

# **The NSW Kashrut Authority Incorporated**

**ABN 40 334 602 651**

**Annual Report - 31 December 2013**

**The NSW Kashrut Authority Incorporated**  
**Officers' report**  
**31 December 2013**

The officers present their report, together with the financial statements, on the incorporated association for the year ended 31 December 2013.

**Officers**

The following persons were officers of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:

Baron Maxwell Revelman  
Rabbi Israel Selwyn Franklin  
Rabbi David Rogut  
Harriet Warlow-Shill (appointed 21/11/2013)  
Pinchus Feldman (resigned 12/11/2013)  
Rabbi Moshe David Gutnick  
Yehoram Ulman

**Principal activities**

During the financial year the principal continuing activities of the incorporated association consisted of:

- supervising kosher food services including Shechitah;
- servicing all Kashrut requirements of NSW Jewry; and
- publication of all listings of kosher products after investigation of their ingredients and methods of manufacture.

On behalf of the officers



Baron M Revelman  
President



Chana Warlow-Shill  
Secretary

2/10/14 2014  
Sydney

**The NSW Kashrut Authority Incorporated**

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**31 December 2013**

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**General information**

The financial statements cover The NSW Kashrut Authority Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is The NSW Kashrut Authority Incorporated's functional and presentation currency.

The financial statements were authorised for issue on \_\_\_\_\_ 2014.

**The NSW Kashrut Authority Incorporated**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2013**

	Note	2013 \$	2012 \$
<b>Revenue</b>	3	1,858,334	1,767,579
<b>Expenses</b>			
Administration expenses		(115,882)	(112,522)
Bad debts written off		(119,200)	(40,510)
Bank charges		(16,609)	(20,042)
Employee benefits expense		(1,512,042)	(1,419,625)
Depreciation and amortisation expense		(19,085)	(26,923)
Repairs and maintenance		(6,455)	(4,788)
Other expenses		(154,977)	(167,349)
<b>Deficit before income tax expense</b>		(85,916)	(24,180)
Income tax expense		-	-
<b>Deficit after income tax expense for the year attributable to the members of The NSW Kashrut Authority Incorporated</b>	14	(85,916)	(24,180)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the members of The NSW Kashrut Authority Incorporated</b>		<u>(85,916)</u>	<u>(24,180)</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**The NSW Kashrut Authority Incorporated**  
**Statement of financial position**  
**As at 31 December 2013**

	Note	2013 \$	2012 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	62,039	31,066
Trade and other receivables	5	145,433	176,942
Other	6	13,643	16,327
Total current assets		<u>221,115</u>	<u>224,335</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	105,979	124,974
Total non-current assets		<u>105,979</u>	<u>124,974</u>
<b>Total assets</b>		<u>327,094</u>	<u>349,309</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	192,844	94,075
Borrowings	9	(19,327)	42,319
Provisions	10	253,420	238,418
Other	11	134,183	145,145
Total current liabilities		<u>561,120</u>	<u>519,957</u>
<b>Non-current liabilities</b>			
Borrowings	12	74,482	51,919
Other	13	9,175	9,200
Total non-current liabilities		<u>83,657</u>	<u>61,119</u>
<b>Total liabilities</b>		<u>644,777</u>	<u>581,076</u>
<b>Net liabilities</b>		<u>(317,683)</u>	<u>(231,767)</u>
<b>Equity</b>			
Accumulated deficits	14	(317,683)	(231,767)
<b>Total deficiency in equity</b>		<u>(317,683)</u>	<u>(231,767)</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**The NSW Kashrut Authority Incorporated**  
**Statement of changes in equity**  
**For the year ended 31 December 2013**

	<b>Retained profits \$</b>	<b>Total deficiency \$</b>
Balance at 1 January 2012	(207,587)	(207,587)
Deficit after income tax expense for the year	(24,180)	(24,180)
Other comprehensive income for the year, net of tax	-	-
	<u>(24,180)</u>	<u>(24,180)</u>
Total comprehensive income for the year	<u>(24,180)</u>	<u>(24,180)</u>
Balance at 31 December 2012	<u>(231,767)</u>	<u>(231,767)</u>
	<b>Retained profits \$</b>	<b>Total deficiency \$</b>
Balance at 1 January 2013	(231,767)	(231,767)
Deficit after income tax expense for the year	(85,916)	(85,916)
Other comprehensive income for the year, net of tax	-	-
	<u>(85,916)</u>	<u>(85,916)</u>
Total comprehensive income for the year	<u>(85,916)</u>	<u>(85,916)</u>
Balance at 31 December 2013	<u>(317,683)</u>	<u>(317,683)</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**The NSW Kashrut Authority Incorporated**  
**Notes to the financial statements**  
**31 December 2013**

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

In the officers' opinion, the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the New South Wales legislation the Associations Incorporation Act 2009, the Charitable Fundraising Act 1991 and associated regulations. The officers have determined that the accounting policies adopted are appropriate to meet the needs of the members of The NSW Kashrut Authority Incorporated.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sale of goods*

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

*Rendering of services*

Rendering of services revenue from computer maintenance fees is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised 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.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**The NSW Kashrut Authority Incorporated**  
**Notes to the financial statements**  
**31 December 2013**

**Note 1. Significant accounting policies (continued)**

**Income tax**

As the incorporated association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the incorporated association will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**Note 1. Significant accounting policies (continued)**

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on hire purchases

**Provisions**

Provisions are recognised when the incorporated association has a present (legal or constructive) obligation as a result of a past event, it is probable the incorporated association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is 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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

**The NSW Kashrut Authority Incorporated**  
**Notes to the financial statements**  
**31 December 2013**

**Note 1. Significant accounting policies (continued)**

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

**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.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

*Estimation of useful lives of assets*

The incorporated association 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.

