Waratah Education Foundation Ltd
formerly Reddam House Limited

ABN 90 094 852 801

Annual report
for the year ended 31 December 2019

Waratah Education Foundation Ltd ABN 90 094 852 801
Annual report – 31 December 2019

Contents

With effect from 16 December 2019, the name of the Company was changed from Reddam House Limited to Waratah Education Foundation Ltd.

These financial statements are for Waratah Education Foundation Ltd as an individual entity. The financial statements are presented in the Australian currency.

Waratah Education Foundation Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

Its principal place of business until the 16 December 2019 was

70-78 Edgecliff Road
Woollahra NSW 2025

And changed to the following from 16 December 2019 to present:

L5, 126-130 Philip Street
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities is included in the directors' report on pages 1 to 2, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 31 August 2020. The directors have the power to amend and reissue the financial statements.

Waratah Education Foundation Ltd ABN 90 094 852 801
Directors' Report

The directors present their report on the financial statements of Waratah Education Foundation Ltd (referred to hereafter as "the Company") at the end of, or during, the year ended 31 December 2019.

Directors
The names of the directors of the Company in office at any time during the year and up to the date of this report were:

Rabbi Mendel Kastel
Alistair McKeough

Geraldine Campbell was appointed as director and company secretary on 16 December 2019 and continues in office at the date of this report.

David Pitcairn and Diane Pitcairn were directors from the beginning of the year until their respective resignations on 13 December 2019.

Principal Activities
The principal activity of the Company changed significantly during the year.

On 13 December 2019, the Reddam House school and associated assets, rights and interests were sold to Inspired Australia Holdings Pty Ltd.

From this date the principal activity changed from being the operation of a primary and secondary educational institutions to the operation of advancing education via various charitable means, including but not limited to, supporting underprivileged or disadvantaged families, children, teenagers and young adults so that they have access to educational instruction and to support and fund activities to help break the cycle of poverty and disadvantage amongst marginalised communities, particularly for indigenous youth and youth from rural and regional areas.

Review of Operations and Results
The total comprehensive income of the Company for the financial year amounted to $21,224,229 (2018: $12,580,264).

A review of the operations of the Company during the financial year and the results of those operations found that during the year, the Company continued to engage in its principal activity up until the sale of the schools operations on 13 December 2019, the results of which are disclosed in the attached financial statements.

Significant changes in the state of affairs
Significant changes in the state of affairs of the group during the financial year were as follows:

The sale of the School was announced in September 2019 and completed on 13 December 2019. For details of the sale see Note 16.

Dividends
No dividends have been or will be paid. The Constitution of the Company does not permit any surpluses to be distributed by way of dividend.

Matters Subsequent to the End of the Financial Year

In early 2020 there was an outbreak of Coronavirus Disease 2019 (COVID-19), deemed a pandemic by the World Health Organisation. There have been unprecedented measures put in place by the Australian Government, as well as governments across the globe, to contain COVID-19 which have had a significant impact on the economy. The Company has assessed the impact of COVID-19 and its impact on both the business and the financial report, and the financial report reflects these impacts including appropriate measurement, presentation and disclosure.

Likely Developments and Expected Results of Operations
Further information on likely developments in the operations of the entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the entity.

Environmental Regulation
The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Proceedings on behalf of the Company
No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Insurance of officers and indemnities
(a) Insurance of officers
During the financial year, Waratah Education Foundation Ltd paid a premium of $2,881 (2018: $2,017) to insure the directors and secretary of the Company, and the general managers. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty as officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors
Waratah Education Foundation Ltd has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from Waratah Education Foundation Ltd's breach of their agreement. The indemnity stipulates that Waratah Education Foundation Ltd will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Auditors' Independence Declaration
A copy of the auditors' independence declaration as required under section 60-40 of the Australian Charities and Not-For-Profit Commission (ACNC) Act 2012 is set out on page 3 and forms part of the Directors' Report.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 325 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

