



LEEWIN
Ocean Adventure Foundation

ANNUAL REPORT 2017

**THE ULTIMATE
TALL SHIP
ADVENTURE**



LEEWIN
Ocean Adventure Foundation



Mark Small

Chairman's Report

2016 saw Leeuwin Ocean Adventure celebrate its 30th anniversary. While ensuring we took time to acknowledge this significant milestone in our history, the focus of our energy has been directed to current operations and a sustainable future.

We have taken the time to confirm our Strategy Pillars:

Financial Sustainability
Operational Excellence
Safety and Compliance
Operational Utilisation & Productivity
Asset Management
The Participant Voyage and Post-Voyage Experience
Team & Community Alignment

and the key strategic objectives to underpin our operational planning.

The Not-for-Profit sector is challenging, but the rewards are outstanding. I am supported by a strong board and with a highly skilled and committed management team, Leeuwin aims to be here for the long term to deliver its purpose of enriching the lives of young people through adventure, participation and challenge.

Mark Small
Leeuwin Chairman of the Board

Who are we?

The Leeuwin Ocean Adventure aims to enrich the lives of young people through adventure, participation and challenge.

The Leeuwin Ocean Adventure is a trusted not-for-profit organisation based in Fremantle. Since 1986 we have welcomed more than 40,000 young people onboard the *STS Leeuwin II*.

Leeuwin is funded through the sale of voyages, a combination of grants, corporate sponsorships and donations by organisations and the general public.

In 2016 we celebrated our 30th anniversary.





Carol Shannon

CEO's Report

Looking back

2016-17 was a year focused on business analysis, strategy and governance. To plan for the future, we need to understand what factors have influenced past performance and where the business needs to change to respond to the current operating environment. Amongst other things, we've assessed our business risks, put into place a review of the constitution and prepared a detailed asset renewal, maintenance and repair plan for the vessel. New voyage products and community collaborations have been developed to optimise asset utilisation while a clear focus has been maintained on Leeuwin's core purpose – building resilience and purpose in young people through adventure, participation and challenge.

Despite a challenging trading environment, positive developments during the financial year included: a new 3-year contract with the State Government for Youth Development Services; Woodside's ongoing sponsorship of voyage participants facilitated voyage access for 21 young people with an interest in a marine or maritime career and three new cadetships were commenced in early 2017 following the successful completion of the 2016 program; AngloGold Ashanti's new sponsorship of students from Kalgoorlie gave 7 students the opportunity to sail on Leeuwin and; CBH renewed its valued sponsorship in 2016, providing 6 scholarships for young people in grain growing areas to join voyage programs.

Leeuwin was also successful in securing funding through the Royalties for Regions – Community Chest program enabling additional financial support for regional young people to get on board. Long standing supporters, including the Sir Frank Ledger Trust, local government councils and shires and service clubs continue to provide a solid base of funding to enable young people to access voyage programs. While we have been successful in maintaining sponsors and attracting new funding, it is important to note there remains a financial barrier to some families to meet the cost of investment in a voyage fare.

There have been positive developments in Leeuwin's international business, including discussions with Singapore's National Youth Council and Outward Bound Singapore (OBS) and participation by OBS trainers on a Youth Explorer Voyage in early 2017. Leeuwin has continued to seek new opportunities in international markets during the financial period.

Overall, new and existing initiatives have not yet yielded a significant turnaround in revenue generation and continuation of the decline we have seen over the last three years in demand for day sails has contributed to the 2016-17 financial result. Client feedback, however, remains very strong and Leeuwin continues to deliver outstanding experiences for young people through its voyage programs and post-voyage volunteering opportunities.

Looking forward

Product development and diversification, funding diversification, optimising asset utilisation and increasing collaborations are the key strategies for 2017-18. At the same time, administrative reform will aim to release resources into more productive activities.

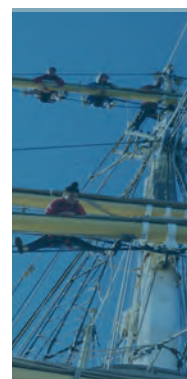
The ship is in excellent condition and a commitment to rigorous planned maintenance routines over many years is paying dividends, despite the age of the vessel. But while the *STS Leeuwin II* will remain serviceable for a number of years, Leeuwin is keenly aware of the impact of increasing costs of maintenance on its financial position.

