less: accumulated depreciation | <u>262,421</u> | <u>422,684</u> |
| Total motor vehicles | <u>1,045,592</u> | <u>623,706</u> |
| Computer and Office Equipment | | |
| At cost | 399,341 | 338,904 |
| Less: accumulated depreciation | <u>355,593</u> | <u>317,584</u> |
| Total computer and office equipment | <u>43,748</u> | <u>21,319</u> |
| Gym Equipment | | |
| At cost | 16,455 | 16,455 |
| Less: accumulated depreciation | <u>16,455</u> | <u>16,455</u> |
| Total gym equipment | <u>-</u> | <u>-</u> |
| Furniture and Fittings | | |
| At cost | 85,521 | 62,524 |
| Less: accumulated depreciation | <u>58,071</u> | <u>55,248</u> |
| Total furniture and fittings | <u>27,450</u> | <u>7,276</u> |

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 6: PROPERTY, PLANT AND EQUIPMENT (CONT)

| | 2017 \$ | 2016 \$ |
|-------------------------------------|-------------------------|-------------------------|
| Rescue Equipment | | |
| At cost | 166,948 | 165,024 |
| Less: accumulated depreciation | 162,079 | 126,962 |
| Total rescue equipment | <u>4,869</u> | <u>38,062</u> |
| Training Equipment | | |
| At cost | 7,956 | 7,956 |
| Less: accumulated depreciation | 7,956 | 7,956 |
| Total training equipment | <u>-</u> | <u>-</u> |
| Total Plant and Equipment | <u>1,121,659</u> | <u>690,364</u> |
| Total Property, Plant and Equipment | <u><u>4,198,966</u></u> | <u><u>3,917,242</u></u> |

MOVEMENTS IN CARRYING AMOUNTS

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

BUILDINGS

| | | |
|--|------------------|------------------|
| Leasehold Improvements | | |
| Carrying amount at the beginning of the year | 3,226,877 | 3,549,570 |
| Acquisitions | 177,095 | |
| Less - Depreciation charge for the year | 326,666 | 322,693 |
| Carrying amount at end of year | <u>3,077,307</u> | <u>3,226,877</u> |

PLANT AND EQUIPMENT

| | | |
|--|------------------|----------------|
| Motor Vehicles | | |
| Carrying amount at the beginning of the year | 623,706 | 812,056 |
| Acquisitions | 959,979 | - |
| Less - Disposals | 324,514 | 26,847 |
| Less - Depreciation charge for the year | 213,579 | 161,503 |
| Carrying amount at end of year | <u>1,045,592</u> | <u>623,706</u> |
| Computer and Office Equipment | | |
| Carrying amount at the beginning of the year | 21,320 | - |
| Acquisitions | 60,437 | 27,548 |
| Less - Depreciation charge for the year | 38,009 | 6,228 |
| Carrying amount at end of year | <u>43,748</u> | <u>21,320</u> |
| Furniture and Fittings | | |
| Carrying amount at the beginning of the year | 7,276 | - |
| Acquisitions | 22,997 | 7,590 |
| Less - Depreciation charge for the year | 2,823 | 316 |
| Carrying amount at end of year | <u>27,450</u> | <u>7,276</u> |

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 6: PROPERTY, PLANT AND EQUIPMENT (CONT)

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Rescue Equipment | | |
| Carrying amount at the beginning of the year | 38,062 | 45,087 |
| Acquisitions | 1,924 | 26,790 |
| Less - Depreciation charge for the year | 35,117 | 33,815 |
| Carrying amount at end of year | <u>4,869</u> | <u>38,062</u> |
| Total Property, Plant and Equipment | <u>4,198,966</u> | <u>3,917,239</u> |

NOTE 7: INTANGIBLE ASSETS

| | | |
|---------------------------------|---------------|----------------|
| IT Systems Development | | |
| At cost | 274,537 | 264,437 |
| Less - Accumulated amortisation | 213,572 | 120,251 |
| Total IT Systems Development | <u>60,965</u> | <u>144,186</u> |

MOVEMENTS IN CARRYING AMOUNTS

Movements in the carrying amounts for each class of intangible assets between the beginning and end of the current financial year:

| | | |
|--|---------------|----------------|
| IT Systems Development | | |
| Carrying amount at the beginning of the year | 144,186 | 144,312 |
| Acquisitions | 10,100 | 71,420 |
| Less - Amortisation charge for the year | 93,321 | 71,546 |
| Carrying amount at end of year | <u>60,965</u> | <u>144,186</u> |

NOTE 8(a): TRADE AND OTHER PAYABLES

| | | |
|-------------------------------------|----------------|----------------|
| CURRENT | | |
| Trade accounts payable | 206,950 | 253,460 |
| Other payables and accrued expenses | 465,518 | 107,126 |
| Total trade and other payables | <u>672,468</u> | <u>360,586</u> |

