

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Your directors present their report on the co-operative for the year ended 31 December 2016.

Principal Activities

The co-operative's principal activity is the provision of education to the school community using funds raised by and from the community as well as State and Federal funding.

This principal activity assists in achieving the short term and long term objectives of the co-operative by:

- providing educational services to the community
- providing non-financial outcomes in response to funding agreements
- providing turnover, cash flow and profit to meet the financial objectives of the co-operative

Short and Long Term Objectives of the Co-operative

The co-operative has identified the following short term objectives:

- to provide parent and child groups and K-6 education that follow the methodology and principles of education developed by Rudolf Steiner
- to meet the educational outcomes required under funding agreements with Federal and State governments
- to meet financial viability and accountability requirements
- to provide a pleasant, nurturing and inspiring workplace that is compliant with relevant legislation and the Fair Work Act

The co-operative has identified the following long term objectives:

- to promote the principles and practice of modern Steiner education
- to increase awareness of the benefits of Steiner education in the mid-north coast region
- to increase financial security by reducing debt, managing the school's finances effectively and increasing student numbers
- to develop meaningful relationships with the local community

Strategies

The co-operative has adopted the followings strategies in order to achieve these short and long term objectives:

- the preparation of a curriculum and policy documents to achieve the educational outcomes identified under the funding agreements and in accordance with relevant State and Federal authorities
- the preparation of an annual budget to assist in assessing financial performance, and regular reviews of spending against budget by the Directors, the Executive Team and an external accountant
- regular review of the school's compliance with occupational health and safety legislation and compliance with employment law including the Fair Work Act
- the preparation of a strategic plan to identify the strengths and opportunities for the school and identify potential threats to the long term objectives of the school
- the preparation of a marketing plan to inform the local community of the benefits of Steiner education in general and of our school in particular
- the preparation of a business plan to consider the school's needs in light of available funding

Performance Measurement

The co-operative uses the following key performance indicators to measure performance:

- Profit, after income tax expense, for the period was \$218,025
- Student numbers at the August census date were 132 (K - 6) compared to 124 in 2015.
- Distribution of a parent questionnaire.
- the school complied with all external audits financial accountability requirements.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Directors Information

Directors

The names of the directors in office at any time during, or since the end of, the year and the period that each director has been in office:

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Rowena Bianchino	Chairperson	Appointed 9 April 2015	Appointed Chairperson 20 June 2016 Master of Social Work Bachelor of Counselling and Human Change Previous board member (2000-2002) Child protection; developmental psychology; organisational leadership; facilitation; restorative justice; conflict resolution
Tim Hill	Treasurer (from 26 May 2015)	Appointed 25 May 2015	
Tamara Sutherland	Secretary (from 16 February 2016)	Appointed 19 May 2014	Appointed Secretary 16 February 2016.
Jutta Caldwell	Director	Appointed 25 May 2015	Parent of 3 children, who have attended Steiner Schools, as well as worked as a Relief Teacher for Various Staff members of the Bowral Rudolf Steiner Kindergarten over a period of 3 years. Educated at the Technical School for Social Pedagogics of the Rudolf Steiner School in the Ruhr, Germany. Nationally recognised Certificate in small Business Management, Australia
Lana Risi	Director	Appointed 9 April 2015	
Marg Coutts	Director	Appointed 16 May 2016	
Sue Butler	Treasurer (until 26 May 2015) Director	Appointed 9 December 2013 Resigned 16 May 2016	
Sally Townley	Chairperson (until 16 May 2016)	Appointed 8 April 2009 Resigned 16 May 2016	Bachelor Applied Science (Environmental Management) 1989 PhD (Wildlife Ecology) Relevant skills; project management, liaising with stakeholders, disseminating information, conflict resolution, understanding government policy and process.
Michael Burgun	Secretary	Appointed 19 May 2014 Resigned 16 February 2016	Appointed secretary 18 August 2014. Michael has 16 years of experience as a director of a UK software company and has acted as a director of a company in Australia since 2006.
Skye Hawkins	Director	Appointed 25 June 2015 Resigned 22 August 2016	

**DIRECTORS REPORT
 FOR THE YEAR ENDED 31 DECEMBER 2016**

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Skye Hawkins	Director	Appointed 25 June 2015 Resigned 22 August 2016	

Meetings of Directors

During the financial year, 11 meetings of directors (including committees of directors) were held and the attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Rowena Bianchino	11	10
Tim Hill	11	9
Tamara Sutherland	11	10
Jutta Caldwell	11	6
Lana Risi	10	8
Marg Coutts	7	6
Sue Butler	4	1
Sally Townley	3	3
Michael Burgun	1	-
Skye Hawkins	5	1

Significant Changes to Operations

No significant matters have arisen which are considered to have significantly impacted upon the operation of the co-operative.

Auditors' Independence Declaration

A copy of the auditor's independence declaration is attached to these financial statements.