While our day to day operational focus in the short to medium term must be on continuing to deliver a high quality product to meet customers' needs and expectations through a sustainable business model, one eye remains firmly fixed on the strategic decision regarding ship replacement. With an improved understanding of the replacement cost of the vessel and future repair, replacement and maintenance costs for *STS Leeuwin II*, Leeuwin will continue to work on long term feasibility and operating models.

In the meantime, Leeuwin continues to attract the highest calibre staff, ship and shore, who give so much more than is required of them. Committed not only to the future success of Leeuwin as an organisation, each individual staff member demonstrates a strong commitment to Leeuwin's organisational values and understands the difference we make as a team each day to the lives of young people. Long may we continue to do so.

Carol Shannon
Leeuwin CEO

The Faces of Leeuwin...





SPECIAL PURPOSE FINANCIAL REPORT
For the Year Ended 30 June 2017

Directors' Report

Your directors submit their report for the period ended 30 June 2017.

Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Name	Experience	Special Responsibilities	Shares in Company or Related Company
Ms Carol A Shannon – Resigned 19.7.16	Company Director	Chair – Board	Nil
Mr Matthew R Crellin – appointed Deputy Chair 16.8.16	Company Director	Deputy Chair - Board	Nil
Mr Mark Small – appointed Chair 19.7.16	Company Director	Chair - Board	Nil
Mr Mark Gooderham	General Manager	Nil	Nil
Ms Jennifer Lawrence	Chief Executive Officer	Nil	Nil
Ms Anna Sudlow	Chief Financial Officer	Chair – Finance and Risk	Nil
Ms Kellie Lewis	Chief Executive Officer	Nil	Nil
Ms Clare Wood – appointed 28.11.16	Company Secretary	Nil	Nil
Ms E Bourne – appointed 28.11.16	Principal Consultant	Nil	Nil
Ms A Bond – appointed 28.11.16	RANR	Nil	Nil

Since the date of the last report no director has had any interest whether directly or indirectly in a contract or proposed contract with the company. No director of the company has received or become entitled to receive, since the end of the previous financial year, a benefit other than a fixed salary or emoluments shown in the accounts, by reason of a contract made by the company or a related corporation with the director or with a firm in which any director has a substantial interest.

Principal activities

The principal activities of the company in the course of the financial year consisted of youth development through the medium of a tall sailing ship, building resilience and purpose through adventure, participation and challenge for young people.

Operating result for the twelve months to 30 June 2017

The current results are for the twelve month period up to 30 June 2017.

Revenue from operations was \$1,304,704 (last period \$1,364,987). Operating expenses were \$2,302,797 (last period \$2,196,235).

Other Income of \$419,231 was significantly less than in the previous financial year (\$692,383) however it should be noted that a bequest of \$285,217 was received in the 2016 financial year so this actually indicates a significant increase in Other Income from other sources.

The current ratio is reported in the notes as 3.6 times coverage of current liabilities. This is based on current assets of \$2,056,018 including cash of \$1,804,760.

It has been noted that the current reserve of \$1,000,000 is inadequate to cover potential ship replacement in 20 years' time. The working capital cover ratio also does not include provision for ship replacement. The company is continuing strategic work in order to consider this

Three year review of progress

Profits have declined in the last three years. Income from services (day sails and voyages) has decreased while expenditure has increased. While 2017 voyage income is about the same as that received in 2014 day sail income is less than half what was received in 2014. The decrease in day sail income is largely due to the company choosing to decrease the number of day sails in order to focus on the core activity of youth development. At the same time, demand for the product has declined.

Cash reserves are at 80% of the level that they were at the end of 2014 financial year. This is partly due to the large refit and maintenance period in the 2017 financial year.

Leeuwin Ocean Adventure Foundation Limited

Significant events after the balance date

The ship is alongside in Fremantle from July to September 2017 undergoing its annual winter refit program with expenditure to be in the order of \$360,000. About 55 percent of this expenditure will be on the replacement of the masts.

