

**TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION
LIMITED**

ABN 33 010 333 418

**FINANCIAL REPORT FOR YEAR ENDED
31 DECEMBER 2016**

Financial Report for year ended 31 December 2016

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Townsville Christian Education Association Limited
ABN 33 010 333 418
Financial Report for the Year Ended 31 DECEMBER 2016

DIRECTORS' REPORT

Your directors present this report on the company for the year ended 31 December 2016.

Directors

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

Andrew Geoffrey DUTTON (Chairman) (Commenced 26-04-2016)
Anthony Dean FISHER (Secretary)
Brian William MATTHEWS (Treasurer)
Desmond Paul MOSELEY (Vice Chairman)
Rebecca Louise EVANS (Resigned 8-03-2016)
Shaun Leslie Arthur EDMONDS (Commenced 6-04-2016)
Olivia Isobel Baden WALTON (Commenced 6-04-2016)
Russell Grant den DULK (Commenced 26-04-2016)

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 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.

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 maintain 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.

DIRECTORS' REPORT (Cont.)

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 optimise 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

Andrew Geoffrey DUTTON

Qualifications

Experience

Director, Chairman

Business Management

Director 10 March 2014, Resigned

Recommenced Director 26 April 2016

Anthony Dean FISHER

Qualifications

Experience

Director, Secretary

Medical Practitioner

Director 25 March 2007

Brian William MATTHEWS

Qualification

Experience

Director, Treasurer

Accountant / CEO Nursing Home

Director 21 April 2008

Desmond Paul MOSELEY

Qualifications

Experience

Director, Vice Chairman

Civil Engineer

Appointed Director 3 May 2013

Townsville Christian Education Association Limited ABN 33 010 333 418

Rebecca Louise EVANS	Director
Qualifications	Bank Manager
Experience	Appointed Director 13 Jun 2012 Resigned 8 March 2016
Shaun Leslie Arthur EDMONDS	Director
Qualifications	Tax Accountant, Councillor
Experience	Director 10 October 2009, Resigned Recommenced Director 6 April 2016
Olivia Isobel Baden WALTON	Director
Qualifications	Teacher
Experience	Appointed Director 6 April 2016
Russell Grant den DULK	Director
Qualifications	Aircraft Maintenance Engineer
Experience	Appointed Director 26 April 2016

Meetings of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Andrew Geoffrey DUTTON	9	9
Anthony Dean FISHER	10	10
Brian William MATTHEWS	10	9
Desmond Paul MOSELEY	10	7
Rebecca Louise EVANS	0	0
Shaun Leslie Arthur EDMONDS	10	7
Olivia Isobel Baden WALTON	10	9
Russell den DULK	9	8

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 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$6,500 (2015: \$6,500).

Townsville Christian Education Association Limited ABN 33 010 333 418

DIRECTORS' REPORT (Cont.)

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2016 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



Andrew Geoffrey DUTTON (Chairman)

Dated this 8th May 2017

**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 2016 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: 8th May 2017
Address: Level 1, 19 Stanley St, Townsville QLD 4810

Townsville Christian Education Association Limited ABN 33 010 333 418

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2016**

	Note	2016	2015
		\$	\$
Revenue - Recurrent	2b	7,478,219	7,837,241
Revenue – Capital Grants		1,123,401	247,346
Revenue - Trading		60,544	60,832
Employee Costs		(5,567,145)	(5,381,747)
Depreciation, Amortisation and Impairments	2a	(629,112)	(418,442)
Other Expenses		(1,137,270)	(1,260,297)
Current year surplus before income tax	2	1,328,637	1,084,933
Income tax expense			
Net current year surplus		1,328,637	1,084,933
Other comprehensive income			
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		1,328,637	1,084,933
Total comprehensive income attributable to members of the entity		1,328,637	1,084,933

The accompanying notes form part of these financial statements.