Alistair McKeough
Director

Sydney
9th September 2020

Auditor's Independence Declaration

As lead auditor for the audit of Waratah Education Foundation Ltd (formerly Reddam House Limited) for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

James McElvogue
Partner
PricewaterhouseCoopers

Sydney
9 September 2020

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Waratah Education Foundation Ltd
Statement of comprehensive income
For the year ended 31 December 2019

	Notes	2019 $	2018 $
Revenue from continuing operations			
Interest income		**1,072,693**	950,363
Total revenue from continuing operations		**1,072,693**	950,363
Employee benefits expense		**(40,190)**	(0)
Administration expenses		**(16,549)**	(0)
Other expenses		**(50,000)**	(0)
Surplus before income tax		**965,954**	0
Income tax expense		**0**	0
Surplus before income tax		**965,954**	950,363
Profit from discontinued operations	16	**20,258,275**	11,629,901
Total comprehensive income for the year		**21,224,229**	12,580,264

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Waratah Education Foundation Ltd
Statement of financial position
As at 31 December 2019

	Notes	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**61,543,474**	50,293,141
Trade and other receivables	5	**252,506**	1,040,617
Assets classified as held for sale	6	**1,386,321**	0
Total current assets		**63,182,301**	51,333,758
Non-current assets			
Property and equipment	7	**4,791,851**	11,004,532
Right of use asset	8	**0**	0
Total non-current assets		**4,791,851**	11,004,532
Total assets		**67,974,152**	62,338,290
LIABILITIES			
Current liabilities			
Trade and other payables	9	**1,074**	14,284,023
Lease liabilities	10	**0**	335,596
Provisions	11	**11,831**	1,403,380
Liabilities directly associated with assets classified as held for sale	12	**380,965**	0
Total current liabilities		**393,870**	16,022,999
Non-current liabilities			
Lease liabilities	13	**0**	2,374,456
Provisions	14	**24,879**	268,738
Total non-current liabilities		**24,879**	2,643,194
Total liabilities		**418,749**	18,666,193
Net assets		**67,555,403**	43,672,097
MEMBERS FUNDS			
Retained earnings	15	**67,555,403**	43,672,097
Total Members Funds		**67,555,403**	43,672,097

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

Waratah Education Foundation Ltd
Statement of changes in equity
For the year ended 31 December 2019

	Notes	Retained earnings	Total members fund
		$	$
Balance at 1 January 2018		31,091,833	31,091,833
Total comprehensive income for the year		12,580,264	12,580,264
Balance at 31 December 2018		43,672,097	43,672,097
Change in accounting policy	8	2,659,077	2,659,077
Restated Balance at 1 January 2019		**46,331,174**	**46,331,174**
Total comprehensive income for the year		**21,224,229**	**21,224,229**
Balance at 31 December 2019	15	**67,555,403**	**67,555,403**

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

Waratah Education Foundation Ltd
Statement of cash flows
For the year ended 31 December 2019

	Note	2019	2018
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**29,519,045**	41,293,518
Payments to suppliers and employees (inclusive of goods and services tax)		**(25,714,018)**	(27,425,751)
		3,805,027	13,867,767
Interest received		**1,072,491**	950,363
Cash payments for the interest portion of lease liability		**(1,292,020)**	0
Interest paid		**(2,752)**	(4,516)
Net cash inflow from operating activities		**3,582,746**	14,813,614
Cash flows from investing activities			
Payments for property and equipment		**(1,601,690)**	(781,217)
Proceeds from the sale of property and equipment		**6,364**	0
Proceeds from sale of operation of school		**12,469,813**	0
Net cash (outflow) from investing activities		**10,874,486**	(781,717)
Cash flows from financing activities			
Cash payments for the principal portion of the lease liability		**(3,206,900)**	0
Net cash (outflow) from investing activities		**(3,206,900)**	**0**
Net increase in cash and cash equivalents		**11,250,333**	14,031,897
Cash and cash equivalents at the beginning of the financial year		**50,293,141**	36,261,244
Cash and cash equivalents at end of financial year	4	**61,543,474**	50,293,141