Likely developments and expected results

A review of the strategic marketing and operational model commenced in the 2016 financial year and is ongoing. Budgeted expectations are for 43 short sails, 14 public voyages and 7 charter voyages for the twelve months to 30 June 2018. As at 30 June 2017 bookings made in advance were almost \$100,000 more than at 30 June 2016.

Sponsorships and donations will continue to provide funds to enable access to the company's youth program to a broad section of young and disadvantaged trainees. The company has successfully expanded its procurement of grants to cover capital works with funds coming from both government and non-government sources.

A large refit is usually only done every second year and there is typically good cash recovery in between but future capital maintenance planning means that there will be significant capital expenditure in the next two financial years so cash reserves are forecast to stay around this level until 2020.

The company's current contract with Woodside will continue until 2019. The contract with the Department of Local Government and Communities is due to continue to June 2020.

Signed in accordance with a resolution of the directors.

For and on behalf of the board:


M Small
Chair
Fremantle, 9/11 2017


A Sudlow
Director
Fremantle, 7/11 2017

Statement of Profit or Loss and Other Comprehensive Income

FOR THE PERIOD ENDED 30 June 2017	Notes	Jun 2017 \$	Jun 2016 \$
Revenue			
Sales of goods		30,092	31,318
Rendering of services		1,240,704	1,295,067
Finance revenue		33,909	38,602
	3	<u>1,304,705</u>	<u>1,364,987</u>
Other Income			
Other income	3	<u>377,095</u>	<u>692,383</u>
Total Revenue		<u>1,681,800</u>	<u>2,057,370</u>
Expenditure			
Change in inventories		(305)	137
Employee benefits expense		(1,191,172)	(1,127,631)
Other expenses	4	<u>(729,622)</u>	<u>(719,233)</u>
Total Expenditure		<u>(1,921,099)</u>	<u>(1,846,726)</u>
Operating profit before depreciation and amortisation		<u>(239,299)</u>	<u>210,643</u>
Less depreciation and amortisation	4&8	<u>(346,610)</u>	<u>(349,509)</u>
Profit after depreciation and amortisation		<u>(585,909)</u>	<u>(138,866)</u>
Capital Grants		42,136	-
Loss on Disposal of asset		<u>(35,089)</u>	<u>-</u>
Total comprehensive income		<u>(578,861)</u>	<u>(138,866)</u>

Statement of Financial Position

AS AT 30 JUNE 2017	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,804,760	2,375,679
Trade and other receivables	6	72,122	9,152
Inventories	7	21,876	21,572
Prepayments		157,259	98,680
Total Current Assets		2,056,018	2,505,083
Non-Current Assets			
Plant and equipment	8	3,334,654	3,544,011
Total Non-Current Assets		3,334,654	3,544,011
TOTAL ASSETS		5,390,672	6,049,094
LIABILITIES			
Current Liabilities			
Trade and other payables	9	494,429	545,326
Provisions	11	71,712	94,715
Total Current Liabilities		566,142	640,041
Non-Current Liabilities			
Provisions	11	12,453	18,115
Total Non-Current Liabilities		12,453	18,115
TOTAL LIABILITIES		578,595	658,156
NET ASSETS		4,812,077	5,390,938
EQUITY			
Retained earnings		3,812,077	4,390,938
Reserves	15	1,000,000	1,000,000
TOTAL EQUITY		4,812,077	5,390,938

Statement of Cash Flows

FOR THE PERIOD ENDED 30 JUNE 2017	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		1,111,137	1,593,943
Payments to suppliers and employees		(1,962,856)	(1,764,348)
Grants, sponsorship and donations received		419,231	692,383
Interest received		33,910	38,602
Net cash from operating activities	5	(398,578)	560,580
Cash flows used in investing activities			
Proceeds from sale of plant and equipment	5	-	-
Payments for plant and equipment	8	(172,342)	(30,899)
Net cash used in investing activities		(172,342)	(30,899)
Cash flows from financing activities			
Net cash (used in)/ from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(570,920)	529,681
Cash and cash equivalents at the beginning of the financial year		2,375,679	1,845,997
Cash and cash equivalents at the end of the financial year	5	1,804,759	2,375,679