Townsville Christian Education Association Limited ABN 33 010 333 418

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016	2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	513,865	916,828
Accounts receivable and other debtors	4	188,391	107,378
Inventories on hand	5	113,717	112,525
TOTAL CURRENT ASSETS		<u>815,973</u>	<u>1,136,731</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	22,732,517	20,026,547
TOTAL NON-CURRENT ASSETS		<u>22,732,517</u>	<u>20,026,547</u>
TOTAL ASSETS		<u>23,548,490</u>	<u>21,163,278</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	7	449,170	460,635
Grants received in advance	8	66,407	-
TOTAL CURRENT LIABILITIES		<u>515,577</u>	<u>460,635</u>
NON-CURRENT LIABILITIES			
Bank debt		2,904,389	2,000,000
Provision for long service leave		369,757	300,024
TOTAL NON-CURRENT LIABILITIES		<u>3,274,146</u>	<u>2,300,024</u>
TOTAL LIABILITIES		<u>3,789,723</u>	<u>2,760,659</u>
NET ASSETS		<u>19,758,767</u>	<u>18,402,619</u>
EQUITY			
Reserves		80,740	80,740
Retained surplus		19,678,027	18,321,879
TOTAL EQUITY		<u>19,758,767</u>	<u>18,402,619</u>

The accompanying notes form part of these financial statements.

Townsville Christian Education Association Limited ABN 33 010 333 418

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	\$
Balance at 1 January 2015	17,317,686
Comprehensive income	
Surplus for the year attributable to members of the entity	1,084,933
Other comprehensive income for the year	-
Total comprehensive income attributable to members of the entity	1,084,933
Balance at 31 December 2015	18,402,619
Comprehensive income	
Surplus for the year attributable to members of the entity	1,328,637
Other comprehensive income for the year	-
Total comprehensive income attributable to members of the entity	1,328,637
Opening balance adjustment (P&F Association)	27,511
Balance at 31 December 2016	19,758,767

The accompanying notes form part of these financial statements.

Townsville Christian Education Association Limited ABN 33 010 333 418

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,163,718	2,582,605
Receipts from grants		6,447,423	5,577,283
Interest received		725	460
Payments to suppliers and employees		(6,613,281)	(6,668,025)
Interest Paid		(17,537)	(20,163)
Net cash (used in)/generated from operating activities	9	<u>1,981,048</u>	<u>1,472,160</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(3,335,081)	(724,025)
Net cash used in investing activities		<u>(3,335,081)</u>	<u>(724,025)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/(decrease) in borrowings		923,560	(30,000)
Net cash used in financing activities		923,560	(30,000)
Net increase/(decrease) in cash held		(430,473)	718,135
Cash on hand at the beginning of the financial year	10	<u>944,338</u>	<u>198,693</u>
Cash on hand at the end of the financial year	3	<u>513,865</u>	<u>916,828</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 who are dependent on its 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 *Corporations Act 2001*. 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 *Corporations Act 2001* 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 accruals basis 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

All revenue is stated net of the amount of goods and services tax.

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 lives of the improvements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments 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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Employee Provisions

Short-term employee benefits

Provision is made for the company'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 and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

r. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, including hedging activity, 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 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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 include:

- recognition of a right-to-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-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- 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 company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Townsville Christian Education Association Limited ABN 33 010 333 418

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 2: NET CURRENT YEAR SURPLUS

	2016	2015
	\$	\$
a. Expenses		
Depreciation and amortisation:		
Buildings & Improvements	441,996	223,318
Furniture & Equipment	162,417	184,443
Plant & Machinery	4,448	3,680
Resource Centre (Library)	9,199	7,001
Computer & Technology	11,052	
Total depreciation and amortisation expenses	<u>629,112</u>	<u>418,442</u>
Employee provisions	187,564	(15,402)
Audit fees	12,180	12,000
b. Significant Revenue		
The following significant revenue item is relevant in explaining the financial performance:		
Other Revenue – Tuition	2,219,196	2,259,958
Non-reciprocal Recurrent Grants from:		
- Commonwealth Department of Education, Employment and Work Place Relations	4,031,130	4,234,647
- State Department of Education, Training and the Arts grant	1,227,893	1,342,636
	<u>7,478,219</u>	<u>7,837,241</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 3: CASH ON HAND

	2016	2015
	\$	\$
Cash at bank:		
General account	400,981	835,668
Building Fund	46,820	46,820
Library Fund	33,040	33,920
P&F General account	23,920	-
P&F Term Deposit	8,340	-
Cash float	764	420
	<u>513,865</u>	<u>916,828</u>

Townsville Christian Education Association Limited ABN 33 010 333 418

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 4: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2016	2015
	\$	\$
CURRENT		
Debtors – Tuition Fees	233,248	131,149
Provision for bad and doubtful debts	(44,857)	(23,771)
Total current accounts receivable and other debtors	<u>188,391</u>	<u>107,378</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 5: INVENTORIES ON HAND