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents

Note 1 Summary of significant accounting policies

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

(a) Basis of preparation

(i) General purpose financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and Australian Charities and Not-for-profits Commission Act 2012 (ACNC). Waratah Education Foundation Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

(ii) Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements for Waratah Education Foundation Ltd comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(iii) New and amended standards adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 15 Revenue from Contracts with Customers
The mandatory date of adoption for AASB 15 was 1 January 2019. The Company has elected to apply the modified retrospective approach allowable under the Standard, reflecting the cumulative impact arising from adoption as an adjustment to opening accumulated surplus at 1 January 2019. As a result, comparative financial information has not been restated.

AASB 15 involves the use of a five-step recognition model for recognising revenue, the steps are:
- Step 1 – Identify the contract with the customer;
- Step 2 – Identify the sufficiently specific performance obligations to be satisfied;
- Step 3 – Measure the expected consideration;
- Step 4 – Allocate that consideration to each of the performance obligations in the contract;
- Step 5 – Recognise revenue.

The Company has described its new accounting policy below in Note 1(b). The Company has elected to adopt the practical expedient whereby contracts that are considered to be 'complete' (where revenue has been fully recognised in accordance with previous standards) are not adjusted upon the adoption of the new standard.

AASB 1058 Income of Not-for-Profit Entities
The Company has adopted AASB 1058 from 1 January 2019. AASB 1058 measures income by reference to the fair value of the asset received. The asset received, which could be a financial or non-financial asset, is initially measured at fair value when the consideration paid for the asset is significantly less than fair value, and that difference is principally to enable the entity to further its objectives. Otherwise, assets acquired are recognised at cost.

Where the asset has been measured at fair value, AASB 1058 requires that elements of other Accounting Standards are identified before accounting for the residual component.

Note 1 Summary of significant accounting policies (continued)

These standards are:

- AASB 15 - Revenue from Contracts with Customers
- AASB 16 - Leases
- AASB 1004 – Contributions
- AASB 137 - Provisions, Contingent Liabilities & Contingent Assets
- AASB 9 - Financial instruments

A transfer that requires the Company to use those funds to acquire or construct a recognisable non-financial asset to identified specifications; does not require the Company to transfer the non-financial asset to the transferor or other parties; and occurs under an enforceable agreement is recognised income when (or as) the Company satisfies its obligations under the transfer.

Any donations, bequests or grants not recognised as described above are recognised as income when the Company obtains control of those funds.

AASB 16 Leases

The Company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 *Leases* and eliminates the classification of operating leases and finance leases for lessees. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from AASB 117 and has not applied AASB 16 to arrangements that were previously not identified as a lease under AASB 117. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the entity;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

AASB 16 has been applied using the modified retrospective approach, with the cumulative effect of first-time adoption being recognised in equity as an adjustment to the opening balance of retained surpluses for the current period. Prior periods have not been restated.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost basis.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain accounting estimates. Management also needs to exercise judgement in applying the entity’s accounting policies.

Note 1 Summary of significant accounting policies (continued)

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in Note 3.

(b) Revenue recognition

In the previous financial year, revenue recognised in accordance with AASB 118 Revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts and scholarships. The Company recognised revenue when the amount of revenue could be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities.

Revenue recognised in this financial year under AASB 15 is measured at the amount which the Company expects to receive in consideration for satisfying performance obligations to a customer. A performance obligation is the distinct good or service defined within the contract with a customer. The transaction price is allocated to one or more performance obligations contained within the contract, with revenue being recognised as or when the performance obligation is satisfied.

Where consideration comprises variable components, the amount recognised as revenue is constrained to that amount that would not result in a significant reversal of the cumulative revenue recognised when that uncertainty is resolved.