Statement of Changes in Equity

FOR THE PERIOD ENDED 30 JUNE 2017	Retained Earnings \$	Reserves	Total
At 1 July 2015	4,529,804	1,000,000	5,529,804
Total comprehensive income for the year	(138,866)	-	(138,866)
At 30 June 2016	4,390,938	1,000,000	5,390,938
At 1 July 2016	4,390,938	1,000,000	5,390,938
Total comprehensive income for the year	(578,861)	-	(578,861)
At 30 June 2017	3,812,077	1,000,000	4,812,077

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 JUNE 2017

1. CORPORATE INFORMATION

The financial report of Leeuwin Ocean Adventure Foundation Limited (the company) for the period ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on the **date of signing of the Directors' Report**.

The registered office of Leeuwin Ocean Adventure Foundation Limited is located at:

'B' Berth Victoria Quay
Fremantle, Western Australia 6160

The principal activities during the year of the company were youth development through the medium of a tall sailing ship.

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee.

The company is registered as a charity with the Australian Charities and Not-for-profits Commission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This special purpose financial report has been prepared for distribution to the members to fulfil the **Directors' financial reporting requirements under the Corporations Act 2001** and the Australian Charities and Not-for-profits Commission Act 2012. The accounting policies used in the preparation of this financial report are, in the opinion of the Directors, appropriate to meet the needs of Members. The financial report has been prepared on an historical cost basis.

The requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to Leeuwin Ocean Adventure Foundation Limited because it is not a **"reporting entity"**. However, the Directors have determined that in order for the financial report to **give a true and fair view of the company's performance, cash flows and financial position**, the requirements of Accounting Standards and other financial reporting requirements in Australia relating to the measurement of assets, liabilities, revenue, expenses and equity, should be complied with.

The financial report is presented in the Leeuwin functional currency which is Australian dollars.

(b) Going Concern

The Directors are of the opinion that at the date of signing the financial report, there are reasonable grounds to believe that the company can continue as a going concern.

i) Working capital ratio records coverage of current liabilities to current assets of 3.6 times (last year 3.9).

ii) Funding from organisations including the Department of Local Government and Communities and Woodside Energy continues to provide the Leeuwin Foundation with a solid base for its financial security and guaranteed income over the next year.

The ability of the company to continue as a going concern, including the ability to pay its debts as and when they fall due is dependent upon its ability to:

- generate sufficient operating revenue to sustain the current overhead costs; and
- obtain sufficient sponsorships, grants and donations.

(c) Statement of Compliance

The Directors have prepared the financial report in accordance with the Corporations Act 2001, the Australian Charities and Not-for-profits Commission Act 2012 and the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 - Australian Additional Disclosures.

Compliance with AIFRS to the extent required by non-reporting entities does not result in the special purpose financial report comprising the financial statements and notes thereto, complying with International Financial Reporting Standards (IFRS) because IFRS do not exclude non-reporting entities from the scope of its standards. However, this special purpose financial report does comply with the measurement requirements of IFRS.

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards (the AASB) and the Urgent Issues Group that are relevant to its operations. The adoption of these new and revised Standards and the Interpretations did not have any effect on the financial position or performance of the company.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are included. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(e) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, **the company makes an estimate of the asset's recoverable amount.**

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use, independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at the revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is **reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.** If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to **allocate the asset's revised carrying amount, less any residual value on a systematic basis over its remaining useful life.**

(f) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment 5 to 21 years
Leasehold improvements 5 to 25 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the **cash-generating unit to which the asset belongs, unless the asset's value in use** can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(g) Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Rendering of services*

Revenue from services is recognised when the control of a right to be compensated for the services has been attained. This occurs upon provision of the agreed service. All revenues received prior to date of service are recognised as a liability for advanced bookings.

(ii) *Interest income*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) *Sale of Goods*

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

(iv) *Donations pursuant to Deductible Gift Recipient tax status*

Donations are recognised as revenue on receipt of the income and funds are banked into a separate Public Fund bank account.

