

**TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION
LIMITED**

ABN 33 010 333 418

**FINANCIAL REPORT FOR YEAR ENDED
31 DECEMBER 2018**

Financial Report for year ended 31 December 2018

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Townsville Christian Education Association Limited
ABN 33 010 333 418
Financial Report for the Year Ended 31 DECEMBER 2018

DIRECTORS' REPORT

Your directors present this report on the company for the year ended 31 December 2018.

Directors

The names of each person who has been a director during the year are:

Shaun Leslie Arthur EDMONDS - Chairman

Olivia Isobel Baden WALTON – Secretary

Russell Grant DEN DULK – (Leave of absence 16-5-18 to 17-9-18,
Resigned 26-10-18)

Katherine Jane WALKER

Jan Catherine GALE (Resigned 11-1-19)

Lindsay Mark WARD

Andrew DUTTON (Resigned 22-1-18)

Andrew CHADWICK (Elected 12-11-18)

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

The positions of office indicated are of those held at the end of the financial year.

Principal Activities

The principal activity of the entity during the year was:

Provide full time education for Prep to Year 12 students and half time and full time education to Kindergarten students.

Strategic Direction

Annandale Christian College seeks to provide quality Christ-centred education through a partnership of parents, teachers and students, which recognizes the Lordship of Christ and the integrity of The Scriptures (God's Word the Bible).

Strategies

The strategies for the operation of the College are outlined in the published Strategic Plan. The defined strategies within that Plan are;

Community

To continue developing and celebrating the strong relationships that exist within the college and amongst the wider community.

DIRECTORS' REPORT (Cont.)

Parents

To assist each parent to understand their primary responsibility for the nurture and education of

their children, and to enable them to become active and Prayerful partners with the college in that process.

Staff

To employ professional and passionate Christian staff who care about people and are dedicated and equipped to educate students towards excellence and from a distinctly Christian perspective.

Students

To provide a consistent Christ-centred College environment which encourages all students to accept Christ as Lord and to strive together for excellence in all aspects of life, to the glory of God and in service of others.

Culture

To promote and maintain the uncompromisingly Christian character of the College.

Curriculum

To provide the highest quality curriculum, preparing students for active and informed Christian citizenship in the context of Australian society and the global community, and prepared for eternity and to optimize the opportunities for curricular and extra-curricular experiences available to all students Pre-Prep to Year 12.

Physical Resources

To continue the development and maintenance of College facilities to maximise the educational experiences and outcomes for all students

Finances

To continue to be responsible stewards of the College's finances in order to achieve the College's goals and initiatives.

Promotion And Development

To actively, and with integrity, promote the College as a Christ-centred college of excellence and develop all aspects of the College in pursuit of that goal.

Information on Directors

Shaun Leslie Arthur EDMONDS

Qualifications

Experience

Chairman

Tax Accountant, Councillor

Director 10 October 2009, Resigned

Recommenced Director 6 April 2016

Olivia Isobel Baden WALTON

Qualifications

Experience

Secretary

Teacher

Appointed Director 6 April 2016

Russell Grant den DULK

Qualifications

Experience

Director

Aircraft Maintenance Engineer

DIRECTORS' REPORT (Cont.)

Appointed Director 26 April 2016

Katherine Jane WALKER	Director
Qualifications	Occupational Therapist
Experience	Appointed Director 10 June 2017
Jan Catherine GALE	Director
Qualifications	Nurse Practitioner
Experience	Appointed Director 14 July 2017
Lindsay Mark WARD	Director
Qualifications	IT Lecturer
Experience	Appointed Director 10 July 2017
Andrew Douglas CHADWICK	Director
Qualifications	Pilot
Experience	Appointed Director 12 November 2018

Meetings of Directors

During the financial year, 18 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Andrew Geoffrey DUTTON	1	0
Andrew Douglas CHADWICK	1	1
Lindsay Mark WARD	18	18
Shaun Leslie Arthur EDMONDS	18	17
Olivia Isobel Baden WALTON	18	17
Russell den DULK	8	6
Katherine Jane WALKER	18	16
Jan Catherine GALE	18	16

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 31 December 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$6,500 (2017: \$6,500).

