

13 November 2019

The Treasurer
Dandaragan Community Resource Centre
PO Box 8
DANDARAGAN WA 6507

Email: accounts@dandaragancrc.net.au

Dear Sir,

Dandaragan Community Resource Centre Incorporated
ABN 26 033 028 226
Special Purpose Review & Annual Financial Statements

I refer to my engagement letter dated 27 September 2019 to conduct an independent review of the MYOB file prepared by the Dandaragan Community Resource Centre (Dandaragan CRC) for the period ending 30 June 2019.

I confirm that I have conducted an independent special purpose review for Dandaragan CRC for the period 1 July 2018 to 30 June 2019 and upon that review I confirm that materially the transactions that were tested by my office represented a true and fair position as at 30 June 2019. Please note that this review is not an audit and should not be considered an audit under any Australian Auditing Standards.

Upon completion of the abovementioned review I was further engaged to complete the annual financial statements. These financial statements have been prepared in accordance with the Australian accounting standards where applicable. It is noted that a statement of cash flows was not prepared.

Notwithstanding my opinion above, I draw your attention to the following matters:

1. Redgum Reports

For the purpose of record keeping, there is a separate MYOB data file maintained for 'Redgum Reports', a sub-branch of Dandaragan CRC. This branch reports GST using a second client activity centre under the same ABN. Transactions between Dandaragan CRC and Redgum Reports are recorded as "inter-entity transactions" with nil GST effect. Since its inception, Redgum Reports MYOB data file has an alternate reporting period to Dandaragan CRC, being 1 January to 31 December. I have been advised by management that it intends to align the reporting periods with Dandaragan CRC shortly, and it would be my recommendation to do this sooner rather than later.

www.vertoconsulting.com.au

2. **Asset Registers**

Assets were first recorded on a depreciation register from last financial year. This depreciation register has been updated and maintained using the straight-line method, with no changes applied to the effective lives of the assets.

Last financial year assets with a value of \$6,000 or less were immediately written off. Conversely, given the nature of Dandaragan CRC, this year depreciation has been applied in accordance with the Australian Accounting Standards as opposed to tax effective depreciation, with any asset valued under \$300 immediately written off. During the financial year the only asset added to the depreciation register was a Multifunction Photocopier. The effective life of this asset has been calculated at five (5) years, with the existing Samsung Photocopier written off at the request of the Finance Manager as obsolete.

3. **GST Reconciliation**

A reconciliation of GST for the financial year 1 July 2018 to 30 June 2019 has been conducted across both of the MYOB data files. It was found that GST had been accurately reported during the financial year and there is no need for any amendments to previously lodged business activity statements. It was however noted though that the opening balances appeared to be out of balance by an immaterial amount of \$58, and I recommend that this be journalled to the historical adjustment account

Other matters that may require management consideration for next year are:

4. **Provision for new photocopier**

Given that the investment in a new photocopier is a substantial amount for Dandaragan CRC, historically there has been a provision recorded in the accounts. As a new printer was purchased late in the financial year, I understand there has been no provision provided in the current year due to this timing.

5. **Plant and Equipment**

It is suggested that the asset register be reviewed and any obsolete assets are removed.

Whilst every care has been undertaken within this review, ultimately the Dandaragan CRC is responsible for the preparation of the profit and loss and balance sheet to ensure they give a true and fair view of the financial position and performance of the Dandaragan CRC.

Should you have any queries in relation to the above, please do not hesitate to contact Sally Lang of my office.

Yours faithfully
Verito Consulting



Shannon Coleman
Director