Under AASB 1058, the Company recognises income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

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

i. *Tuition and other student fee revenue*
Revenue from student fees is recognised over the period to which the provision of education services relates. Fees received in advance are disclosed as a contract liability. Fees are recognised in the Statement of Profit or Loss and Other Comprehensive Income before deducting concessions allowed.

ii. *Non-refundable enrolment fees*
Non-refundable enrolment fees received upon the acceptance of an offer for placement of a student are considered to be an advance payment for future tuition services and are recognised as revenue over the expected period of tuition, which is estimated to be 13 years. The non-refundable enrolment fees are charged on average 1 year before commencement.

iii. *Government grants – recurrent*
State and Federal government grant funding that contain specific conditions on the use of those funds are recognised as and when the Company satisfies its performance obligations by providing those goods and services to its students. A contract liability is recognised for unspent grant funds for which a refund obligation exists in relation to the funding period. General grants that do not impose specific performance obligations on the Company are recognised as income when the Company obtains control of those funds, which is usually on receipt.

iv. *Interest revenue*
Interest income is accrued on a time basis, based on the principal outstanding and at the effective interest rate applicable.

v. *Other revenue*
Revenue from other sources is recognised when the fee in respect of other products or services provided is receivable.

Note 1 Summary of significant accounting policies (continued)

(c) Income tax

The Company is exempt from liability to pay income tax under the provisions of the *Income Tax Assessment Act.*

(d) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is considered to contain a lease if it allows the Company the right to control the use of an identified asset over a period of time in return for consideration.

Where a contract or arrangement contains a lease, the Company recognises a right-of-use asset and a lease liability at the commencement date of the lease.

A right-of-use asset is initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred. Lease assets are depreciated using the straight-line method over the shorter of their useful life or the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments include fixed payments, amounts expected to be paid under a residual value guarantee, the exercise price of purchase options for which the Company is reasonably certain to exercise and incorporate the Company's expectations of lease extension options.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of twelve months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 1 Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for expected credit losses) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the expected credit loss is recognised in profit or loss within other expenses. When a trade receivable for which a credit allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1 Summary of significant accounting policies (continued)

(h) Property and equipment

Each class of property, motor vehicles, furniture and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Motor vehicles, furniture and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation is calculated using the straight-line method or diminishing value method using the estimated residual values and estimated useful lives or, in the case of certain leasehold improvements, the shorter lease term as follows:

- Leasehold improvements	12 to 20 years
- Furniture, fittings and equipment	3 to 17 years
- Machinery and vehicles	4 to 8 years
- Audio visual, musical and sports equipment	3 to 5 years
- Computer equipment	3 to 5 years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.
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 included in the income statement.

(i) Investment property

i. *Measuring investment property at cost:*
Investment properties, principally school buildings, are held for long term rental yields and are not occupied by the Company. The investment properties are accounted for using the cost model in accordance with AASB 116.

ii. *Leasing arrangements:*
The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Company may obtain bank guarantees for the term of the lease.
Although the Company is exposed to changes in the residual value at the end of the current leases, the Company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases.

(j) Trade and other payables

Trade payables and other accounts payable are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1 Summary of significant accounting policies (continued)

(k) Provisions

Provisions are recognised when the Company 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

(l) Employee benefits

(i) Short term obligations
Provision is made for the Company's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(ii) Other long term employee benefit obligation
Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(l) 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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(m) Discontinued Operations

The Company shall disclose a single amount in the statement of comprehensive income comprising the total of (i) the post-tax profit or loss of discontinued operations and (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation. An analysis of this single amount is also required by paragraph 33 of AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations. This analysis will be presented in Note 15.

Note 2 Financial risk management

(a) Financial risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses ageing analysis to measure credit risk.

Risk management is carried out by the Board of Directors who provide principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk.

(b) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are available.