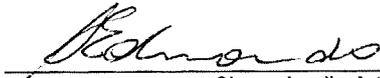
DIRECTORS' REPORT (Cont.)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2018 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

Director



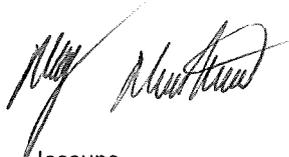
Shaun Leslie Arthur EDMONDS (Chairman)

Dated this
26TH April 2019

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



Name of firm: Jessups
Name of director: Rodger Dunstan
Date: 30th April 2019
Address: Level 1, 19 Stanley St, Townsville QLD 4810

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
Revenue – Recurrent	2b	7,556,150	7,430,335
Revenue – Capital Grants		339	4,895
Revenue - Trading		(14,729)	(34,409)
Employee Costs		(6,513,512)	(5,641,066)
Depreciation, Amortisation and Impairments	2a	(846,683)	(3,175,899)
Other Expenses		(512,960)	(1,185,443)
Current year surplus before income tax		(331,395)	(2,601,587)
Income tax expense			
Net current year surplus		(331,395)	(2,601,587)
Other comprehensive income			
Total other comprehensive income for the year			
Total comprehensive income for the year		(331,395)	(2,601,587)
Total comprehensive income attributable to members of the entity		(331,395)	(2,601,587)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	108,386	663,445
Accounts receivable and other debtors	4	139,986	161,780
TOTAL CURRENT ASSETS		248,371	825,225
NON-CURRENT ASSETS			
Property, plant and equipment	5	19,252,168	19,951,414
TOTAL NON-CURRENT ASSETS		19,252,168	19,951,414
TOTAL ASSETS		19,500,540	20,776,639
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	6	685,938	544,456
Grants received in advance	7	88,173	82,468
Bank debt		1,400,000	-
TOTAL CURRENT LIABILITIES		2,174,112	626,924
NON-CURRENT LIABILITIES			
Bank debt		-	2,587,550
Provision for long service leave		500,533	404,875
TOTAL NON-CURRENT LIABILITIES		500,533	2,992,425
TOTAL LIABILITIES		2,674,645	3,619,349
NET ASSETS		16,825,895	17,157,290
EQUITY			
Reserves		80,850	80,850
Retained surplus		16,745,045	17,076,440
TOTAL EQUITY		16,825,895	17,157,290

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	\$
Balance at 1 January 2017	19,758,767
Comprehensive income	
Loss for the year attributable to members of the entity	(2,601,587)
Reserve transfers	110
Other comprehensive income for the year	-
Total comprehensive income attributable to members of the entity	(2,601,477)
Opening balance adjustment (P&F Association)	
Balance at 31 December 2017	17,157,290
Comprehensive income	
Surplus/(Deficit) for the year attributable to members of the entity	(331,395)
Other comprehensive income for the year	-
Total comprehensive income attributable to members of the entity	(331,395)
Balance at 31 December 2018	16,825,895

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$
Receipts from customers		1,942,550	2,011,356
Receipts from grants		5,772,381	5,555,978
Interest received		1,215	942
Payments to suppliers and employees		(6,876,108)	(6,614,588)
Interest Paid		(60,565)	(93,414)
Net cash (used in)/generated from operating activities	8	<u>779,473</u>	<u>860,274</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		<u>(164,420)</u>	<u>(394,796)</u>
Net cash used in investing activities		<u>(164,420)</u>	<u>(394,796)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/(decrease) in borrowings		<u>(1,170,112)</u>	<u>(315,898)</u>
Net cash used in financing activities		<u>(1,170,112)</u>	<u>(315,898)</u>
Net increase/(decrease) in cash held		(555,059)	149,580
Cash on hand at the beginning of the financial year		<u>663,445</u>	<u>513,865</u>
Cash on hand at the end of the financial year	3	<u><u>108,386</u></u>	<u><u>663,445</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The financial statements cover Townsville Christian Education Association Limited as an individual entity, incorporated and domiciled in Australia. Townsville Christian Education Association Limited is a company limited by guarantee.