NOTE 8(b): FUNDS HELD IN TRUST FOR CLUBS

| | | |
|--|-------------------|------------------|
| CURRENT | | |
| Funds held in Trust for Life Saving Clubs* | 11,355,098 | 7,315,034 |
| Total Funds held in Trust for Clubs | <u>11,355,098</u> | <u>7,315,034</u> |

*Life Saving Victoria holds funding for Clubhouse redevelopments and other services. These funds are provided upon the clubs meeting milestones as set out within the EMV Grant conditions. No income or expenditure is recognised in respect of this funding

NOTE 8(c): GRANTS IN ADVANCE

| | | |
|--|------------------|------------------|
| CURRENT | | |
| Other Grants received in Advance | 1,472,013 | 1,901,768 |
| Total Other Grants Received in Advance | <u>1,472,013</u> | <u>1,901,768</u> |

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 9 (a) : EMPLOYEE PROVISIONS

| | 2017 | 2016 |
|---|-----------|-----------|
| | \$ | \$ |
| CURRENT PROVISIONS EXPECTED TO BE SETTLED WITHIN 12 MONTHS | | |
| Liability for annual leave | 396,438 | 389,801 |
| Liability for other provisions | - | - |
| | 396,438 | 389,801 |
| CURRENT PROVISIONS EXPECTED TO BE SETTLED AFTER 12 MONTHS | | |
| Liability for annual leave | 151,674 | 149,131 |
| Liability for long service leave | 275,442 | 237,363 |
| | 427,116 | 386,494 |
| Total Current Provisions | 823,554 | 776,295 |
| NON CURRENT | | |
| Liability for long service leave | 62,481 | 69,814 |
| Total Provisions | 886,035 | 846,109 |
| MOVEMENT IN EMPLOYEE PROVISIONS | | |
| Balance at the beginning of the year | 846,109 | 770,940 |
| Additional provisions | 275,908 | 349,694 |
| Amounts used | (235,982) | (274,525) |
| Balance at the end of the year | 886,035 | 846,109 |

NOTE 9 (b) : EMPLOYEE BENEFITS EXPENSE

| | 2017 | 2016 |
|--|-----------|-----------|
| | \$ | \$ |
| EXPENSES RECOGNISED FOR EMPLOYEE BENEFITS | | |
| Wages and Salaries | 5,219,009 | 4,772,116 |
| Superannuation | 582,497 | 472,077 |
| Workers Compensation | 57,307 | 45,558 |
| | 5,858,813 | 5,289,751 |

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 10: FINANCIAL INSTRUMENTS

| Financial assets | Note | Category | Carrying amount 2017 \$ | Carrying amount 2016 \$ |
|------------------------------|------|--|-------------------------------|-------------------------------|
| Cash and cash equivalents | 3 | N/A | 3,681,883 | 5,534,213 |
| Receivables | 4 | Receivables (at amortised cost) | 989,868 | 675,658 |
| Financial Assets | 5 | Loans and Receivables | 13,186,286 | 6,999,743 |
| Financial liabilities | | | | |
| Payables | 8 | Financial liabilities measured at amortised cost | 206,950 | 253,460 |

(a) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the balance sheet.

Financial assets that are either past due or impaired.

Currently the Company does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no indication that the financial assets have been impaired other than as disclosed in Note 5.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired.

Interest rate exposure and ageing analysis of financial assets

| | Carrying amount | Interest rate exposure | | | Current | Past due by | |
|------------------|--------------------|------------------------|---------------------------|-------------------------|----------------------|---------------|-----------------------|
| | | Fixed interest rate | Variable interest rate | Non-interest bearing | Less than 1 month | 1-3 months | More than 3 months |
| 2017 | | | | | | | |
| Cash assets | 3,681,883 | - | 3,678,333 | 3,550 | - | - | - |
| Receivables | 1,004,101 | - | - | 1,004,101 | 326,130 | 214,797 | 463,174 |
| Financial Assets | 13,186,286 | 13,186,286 | - | - | - | - | - |
| | 17,872,270 | 13,186,286 | 3,687,306 | 1,007,651 | 326,130 | 214,797 | 463,174 |
| 2016 | | | | | | | |
| Cash assets | 5,534,213 | - | 5,532,363 | 1,850 | - | - | - |
| Receivables | 724,215 | - | - | 724,215 | 276,798 | 139,524 | 307,893 |
| Financial Assets | 6,999,743 | 6,999,743 | - | - | - | - | - |
| | 13,258,171 | 6,999,743 | 5,532,363 | 726,065 | 276,798 | 139,524 | 307,893 |