	2016	2015
	\$	\$
CURRENT		
At cost:		
Uniform Shop Stock	113,717	112,525
	<u>113,717</u>	<u>112,525</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
Property, Plant and Equipment		
Land at 2008 valuation	5,000,000	5,000,000
Land Improvements at cost	280,050	355,395
Less accumulated depreciation	(77,747)	(103,856)
Buildings at cost	18,123,109	14,872,311
Less accumulated depreciation	(1,635,973)	(1,262,573)
Building Improvements at cost	368,691	409,991
Less accumulated depreciation	(182,831)	(153,713)
Demountables at cost	174,969	174,969
Less accumulated depreciation	(34,554)	(30,170)
Furniture and equipment at cost	1,227,059	1,016,505
Less accumulated depreciation	(796,823)	(588,010)
Plant and machinery at cost	119,163	79,339
Less accumulated depreciation	(52,949)	(48,501)
Resource Centre (Library) at cost	85,203	71,239
Less accumulated depreciation	(51,039)	(41,840)
Computers & technology	197,241	
Less accumulated depreciation	(11,052)	
WIP	-	275,461
Net carrying amount	<u>22,732,517</u>	<u>20,026,547</u>

The company has a commercial bill facility with the ANZ bank. The ANZ bank has a charge over the land and buildings located at Jonquil Crescent / Yolanda Drive Campus.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 7: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2016	2015
	\$	\$
CURRENT		
ATO - PAYG	124,742	153,672
ATO - GST	(75,136)	67,834
Superannuation	72,537	68
Other	71,210	59,970
Fee's in Advance	62,692	77,299
Employee provisions – Long Service Leave	60,824	29,645
Employee provisions – Sick Leave	74,392	44,085
Employee provisions – Annual Leave	57,909	28,062
	<u>449,170</u>	<u>460,635</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 8: GRANTS RECEIVED IN ADVANCE

	2016	2015
	\$	\$
State government – Great Teachers Great Rewards	48,037	-
Federal government – DTM	18,370	-
	66,407	-
	66,407	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 9: CASH FLOW INFORMATION

	2016	2015
	\$	\$
Reconciliation of cash flows from operating activities with net current year surplus		
Net current year surplus	1,328,637	1,084,933
Non-cash flows in current year surplus:		
– depreciation and amortisation	629,112	418,442
Changes in assets and liabilities:		
– (Increase)/decrease in accounts receivable and other debtors	(81,013)	(139)
– Increase/(decrease) in fees in advance	(14,607)	(4,476)
– Increase/(decrease) in grants received in advance	66,407	-
– Increase/(decrease) in provisions	161,066	(116,393)
– (Increase)/decrease in inventories on hand	(1,192)	28,082
– Increase/(decrease) in accounts payable and other payables	(107,362)	61,711
	1,981,048	1,472,160
	1,981,048	1,472,160

Townsville Christian Education Association Limited ABN 33 010 333 418

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 10: CASH ON HAND

Cash on hand at the beginning of the financial year has been adjusted to bring in the P&F funds of \$27,511, which consists of cheque account and Term Deposit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 11: 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

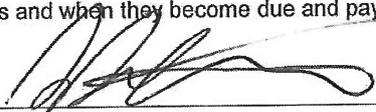
Townsville Christian Education Association Limited ABN 33 010 333 418

TOWNSVILLE CHRISTIAN EDUCATION ASSOCIATION LIMITED 33 010 333 418

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Townsville Christian Education Association Limited, the directors declare that:

1. The financial statements and notes, as set out on pages 8 to 23, are in accordance with the *Corporations Act 2001* 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 company as at 31 December 2016 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Andrew Geoffrey DUTTON (Chair)

Dated this 8th day of May 2017

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 company), which comprises the statement of financial position as at 31 December 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Townsville Christian Education Association Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2016 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 the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 directors' financial reporting responsibilities under the *Corporations Act 2001*. 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 company 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 *Corporations Act 2001* 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**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_files/ar3.pdf. This description forms part of our auditor's report.



Jessups

Rodger Dunstan

Level 1, 19 Stanley St, Townsville QLD 4810

Dated: 8th May 2017