(i) Grants from Government and Other Organisations

When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

(j) Employee entitlements

(i) *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are **recognised in other payables in respect of employees' services up to the** reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

(k) Income tax

The company is exempt from the payment of income tax under the provisions of Section 50-45 of the Income Tax Assessment Act 1997.

(l) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand, and short term deposits with an original maturity of six months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(o) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence the company will not be able to collect the debts. Bad debts are written off when identified.

(p) Trade and other payables

Trade payables and other payables are carried at amortized costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a borrowing cost.

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FOR THE PERIOD ENDED 30 JUNE 2017		Notes	2017 \$	2016 \$
3.	REVENUE FROM CONTINUING OPERATIONS			
	Sale of goods		30,091	31,318
	Rendering of services		1,240,704	1,295,067
	Finance revenue		33,909	38,602
	Total revenues		<u>1,304,704</u>	<u>1,364,987</u>
	OTHER INCOME			
	Donations and Sponsorships			
	Dept. Local Government and Communities	3 (a)	196,816	186,073
	Woodside Energy	3 (a)	70,026	80,706
	Other Sponsorships		23,433	655
	Deductible gift recipient donations		71,375	67,971
	Other donations and fundraising		15,444	356,978
	Total other income		<u>377,095</u>	<u>692,383</u>
Sub note 3 (a) – These revenues result from untied sponsorships and donations.				
Grants directly tied to scholarships and totalling \$186,750 were classed as ship operating income.				
The liability to the grantor for the unutilised funds is shown in the balance sheet as a current liability.				
			2017 \$	2016 \$
4.	OTHER EXPENSES			
	Depreciation of property, plant and equipment		337,521	340,420
	Amortisation of leasehold improvements		9,089	9,089
	Total depreciation and amortisation expenses		<u>346,610</u>	<u>349,509</u>
	Cost of inventories sold		19,862	19,563
	Ship repairs and maintenance		212,144	153,705
	Victualling and accommodation expense		94,375	93,445
	Ship operations and programming		128,203	108,367
	Insurance expense		95,793	81,404
	Promotional expenses		59,140	59,928
	Other expenses		120,105	202,821
	Total other expenses		<u>729,622</u>	<u>719,233</u>
5.	CASH AND CASH EQUIVALENTS		2017	2016
	Cash at bank and in hand		1,804,760	2,375,679
			<u>1,804,760</u>	<u>2,375,679</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short

Leeuwin Ocean Adventure Foundation Limited

term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the company, and earn interest at the respective short term deposit rates.

Reconciliation of net profit (loss) after tax to net cash flows from operations

Net profit	(578,861)	(138,866)
<i>Adjustments for:</i>		
Depreciation	337,521	340,420
Amortisation	9,089	9,089
Loss on disposal of asset	35,089	
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in inventories	(305)	137
(Increase)/decrease in trade and other receivables	(62,970)	289,189
(Increase)/decrease in prepayments	(58,579)	56,119
(Decrease)/increase in trade and other payables	45,791	(4,548)
(Decrease)/increase in advance bookings	(96,688)	(21,632)
(Decrease)/increase in provisions	(28,664)	30,672
Net cash (used in)/from operating activities	(398,577)	560,580

6. TRADE AND OTHER RECEIVABLES	2017	2016
Trade debtors	66,263	7,747
Sundry debtors and accrued income	5,860	1,405
	72,122	9,152

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

	2017	2016
7. INVENTORIES (CURRENT)	\$	\$
Finished goods (at net realisable value)	21,876	21,572
Total inventories at the lower of cost and net realisable value	21,876	21,572

Leeuwin Ocean Adventure Foundation Limited

8. PLANT AND EQUIPMENT	Leasehold improvements	STS Leeuwin and Workshop	Office	Total
Year ended 30 June 2017	\$	\$	\$	\$
At 1 July 2016, Net of accumulated depreciation and impairment	97,776	3,435,411	10,824	3,544,011
Additions	-	153,357	18,985	172,342
Disposals at written down value	-	(35,089)	-	(35,089)
Depreciation charge for the year	(9,089)	(327,760)	(9,761)	(346,610)
At 30 June 2017, Net of accumulated depreciation and impairment	88,687	3,225,920	20,047	3,334,654
At 1 July 2016				
Cost	274,750	6,228,150	145,492	6,648,392
Accumulated depreciation and impairment	(176,974)	(2,792,739)	(134,668)	(3,104,381)
Net carrying amount	97,776	3,435,411	10,824	3,544,011
At 30 June 2017				
Cost	274,750	6,338,782	164,476	6,778,008
Accumulated depreciation and impairment	(186,063)	(3,112,862)	(144,429)	(3,443,354)
Net carrying amount	88,687	3,225,920	20,047	3,334,654