(b) Liquidity risk

Liquidity risk arises when the company is unable to meet its financial obligations as they fall due. The company operates under the policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 10: FINANCIAL INSTRUMENTS (CONT)

The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

Interest rate exposure and maturity analysis of financial liabilities

| | Nominal amount | Interest rate exposure | | | Maturity dates | | | |
|-------------|----------------|------------------------|------------------------|----------------------|-------------------|------------|--------------------|-------------------|
| | | Fixed interest rate | Variable interest rate | Non-interest bearing | Less than 1 month | 1-3 months | 3 months – 5 years | More than 5 years |
| 2017 | | | | | | | | |
| Payables | 206,950 | - | - | 206,950 | 206,950 | - | - | - |
| | 206,950 | - | - | 206,950 | 206,950 | - | - | - |
| 2016 | | | | | | | | |
| Payables | 253,460 | - | - | 253,460 | 253,460 | - | - | - |
| | 253,460 | - | - | 253,460 | 253,460 | - | - | - |

(a) Unexpended grant liabilities are excluded from the maturity analysis as they have no contractual maturity date.

(b) Market risk

The Company's exposure to market risk is primarily through interest rate risk with currently no exposure to other price risk or foreign currency risk. Objectives, policies and processes used to manage this risk are disclosed in the paragraph below.

(c) Interest rate risk

Exposure to interest rate risk might arise primarily through the Company's cash and deposits. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments.

(d) Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience in financial markets, the Company believes the following movements are "reasonably possible" over the next 12 months – a parallel shift of +1% and -1% in market interest rates (AUD) from year end rates of 3.5 % (weighted average).

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 10: FINANCIAL INSTRUMENTS (CONT)

(e) Market risk exposure

The following table discloses the impact on net operating result and equity for each category of financial instruments held by the Company at year end, if the above movements were to occur.

| | Carrying amount | Interest rate risk | | | |
|------------------------|-----------------|---------------------------|-----------|---------------------------|---------|
| | | -1% (100 basis points) | | +1% (100 basis points) | |
| | | Profit | Equity | Profit | Equity |
| 2017 | | | | | |
| Financial assets: | | | | | |
| Cash assets | 3,678,333 | (36,789) | (36,789) | 36,789 | 36,789 |
| Financial Assets | 13,186,286 | (131,863) | (131,863) | 131,863 | 131,863 |
| Financial Liabilities: | | | | | |
| Nil | - | - | - | - | - |
| 2016 | | | | | |
| Financial assets: | | | | | |
| Cash assets | 5,532,363 | (55,324) | (55,324) | 55,324 | 55,324 |
| Financial Assets | 6,999,743 | (69,997) | (69,997) | 69,997 | 69,997 |
| Financial Liabilities: | | | | | |
| Nil | - | - | - | - | - |

(f) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

The Company considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the availability of accurate market prices or their short-term nature and the expectation that they will be paid in full.

NOTE 11: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES WITH THE COMPREHENSIVE RESULT

| | 2017 | 2016 |
|---|-----------|-----------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Surplus/(Loss) for the period | 1,106,007 | (94,854) |
| Increase/(decrease) in provisions & employee benefits | 39,928 | 75,169 |
| Depreciation amortisation | 705,793 | 603,098 |
| (Gain)/Loss on sale of assets | (89,272) | (6,495) |
| Surplus before changes in working capital | 1,762,456 | 576,918 |
| Decrease/(increase) in trade & other receivables | (551,546) | 50,114 |
| (Increase)/decrease in inventory | 16,138 | 2,971 |
| Increase/(decrease) in trade & other payables | 3,922,188 | 4,557,035 |
| Net cash from operating activities | 5,149,236 | 5,187,038 |

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

NOTE 12: RELATED PARTIES

12.1 Responsible Persons

The names of the persons who are responsible persons of the Company at any time during the financial year were:

Non-Executive Directors

Thomas Mollenkopf
Norman Farmer ESM
Darren McLeod
David Rylance
David Schultz
Vincent Sheehan
Jeannene Stewart
Peter Williams
Rachael Rylance
Angela Malan

Company Secretary

Alexandra Moule

Executives

Nigel Taylor ESM, Chief Executive Officer
Mevan Jayawardena, Chief Operating Officer
Erinna Atkins, General Manager Business Support
Penelope Callaghan, General Manager Financial Services
Andrew Dennis, General Manager Public Training and Pool Safety
Andrew Foran, General Manager Life Saving Club Development
Paul Shannon, General Manager Government and Industry Relations
Katharine Simpson, General Manager Education Services

12.2 Remuneration

Non-Executive Directors

The Non-Executive Directors and Company Secretary have not received fees for their services as directors or secretary.