(c) Credit risk

The exposure to credit risk at reporting date is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(d) Interest rate risk

The Company is exposed to interest rate risk through balances held with banks. The Company considers that its exposure to interest rate risk is minimal.

Note 3 Critical accounting estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates and may have impact on future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgments, estimates and assumptions are described below:

Allowance for expected credit loss
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates.

Estimation of useful lives of assets
The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and other assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision
Provisions for employee benefits payable after twelve months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service. The amount of these provisions would change should any of these factors change in the next twelve months.

Note 4 Current Assets – Cash and cash equivalents

	2019	2018
	$	$
Cash at bank and in hand	**61,543,474**	50,293,141

(a) Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2019	2018
	$	$
Balances as above	**61,543,474**	50,293,141
Bank overdraft	**0**	0
Cash and cash equivalents balance per statement of cash flows	**61,543,474**	50,293,141

Note 5 Current assets – Trade and other receivables

	2019	2018
	$	$
Outstanding fees	**0**	451,463
Provision for expected credit loss	**0**	(337,090)
	0	114,373
Other receivables	**233,190**	518,261
Prepayments	**19,315**	407,983
	252,506	1,040,617

The ageing of the outstanding fees follows:

	2019	2018
	$	$
0 – 30 days	**0**	**0**
31 – 60 days	**0**	74,545
60+ days	**0**	376,918
	0	451,463

Movement in allowance for expected credit losses follows:

	2019	2018
	$	$
Opening balance	**337,090**	336,100
Movement in provision	**(56,452)**	109,022
Bad debts recovered during the year	**0**	47,387
Bad debts written off during the year	**(2,256)**	(155,419)
Disposal of school operation	**(278,382)**	0
Closing balance	**0**	337,090

Note 6 Current assets – Assets classified as held for sale

	2019	2018
	$	$
Consideration owing from discontinued operations	1,386,321	0

Note 7 Non-current assets – Property and equipment

	Investment Property and leasehold improvements	Furniture, fittings and equipment	Motor vehicles	Audio visual & Musical equipment	Computer equipment	Total
	$	$	$	$	$	$
Year ended 31 December 2018						
Opening net book amount	9,330,339	881,835	193,211	374,710	344,089	11,124,124
Additions	331,572	55,542	171,130	119,235	104,238	781,777
Disposal	0	0	(41,367)	0	(500)	(41,867)
Depreciation charge	(498,605)	(165,251)	12,749	(108,743)	(99,652)	(859,502)
Closing net book amount	9,163,306	772,126	335,723	385,202	348,175	11,004,532
At 31 December 2018						
Cost or fair value	16,955,444	2,102,966	614,005	837,085	1,106,759	21,616,258
Accumulated depreciation	(7,792,138)	(1,330,840)	(278,282)	(451,883)	(758,584)	(10,611,726)
Net book amount	9,163,306	772,126	335,723	385,202	348,175	11,004,532
Year ended 31 December 2019						
Opening net book amount	**9,163,306**	**772,126**	**335,723**	**385,202**	**348,175**	**11,004,532**
Additions	**1,071,750**	**110,325**	**211,180**	**67,056**	**172,428**	**1,632,739**
Disposal	**(4,874,199)**	**(716,636)**	**(488,686)**	**(364,134)**	**(432,356)**	**(6,876,011)**
Depreciation charge	**(569,006)**	**(165,815)**	**(58,217)**	**(88,124)**	**(88,247)**	**(969,409)**
Closing net book amount	**4,791,851**	**0**	**0**	**0**	**0**	**4,791,851**
At 31 December 2019						
Cost or fair value	**13,152,995**	**1,496,655**	**336,499**	**540,007**	**846,831**	**16,372,987**
Accumulated depreciation	**(8,361,144)**	**(1,496,655)**	**(336,499)**	**(540,007)**	**(846,831)**	**(11,581,136)**
Net book amount	**4,791,851**	**-**	**-**	**-**	**-**	**4,791,851**