	2017	2016
	\$	\$
9. TRADE AND OTHER PAYABLES (CURRENT)		
Trade payables	151,145	156,430
Advance bookings	168,857	101,085
Sponsorship grants received & not yet allocated	61,425	225,885
Sundry creditors and accrued expenses	113,002	61,926
	494,429	545,326

Trade and other payables are carried at amortized costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

Leeuwin Ocean Adventure Foundation Limited

	2017	2016
	\$	\$
10. COMMITMENTS AND CONTINGENCIES		
Operating lease commitments – Company as lessee		
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2017 are as follows:		
Within one year	22,361	22,216
After one year and not later than five years	27,951	50,049
	<u>50,312</u>	<u>72,265</u>

Lease with Fremantle Ports expires September 2019

Life raft rental commitment – Company as lessee

Future minimum rentals payable under life raft rental agreement as at 30 June 2017

Within one year	10,910	9,019
After one year and not later than five years	-	-
	<u>10,910</u>	<u>9,019</u>

	2017	2016
	\$	\$
11. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS		
Employee Entitlements		
The aggregate employee entitlement liability is comprised of:		
Provision for annual leave (current liability)	59,341	94,715
Provision for long service leave (current liability)	12,372	-
Total current provisions	<u>71,713</u>	<u>94,715</u>
Provision for long service leave (non-current)	12,453	18,115
Total non-current provisions	<u>12,453</u>	<u>18,115</u>

Superannuation Commitments

All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries. The company also contributes to the plans. Contributions by the company of up to 9.5% **of employees' wages and salaries are legally enforceable.**

12. PUBLIC FUND

Income and expenditure

	2017	2016
	\$	\$
Income		
Donations	71,375	67,971
Finance revenue	5,969	8,575
	<u>77,344</u>	<u>76,546</u>
Expenditure		
Drawdowns as per charter authorities	(30,625)	(45,830)
Fees and charges	(299)	(348)
	<u>(30,924)</u>	<u>(46,178)</u>
Net Surplus/Deficit	<u>46,420</u>	<u>30,368</u>

Cash flow reconciliation

Opening balance	504,508	465,305
Net surplus/deficit	46,420	30,368
Business case drawdown 2016 FY withdrawn 23.8.16	(12,035)	12,035
Donations transferred to correct account after EOFY 2016	3,200	(3,200)
Donations transferred to correct account after EOFY 2017	(820)	
Closing balance	<u>541,273</u>	<u>504,508</u>

13. EVENTS AFTER THE BALANCE SHEET DATE

No other matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of Leeuwin Ocean Adventure Foundation Limited, the results of those operations or the state of affairs of Leeuwin Ocean Adventure Foundation Limited in subsequent years other than those mentioned in the Directors' Report.

14. **AUDITOR'S REMUNERATION**

Amounts received or due and receivable by auditors Australian Audit for:

	2017	2016
	\$	\$
- an audit of the financial statements	<u>7,000</u>	<u>7,000</u>

	2017	2016
15. RESERVES		
Ships Replacement Reserve		
- Provision for replacement of vessel at end of useful life	1,000,000	1,000,000
	<hr/>	<hr/>

Directors' Declaration

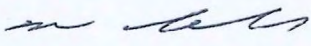
As detailed in Note 2 to the financial statements, this is a special purpose financial report that has been prepared for distribution to the company's Members and Directors for internal management information purposes. In addition, the Directors have determined the company is not a reporting entity as there are unlikely to exist users who are unable to command the preparation of reports tailored to satisfy specifically all of their information needs.