Key Management Personnel

The number of executive officers and other members of key management personnel and their total remuneration during the period is shown in the table below.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by Life Saving Victoria, or on behalf of the Company, in exchange for services rendered, and is disclosed in the following categories:

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Short term employee benefits | 1,047,722 | 968,488 |
| Post employment benefits | | |
| Other long term benefits | 92,460 | 61,791 |
| Termination benefits | | |
| | <u>1,140,182</u> | <u>1,030,279</u> |
| Total number of Key Management Personnel | <u>8</u> | <u>7</u> |

LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

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

12.3 Related Party transactions for the period

Non-Executive Directors

No Non-Executive Director or Company Secretary has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Key Management Personnel

There were no related party transactions, loans to / from related parties, and trade receivables from or trade payables to related parties during the current and previous financial year other than disclosed below.

Terms and conditions of transactions with related parties

The Company periodically offers its fleet vehicles for sale to staff (and their immediate family members) priced at the amount offered to the Company by a Licensed Motor Car Trader. During the year, three vehicles were sold by the company to Executives and/or staff or their immediate family:

There have been no guarantees provided or received from any related party receivables.

For the year ended 30 June 2017, the entity has not raised any provision for doubtful debts relating to amounts owed by related parties (2016: \$nil).

| | 2017 \$ | 2016 \$ |
|---------------------------------------|------------|------------|
| NOTE 13: AUDITORS REMUNERATION | | |
| Audit services | | |
| Auditors to the Company | 29,470 | 37,440 |
| Other Auditing Services | - | 8,200 |
| Total Audit Services | 29,470 | 45,640 |

NOTE 14: COMMITMENTS

Commitments arising from contracts for expenditure not provided in the accounts:

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Operating Leases | | |
| Within 12 Months | 84,320 | 90,500 |
| Greater than 12 months but less than 5 years | 31,875 | 164,975 |
| Greater than 5 years | 1,592 | 148,200 |
| Total Operating Lease Commitments | 117,787 | 403,675 |

NOTE 15: CONTINGENT LIABILITIES

| | | |
|-----------------|--------|--------|
| Bank Guarantees | 30,000 | 30,000 |
|-----------------|--------|--------|

NOTE 16: INTEREST IN SURF LIFE SAVING FOUNDATION INC

The Surf Life Saving Rescue Fund Trust (the Trust), of which the Foundation is the corporate Trustee (the Trustee), holds funds for the benefit of LSV, which may be distributed at the sole discretion of the Trustee and accordingly these funds are not recognised in the Statement of Financial Position. At 30 June 2017 LSV had a beneficial interest in funds within the Trust that had a market value of \$2,818,600 (\$2,636,520 June 2016).

LSV receives distributions from Surf Life Saving Australia of funds raised by the Surf Lifesaving Foundation Inc (the Foundation) from fundraising activities undertaken on behalf of LSV. Distributions received in 2016-17 totalled \$309,607 (\$440,764 in 2015-16).

Except for funds raised by the Foundation on behalf of LSV under a service contract, all future distributions to LSV from funds raised by the Foundation are at the sole discretion of Surf Life Saving Australia Ltd and accordingly the interest of LSV in these future distributions has not been recognised in the Financial Statements of LSV.

NOTE 17: SUBSEQUENT EVENTS

Since the end of the financial year and prior to the date of this report no significant transaction occurred.

NOTE 18: MEMBERS LIABILITY

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company.

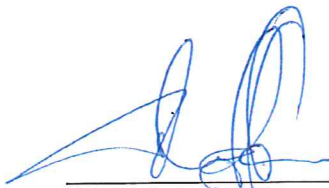
LIFE SAVING VICTORIA LIMITED
ACN 102 927 364

DIRECTORS' DECLARATION

In the opinion of the directors of Life Saving Victoria Limited:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors:



Tom Mollenkopf
President



Vincent Sheehan
Director

Melbourne. 10 October 2017

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
LIFE SAVING VICTORIA LIMITED
ACN 102 927 364**

Opinion

We have audited the financial report of Life Saving Victoria Limited (the Company) which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Life Saving Victoria Limited, is in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards, 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 Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) and the *Australian Charities and Not-for-profits Act 2012* 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

DFK Kidsons Partnership

DFK KIDSONS PARTNERSHIP

Robert Wernli

Robert Wernli
Partner

Melbourne
10 October 2017

AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-C SECTION 60-40 OF AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012

To: the directors of Life Saving Victoria Limited

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

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

DFK Kidsons Partnership

DFK KIDSONS PARTNERSHIP

Robert Wernli

**Robert Wernli
Partner**

Melbourne
10 October 2017