The financial statements were authorised for issue by the directors on the date of signing of the directors' declaration.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis² and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Revenue

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity 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.

Townsville Christian Education Association Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

b. Inventories on Hand

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

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

c. Property, Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

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

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings (incl. Demountables)	0-2.5%
Building Improvements	0-2.5%
Furniture and Equipment	20%
Plant and Machinery	10%
Computer & Technology	10-33.33%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

d. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) that are transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss on the basis of the two primary criteria, being:
 - the contractual cash flow characteristics of the financial asset; and
 - the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The entity initially designates financial instruments as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of an entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred:

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting date, the entity assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the entity measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the entity measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment was recognised in profit or loss as an impairment gain or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and accordingly can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. An amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

f. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair amount less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

g. Employee Provisions

Short-term employee benefits

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, sick leave and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee provisions.

h. Cash on Hand

Cash on hand equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

i. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

j. Goods and Services Tax (GST)

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

k. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

l. Intangibles

Software

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

m. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

n. Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

o. Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the 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 amount being normally paid within 30 days of recognition of the liability.

p. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

(i) Impairment

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

q. Economic Dependence

Townsville Christian Education Association Limited is dependent on the Commonwealth Department of Education, Employment and Work Place Relations and State Department of Education, Training and the Arts for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Townsville Christian Education Association Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

r. **New and Amended Accounting Policies Adopted by the Entity**

Initial application of AASB 9: Financial Instruments

The Company has adopted AASB 9: Financial Instruments with a date of initial application of 1 January 2018. As a result, the entity has changed its financial instruments accounting policies as detailed in the significant accounting policies note.

Current and prior period's financial statement line items have not been affected by the initial application of AASB 9.

Disclosure: Initial application of AASB 9

There were no financial assets/liabilities which the entity had previously designated as fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The entity applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 January 2018. The entity has applied AASB 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 January 2018.

The directors of the entity determined the existing financial assets as at 1 January 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- Financial assets as loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the entity to account for expected credit losses since initial recognition.

A simplified approach is followed in relation to trade receivables as the loss allowance is measured at lifetime expected credit loss.

The entity reviewed and assessed the existing financial assets on 1 January 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 January 2017 and 1 January 2018. The assessment was done without undue cost or effort in accordance with AASB 9.

The entity's financial assets only comprise accounts receivable and other debtors. The entity applied the expected credit loss model using a provision matrix which did not result in any change to the entity's loss allowance at 1 January 2017 or 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Classification and measurement of financial liabilities

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 January 2018.

	Financial Instrument category		Carrying amount		
	AASB 139 Original	AASB 9 New	AASB 139 Original	AASB 9 recognition of additional loss allowance	AASB 9 New
			\$	\$	\$
Financial assets					
Current and non-current					
Accounts receivable and other debtors	Loans and receivables (amortised cost)	Financial assets at amortised cost	161,780	-	161,780
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	663,445	-	663,445
Financial liabilities					
Current and non-current					
Accounts payable and other payables	Amortised cost	Financial liabilities at amortised cost	544,456	-	544,456
Borrowings	Amortised cost	Financial liabilities at amortised cost	2,587,550	-	2,587,550

s. New and Amended Accounting Policies Adopted by the Entity

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

- **AASB 16: Leases** (applicable to annual reporting periods beginning on or after 1 January 2019).
When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.
The main changes introduced by the new Standard are as follows:
 - new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as "peppercorn leases") principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset / right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058;
 - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit and loss and unwinding of the liability in principal and interest components;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognise as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 *Contributions*.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

AASB 2016-8 (issued December 2016) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9: *Financial Instruments* and AASB 15: *Revenue from Contracts with Customers* as a consequence of AASB 1058: *Income of Not-for-Profit Entities*.

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

AASB 2016-7: Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities

This Standard amends the mandatory effective date (application date) of AASB 15: *Revenue from Contracts with Customers* for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.