In accordance with a resolution of the Directors of Leeuwin Ocean Adventure Foundation Limited, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the twelve month period ended on that date; and
 - (ii) complying with applicable Accounting Standards and Corporations Regulations 2001; and
- (b) Taking into consideration Note 2(b) of the financial statements, there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:


M Small
Chair
Fremantle, 9/11 2017


A Sudlow
Director
Fremantle, 7/11 2017

DIRECTORS:

ROBERT CAMPBELL CA, CPA, RCA, MSW

VIRAL PATEL CA, CPA, FCCA (UK), RCA

ALASTAIR ABBOTT CA, RCA, M.FORENSIC ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

To the Board of Directors of Leeuwin Ocean Adventure Foundation Ltd

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* and *Corporations Act 2001*, in relation to our audit of the financial report of Leeuwin Ocean Adventure Foundation Ltd for the year ended 30 June 2017, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- c) No contraventions of any applicable code of professional conduct in relation to the audit

Robert John Campbell, CA CPA

Registered Company Auditor number 334773

Director

Australian Audit

Perth, Western Australia

Dated:

9 November 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Leeuwin Ocean Adventure Foundation Ltd

Report on the Audit of the Financial Report Opinion

We have audited the financial report of Leeuwin Ocean Adventure Foundation Ltd (the Entity), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Board of Directors.

In our opinion the accompanying financial report has been prepared in accordance with requirements of the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Entity's financial position as at 30 June 2017, and of its financial performance and its cash flows for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 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 Entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the requirements of the *Corporations Act 2001* and the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Responsibilities of Board of Directors for the Financial Report

Board of Directors is responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and the *ACNC Act* and the needs of the members. The responsibility of the Board also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

The Board is responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board.
- Conclude on the appropriateness of Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw



attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

We communicate with the Board of 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.

Report on Other Legal and Regulatory Requirements

In our opinion, Leeuwin Ocean Adventure Foundation Ltd has complied with 60-30(3)(b), (c) and (d) of the ACNC Act:

- by providing us with all information, explanation and assistance necessary for the conduct of the audit;
- by keeping financial records sufficient to enable a financial report to be prepared and audited ; and
- by keeping other records required by Part 3-2 of the ACNC Act, including those records required by Section 50-5 that correctly record its operations, so as to enable any recognised assessment activity to be carried out in relation to the entity.

Robert John Campbell, CA CPA
Registered Company Auditor number 334773
Director
Australian Audit
Perth, Western Australia

Dated:

9 November 2017





Facts and Figures

2016 - 2017 Sail Season

23
VOYAGES



6,298
NAUTICAL
MILES

129
VOYAGE
VOLUNTEERS



4,323 (69%)
NAUTICAL MILES
UNDER SAIL

17,936

VOLUNTEER HOURS

to help run the voyage program, tall
ship sails and assist on shore.

1,975 (31%)
NAUTICAL MILES
UNDER MOTOR

41
DAY SAILS



What they say...

PARTICIPANTS

“I felt so much out of my comfort zone at first, and then I overcame that and had an overwhelming sense of accomplishment and motivation to pursue other things in life.”

- Participant 2016

“I really loved the challenging aspect which helped me to grow as a person and become more independent, responsible and confident. I learned to be more decisive and also improved communication and teamwork skills.”

- Participant 2016

“I would describe the best thing about the voyage was the experience I had with the whole group. Sailing the entire ship to get from one point to another, from being strangers at first then bonding together to become one with the vessel in the end.”

- Participant 2017

This voyage has been the best thing that has ever happened to me in a while. It's really effected me emotionally, mentally and physically. I've met some amazing, funny, talented people who have shared their stories with me. This voyage has taught me to reach for the stars.

- Participant 2017

NEXT OF KIN

“My son came back a happier, more confident young man who for the first time in his life had made lifelong friends that accepted him the way he was. As a parent I couldn't ask for more!”

- Next of Kin 2016

“It is a great challenge and allows them to learn about life skills and social etiquette/attitudes in an environment without digital technology. They return with a smile on their face”

- Next of Kin 2016



The Youth Explorer Voyage Program is endorsed by:



School Curriculum
and Standards
Authority



Queen's Scout
Award



In 2016-2017 the Leeuwin Ocean Adventure was proudly supported by:



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