*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.

**Note 3. Revenue**

	<b>2013</b>	<b>2012</b>
	\$	\$
<i>Sales revenue</i>		
Revenue	1,765,715	1,675,706
<i>Other revenue</i>		
Other revenue	<u>92,619</u>	<u>91,873</u>
Revenue	<u><u>1,858,334</u></u>	<u><u>1,767,579</u></u>

**Note 4. Current assets - cash and cash equivalents**

	<b>2013</b>	<b>2012</b>
	\$	\$
Cash at bank	<u><u>62,039</u></u>	<u><u>31,066</u></u>

**The NSW Kashrut Authority Incorporated**  
**Notes to the financial statements**  
**31 December 2013**

**Note 5. Current assets - trade and other receivables**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	278,851	258,697
Less: Provision for impairment of receivables	<u>(141,389)</u>	<u>(89,764)</u>
	137,462	168,933
 BAS receivable	 <u>7,971</u>	 <u>8,009</u>
	<u><u>145,433</u></u>	<u><u>176,942</u></u>

**Note 6. Current assets - other**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Prepayments	<u>13,643</u>	<u>16,327</u>

**Note 7. Non-current assets - property, plant and equipment**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Fixtures and fittings - at cost	19,917	19,917
Less: Accumulated depreciation	<u>(15,930)</u>	<u>(14,934)</u>
	3,987	4,983
 Motor vehicles - at cost	 262,503	 262,503
Less: Accumulated depreciation	<u>(160,511)</u>	<u>(142,512)</u>
	101,992	119,991
	<u><u>105,979</u></u>	<u><u>124,974</u></u>

**Note 8. Current liabilities - trade and other payables**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Trade payables	134,559	75,198
BAS payable	5,591	6,269
Other payables	<u>52,694</u>	<u>12,608</u>
	<u><u>192,844</u></u>	<u><u>94,075</u></u>

**Note 9. Current liabilities - borrowings**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Hire purchase	<u>(19,327)</u>	<u>42,319</u>

The NSW Kashrut Authority Incorporated  
Notes to the financial statements  
31 December 2013

**Note 10. Current liabilities - provisions**

	2013 \$	2012 \$
Annual leave	143,856	146,772
Long service leave	109,564	91,646
	<u>253,420</u>	<u>238,418</u>

**Note 11. Current liabilities - other**

	2013 \$	2012 \$
Accrued expenses	25,516	34,601
Revenue received in advance	108,667	110,544
	<u>134,183</u>	<u>145,145</u>

**Note 12. Non-current liabilities - borrowings**

	2013 \$	2012 \$
Hire purchase	74,482	51,919

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	2013 \$	2012 \$
Hire purchase	55,155	94,238

**Note 13. Non-current liabilities - other**

	2013 \$	2012 \$
Bonds held	9,175	9,200

**Note 14. Equity - accumulated deficits**

	2013 \$	2012 \$
Accumulated deficits at the beginning of the financial year	(231,767)	(207,587)
Deficit after income tax expense for the year	(85,916)	(24,180)
Accumulated deficits at the end of the financial year	<u>(317,683)</u>	<u>(231,767)</u>

**Note 15. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

**The NSW Kashrut Authority Incorporated**  
**Officers' declaration**  
**31 December 2013**

In the officers' opinion:

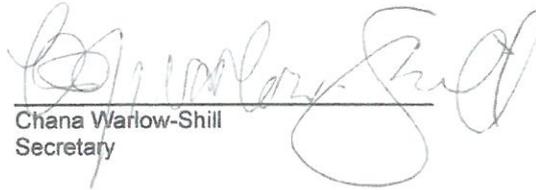
- the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the New South Wales legislation the Associations Incorporation Act 2009, the Charitable Fundraising Act 1991 and associated regulations;
- the attached financial statements and notes thereto comply with the Accounting Standards as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the incorporated association's financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the officers



Baron M Revelman  
President

21/01 2014  
Sydney



Chana Warlow-Shill  
Secretary

**The NSW Kashrut Authority Incorporated****Independent auditor's report to the members of The NSW Kashrut Authority Incorporated****Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report of The NSW Kashrut Authority Incorporated (the Association), which comprises the statement of financial position as at 31<sup>st</sup> December 2013 for the year then ended, the statement of profit or loss and other comprehensive income, a summary of significant accounting policies, other explanatory notes and the officers' declaration.

**Committee's Responsibility for the Financial Report**

The committee of the association is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements of the *Associations Incorporation Act New South Wales* and are appropriate to meet the needs of the members. The committee's responsibilities also include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting under the *Associations Incorporation Act New South Wales*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

**Independence**

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

## Auditor's Opinion

In our opinion, the financial report of The NSW Kashrut Authority Incorporated presents fairly, in all material respects the financial position of The NSW Kashrut Authority Incorporated as at 31<sup>st</sup> December 2013 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the *Associations Incorporations Act New South Wales*.

Name of Firm: Logicca Assurance Pty Limited

Name of Director:   
Peter Hersh

Address: Level 6, 151 Macquarie Street, Sydney NSW 2000

Dated this 7<sup>th</sup> day of October 2014