When effective, this standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact. The transitional provisions of this Standard permit an entity to either:

- Restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or
- Recognised the cumulative effect of retrospective application to incomplete contracts on the date of initial application.

There are also enhanced disclosure requirements regarding revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 2: NET CURRENT YEAR SURPLUS/(DEFICIT)

	2018	2017
	\$	\$
a. Expenses		
Depreciation, amortisation and impairments		
Impairments (refer note 5)	-	2,423,006
Buildings & Improvements	597,181	510,849
Furniture & Equipment	129,368	164,281
Plant & Machinery	11,717	8,996
Resource Centre (Library)	12,999	11,780
Computer & Technology	95,419	56,987
Total depreciation, amortisation and impairment expenses	<u>846,683</u>	<u>3,175,899</u>
Other Expenses:		
Employee benefits expense	6,513,512	5,641,066
Audit Fees	10,150	12,180
b. Significant Revenue		
The following significant revenue item is relevant in explaining the financial performance:		
Other Revenue - Tuition	1,789,472	1,890,418
Non-reciprocal Recurrent Grants from:		
- Commonwealth Department of Education, Employment and Work Place Relations	4,528,888	4,301,776
- State Department of Education, Training and the Arts grant	1,237,789	1,238,141
	<u>7,556,150</u>	<u>7,430,335</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3: CASH ON HAND

	2018	2017
	\$	\$
Cash at bank:		
General account	21,449	579,408
Building Fund	47,717	47,260
Library Fund	12,356	13,092
P&F General deposit	26,564	23,385
Cash float	300	300
	<u>108,386</u>	<u>663,445</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2018	2017
	\$	\$
CURRENT		
Debtors - Tuition Fees	235,373	225,634
Provision for impairment	4a (95,387)	(63,854)
Total current accounts receivable and other debtors	<u>139,986</u>	<u>161,780</u>

The following table shows the movement in lifetime expected credit loss that has been recognised for accounts receivable and other debtors in accordance with the simplified approach set out in AASB 9.

a. Lifetime Expected Credit Loss

	Opening balance under AASB 139	Adjustment for AASB 9	Net measurement of loss allowance	Amounts written off	Closing balance
	1 January 2017				31 December 2017
	\$	\$	\$	\$	\$
Debtors - Tuition Fees	44,857		26,412	(7,415)	63,854
	<u>44,857</u>	-	<u>26,412</u>	<u>(7,415)</u>	<u>63,854</u>
	Opening balance under AASB 139	Adjustment for AASB 9	Net measurement of loss allowance	Amounts written off	Closing balance
	1 January 2018				31 December 2018
	\$	\$	\$	\$	\$
Debtors - Tuition Fees	63,854		85,406	(53,873)	95,387
	<u>63,854</u>	-	<u>85,406</u>	<u>(53,873)</u>	<u>95,387</u>

The entity applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics, days past due and historical loss rates. The expected credit losses below also incorporate forward looking information. The loss allowance provision as at 31 December 2017 and 2018 has been determined based on the following information.

	2018	2017	2016
	\$	\$	\$
School fee revenue	2,857,275	2,841,613	2,364,384
Debtors end of year	235,373	225,634	233,248
Bad debt write-offs	53,873	7,415	495
Provision for impairment	95,387	63,854	44,857