Minimum lease payments receivable on leases of investment properties are as follows:

	2019	2018
	$	$
Within 1 year	**245,000**	0
Between 1 and 2 years	**245,000**	0
Between 2 and 3 years	**245,000**	0
Between 4 and 5 years	**245,000**	0
Later than 5 years	**2,695,000**	0

Note 8 Non-Current Assets – Right of Use Asset

The balance sheet shows the following amounts relating to leases	**2019**	1 January 2019
	$	$
Right of use Assets:	**0**	28,039,740
	0	28,039,740
Lease liability:	**0**	25,380,662
	0	25,380,662

Adjustment to opening retained earnings $2,659,078

Additions to the right-of-use assets during the 2019 financial year were $205,249

As the operation of the school ceased before the end of the year all leases have subsequently been transferred into the name of the new owner of the school.

As such there are no right of use assets remaining at the end of the year.

Costs of the right of use asset throughout 2019:

	2019	2018
Depreciation:	**3,043,712**	0
Interest:	**1,292,020**	0

The weighted average incremental borrowing rate was 4.77%

The above are now shown as part of discontinued operations in Note 16

Note 9 Current liabilities – Trade and other payables

	2019	2018
	$	$
Fees received in advance	**0**	13,344,269
Sundry creditors and accruals	**1,074**	939,754
	1,074	14,284,023

Note 10 Current liabilities – Lease liabilities

	2019	2018
	$	$
Lease liabilities	**0**	335,596

Note 11 Current liabilities – Provisions

	2019	2018
	$	$
Employee benefits – annual and long service leave	**11,831**	1,403,380

Note 12 Current liabilities – Liabilities directly associated with assets classified as held for sale

	2019	2018
	$	$
Liabilities directly associated with assets classified as held for sale	**380,965**	0

Note 13 Non-current liabilities – Lease liability

	2019	2018
	$	$
Lease liabilities	**0**	2,374,456

Note 14 Non-current liabilities – Provisions

	2019	2018
	$	$
Employee benefits – long service leave	**24,879**	268,738

Note 15 Retained earnings

	2019	2018
	$	$
Balance at 31 December 2018	**43,672,097**	31,091,833
Change in accounting policy	**2,659,077**	0
Surplus for the year	**21,224,229**	12,580,264
Balance 31 December 2019	**67,555,403**	43,672,097

Note 16 Discontinued Operations

(a) Description

On 26 September 2019, the school announced its intention to sell the operation of the school to Inspired Education Group, and on 13 December 2019, the sale of the operations was complete. This is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial Performance and cash flow information

The financial performance and cash flow information presented are for the period of 1 January 2019 to 13 December 2019 (2019 column) and the year ended 31st December 2018.

Note 16 Discontinued Operations (Continued)

	2019	2018
	$	$
Revenue	41,809,390	39,440,727
Expense	(31,492,660)	(27,810,826)
Profit before income tax	10,316,730	11,629,901
Income tax expense	0	0
Profit after income tax	10,316,730	11,629,901
Gain on sale of discontinued operation after income tax	9,941,545	0
Profit from discontinued operations	20,258,275	11,629,901

	2019	2018
	$	$
Net cash inflow from operating activities	2,581,637	13,863,251
Net cash inflow from investing activities	10,874,486	(781,717)
Net cash outflow from financing activities	(3,206,900)	-
Net cash flow attributed to the discontinued operations:	10,249,223	13,081,534

(c) Details of the sale of the discontinued operations

	2019	2018
Consideration received or receivable	$	$
Cash	12,469,813	0
Receivable	1,238,981	0
Total disposal consideration	13,708,794	0
Carrying amount of assets sold	(3,767,249)	0
Gain on sale before income tax	9,941,545	0
Income tax on gain	0	0
Gain on sale after income tax	9,941,545	0