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4: ACCOUNTS RECEIVABLE AND OTHER DEBTORS - CONTINUED

The average bad debt write-off for the years 2016 through 2018 was \$20,594. The entity has considered this in light of its school fee revenue and gross debtor balances for those relevant years and concluded that a provision for impairment of \$63,854 and \$95,387 as at 31 December 2017 and 2018 respectively is adequate. The provision for impairment at 31 December 2018 was much higher than 31 December 2017 due to the existence of a significant credit-impaired school fee debtor that existed at 31 December 2017.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Property, Plant and Equipment		
Land at 2017 valuation	1,640,084	1,640,084
Land improvements at cost	12,435	-
less Accumulated depreciation	(109)	-
Buildings at 2017 valuation	17,559,916	17,559,916
less Accumulated depreciation	(597,072)	-
Building Improvements at cost	16,220	-
less Accumulated depreciation	-	-
Furniture and equipment at cost	1,341,608	1,307,937
less Accumulated depreciation	(1,090,471)	(961,103)
Plant & machinery at cost	127,096	152,952
less Accumulated depreciation	(64,534)	(61,945)
Resource Centre (Library) at cost	126,083	107,379
less Accumulated depreciation	(75,818)	(11,060)
Computers & technology	420,188	337,052
less Accumulated depreciation	(163,458)	(119,798)
WIP	-	-
Net carrying amount	<u>19,252,168</u>	<u>19,951,414</u>

The entity obtained a valuation of its land and buildings at 31 December 2017. The valuation was undertaken by Herron Todd White. The value arrived at was \$19,200,000 with land at \$1,640,084 and buildings at \$17,559,916. The resulting impairment was \$2,423,006 which has been charged to the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 6: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2018	2017
	\$	\$
ATO - PAYG	74,136	-
ATO - GST	66,211	52,895
Superannuation	74,595	-
Other	158,438	198,105
Fee's in advance	43,917	36,366
Employee provisions - Long Service Leave	90,032	90,033
Employee provisions - Sick Leave	100,598	74,393
Employee provisions - Annual Leave	78,010	92,664
	<u>685,938</u>	<u>544,456</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 7: GRANTS RECEIVED IN ADVANCE

	2018	2017
	\$	\$
State government - Great Teachers Great Results	69,804	64,098
Federal government - DTM	18,370	18,370
	<u>88,173</u>	<u>82,468</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 8: CASH FLOW INFORMATION

	2018	2017
	\$	\$
Reconciliation of cash flows from operating activities with net current year surplus/(deficit)		
Net current year surplus/(Deficit)	(331,395)	(2,601,587)
Non-cash flows in current year surplus/(deficit):		
Depreciation and amortisation	846,683	752,893
loss on revaluation of fixed assets	-	2,423,006
loss on disposal of fixed assets	16,983	-
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable and other debtors	21,794	26,611
Increase/(decrease) in fees in advance	7,551	(26,326)
Increase/(decrease) in grants received in advance	5,705	16,061
Increase/(decrease) in provisions	107,209	99,082
(Increase)/decrease in inventories on hand	-	113,717
Increase/(decrease) in accounts payable and other payables	104,943	56,817
	<u>779,473</u>	<u>860,274</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 9: ENTITY DETAILS

The registered office of the company is:

Townsville Christian Education Association Limited
Jonquil Crescent
Annandale Qld 4814

The principal place of business is:

Townsville Christian Education Association Limited T/a Annandale Christian College
Jonquil Crescent
Annandale Qld 4814

Townsville Christian Education Association Limited ABN 33 010 333 418

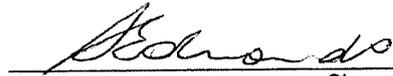
TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION LIMITED 33 010 333 418

DIRECTORS' DECLARATION

The directors of the registered entity declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 8 to 29, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with the Australian Accounting Standards applicable to the company; and
 - b. give a true and fair view of the financial position of the registered entity as at 31 December 2018 and its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

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



Shaun Leslie Arthur EDMONDS (Chairman)

Dated this

26th April 2019

**TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION LIMITED 33 010 333 418
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Townsville Christian Education Association Limited (the registered entity), which comprises the statement of financial position as at 31 December 2018, 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 directors' declaration.

In our opinion, the accompanying financial report of Townsville Christian Education Association Limited has been prepared in accordance with Div 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the registered entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Div 60 of 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 registered entity in accordance with 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 for the purpose of fulfilling the registered entity's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. 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 the Directors for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 registered 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 directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

**TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION LIMITED 33 010 333 418
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION LIMITED**

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Jessups

Rodger Dunstan

Level 1, 19 Stanley St, Townsville QLD 4810

Dated: 30th April 2019