The carrying amounts of the assets and labilities as at the date of sale on 13 December 2019 were:

	13 December 2019
Property, plant & equipment	31,768,462
Trade receivables	1,204,361
Total Assets	32,972,823
Trade and other payables	538,911
Lease liabilities	26,330,108
Provisions	2,336,555
Total Liabilities	29,205,574
Net Assets	3,767,249

Note 17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company:

	2019	2018
	$	$
Audit services - Audit and review of financial statements	**153,160**	69,750
Non-audit services	**0**	0
Total remuneration of PwC Australia	**153,160**	69,750

Note 18 Contingencies

The Company had no contingent liabilities at 31 December 2019 (2018: $nil).

Note 19 Commitments

Commitments in relation to leases contracted for at the operating date but not recognised as liabilities are as follows:

	2019	2018
	$	$
Commitments in relation to operating leases are payable as follows:		
Not later than one year;	**0**	3,022,888
Later than one year but not later than five years;	**0**	14,925,846
Later than five years	**0**	15,161,059
	0	33,109,793

Note 20 Related party transactions

(a) Director

The following persons were directors of the Company during the year ended 31 December 2019:

Rabbi Mendel Kastel
Alistair McKeough
David Pitcairn *Resignation date: 30 October 2019*
Diane Pitcairn *Resignation date: 30 October 2019*
Jonathan Stephens *Resignation date: 16 December 2019*
Geraldine Campbell *Appointment date: 16 December 2019*

(b) Other key management personnel

There are no other key management personnel of the Company.

(c) Other transactions with key management personnel or entities related to them

Key management personnel compensation:

	2019	2018
	$	$
Short-term employee benefits	**845,931**	858,099
	845,931	858,099

Note 21 Events occurring after the reporting period

In early 2020 there was an outbreak of Coronavirus Disease 2019 (COVID-19), deemed a pandemic by the World Health Organisation. There have been unprecedented measures put in place by the Australian Government, as well as governments across the globe, to contain COVID-19 which have had a significant impact on the economy.

The Company has assessed the impact of COVID-19 and its impact on both the business and the financial report, and the financial report reflects these impacts including appropriate measurement, presentation and disclosure.

No other matter or circumstance has occurred subsequent to the year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Note 22 Reconciliation of profit after income tax to net cash inflow from operating activities

	2019	2018
	$	$
Surplus for the year	**21,224,229**	12,580,264
Adjustments for:		
Depreciation and amortisation	**4,013,121**	900,869
Loss(gain) on disposal of property and equipment	**30,644**	(500)
Gain on sale of discontinued operations	**(9,941,545)**	0
Net loss on sale of non-current assets	**6,838,895**	0
Other adjustments	**263,056**	0
Change in operating assets and liabilities		
(Increase) decrease in trade and other debtors	**(598,210)**	(542,600)
(Decrease) Increase in trade and other creditors	**(13,901,984)**	1,083,751
(Decrease) Increase in other provisions	**(1,635,409)**	375,073
(Decrease) Increase in lease liabilities	**(2,710,052)**	415,757
Net cash inflow from operating activities	**3,582,746**	14,812,614

Waratah Education Foundation Ltd
Directors' declaration
31 December 2019

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1(a).

In the directors' opinion:

(a) The consolidated financial statements and notes are in accordance with the *Corporations Act 2001,* including:
   i. complying with Account Standards – Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 (ACNC) and other mandatory professional reporting requirements; and
   ii. giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Alistair McKeough
Director

Sydney

9th September 2020

Independent auditor's report

To the members of Waratah Education Foundation Ltd (formerly Reddam House Limited)

Our opinion

In our opinion:

The accompanying financial report of Waratah Education Foundation Ltd (formerly Reddam House Limited) (the Company) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the 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 ability of the Company 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.

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 the 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.

PricewaterhouseCoopers

James McElvogue
Partner

Sydney
9 September 2020