Signed in accordance with a resolution of the Board of Directors



Rowena Bianchino
 Chairperson



Tamara Sutherland
 Secretary

Dated: 24 April 2017

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE COMMITTEE MEMBERS OF
CASUARINA SCHOOL CO-OPERATIVE LIMITED**

ABN 83 419 855 457

I declare that, to the best of my knowledge and belief, during the financial year to 31 December 2016 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Central North

CROWE HORWATH CENTRAL NORTH

Kylie Ellis

Kylie Ellis
Audit Partner
Registered Company Auditor (ASIC RAN 483424)
107 West High Street
COFFS HARBOUR NSW 2450

Dated: 5 May 2017

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

	Note	2016 \$	2015 \$
Revenue	2	2,212,107	1,971,584
Administration expense		(68,433)	(65,671)
Bad and doubtful debts	3(a)	(7,497)	(9,162)
Depreciation	3(a)	(100,033)	(94,455)
Employee benefits expense		(1,475,537)	(1,554,719)
Finance costs	3(a)	(1,443)	(11,039)
Occupancy expense		(122,618)	(109,738)
Other expenses		(209,843)	(181,265)
Transfer to unexpended grants		(8,678)	(15,115)
Surplus/(Deficit) before income tax expense		218,025	(69,580)
Income tax expense	1(a)	-	-
Surplus/(Deficit) after income tax expense		218,025	(69,580)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		\$ 218,025	\$ (69,580)

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	377,358	128,491
Trade and other receivables	5	16,037	25,026
Inventories	6	6,594	2,570
Financial assets	7	631,098	604,655
Other current assets	8	28,783	29,750
TOTAL CURRENT ASSETS		1,059,870	790,492
NON CURRENT ASSETS			
Property, plant and equipment	9	2,865,944	2,965,977
TOTAL NON CURRENT ASSETS		2,865,944	2,965,977
TOTAL ASSETS		3,925,814	3,756,469
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	129,865	137,211
Financial liabilities	11	309,421	373,671
Provisions	12	242,684	202,257
Other liabilities	13	18,487	25,062
TOTAL CURRENT LIABILITIES		700,457	738,201
NON CURRENT LIABILITIES			
Provisions	12	27,693	38,629
TOTAL NON CURRENT LIABILITIES		27,693	38,629
TOTAL LIABILITIES		728,150	776,830
NET ASSETS		\$ 3,197,664	\$ 2,979,639
EQUITY			
Retained earnings		3,197,664	2,979,639
TOTAL EQUITY		\$ 3,197,664	\$ 2,979,639

The accompanying notes form part of these financial statements.

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

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

	Retained Earnings \$	Total \$
Balance at 1 January 2015	3,049,219	3,049,219
(Deficit) after income tax expense	(69,580)	(69,580)
Total other comprehensive income for the period	-	-
Balance at 31 December 2015	<u>\$ 2,979,639</u>	<u>\$ 2,979,639</u>
Surplus after income tax expense	218,025	218,025
Total other comprehensive income for the period	-	-
Balance at 31 December 2016	<u>\$ 3,197,664</u>	<u>\$ 3,197,664</u>

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,337,114	2,044,053
Payments to suppliers and employees		(2,022,207)	(1,987,215)
Interest received		26,096	23,003
Finance costs		(1,443)	(11,039)
Net cash provided by operating activities	14 (b)	<u>339,560</u>	<u>68,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	988
Purchase of property, plant and equipment		-	(76,364)
Net payments for investments		(26,443)	(321,906)
Net cash used in investing activities		<u>(26,443)</u>	<u>(397,282)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(64,250)	(60,527)
Net cash used in financing activities		<u>(64,250)</u>	<u>(60,527)</u>
Net increase/(decrease) in cash held		248,867	(389,007)
Cash at the beginning of the financial year		<u>128,491</u>	<u>517,498</u>
Cash at the end of the financial year	14 (a)	<u>\$ 377,358</u>	<u>\$ 128,491</u>

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

Note 1: Statement of Significant Accounting Policies

The financial statements are for Casuarina School Co-operative Limited as an individual entity, incorporated and domiciled in Australia. Casuarina School Co-operative Limited is a not-for-profit co-operative.

The financial statements were authorised for issue by the directors on 24 April 2017.

Reporting Basis and Conventions

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Co-operatives National Law (NSW) and the Australian Charities and Not for Profit Commission Act 2012.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Income Tax

No provision for income tax has been raised as the directors consider that the co-operative is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value on a first in first out basis.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at cost.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and 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 expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the co-operative and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the co-operative 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.

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

Class of Fixed Asset	Depreciation Rate
Buildings and Improvements	2.5%
Plant and equipment	5 - 100%

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

An assets' carrying amount is written down immediately to its recoverable amount if the assets' 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 statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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 stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the co-operative's intention to hold these investments to maturity. Any held-to-maturity investments held by the co-operative are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

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.

Impairment

At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(e) Impairment of Assets

At each reporting date, the co-operative reviews the carrying values 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 assets' fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

(f) Employee Benefits

Provision is made for the co-operative's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs. Employee benefits payable later than one year have been measured and accrued in respect of all employees with service in excess of 5 years at current wage and salary rates. This estimation technique is expected to result in similar accruals to the present value of the estimated future cash outflows to be made for those benefits.

(g) Provisions

Provisions are recognised when the co-operative 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.

(h) Cash and Cash Equivalents

Cash and cash equivalents include 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Trade and Other Receivables

Trade and other receivables represent the funds owing at the end of the reporting period for services provided by the co-operative during the reporting period, which remain unpaid. The balance is recognised as a current asset with the amounts normally paid at the commencement of each school term.

(j) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

(k) Trade and Other Payables

Trade 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 amounts normally paid within 30 days of recognition of the liability.

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(m) Goods and Services Tax

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 are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Comparative Figures

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

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

(o) Government Grants

Grants received are recognised according to the conditions of the funding agreement. Revenue from grants received for specific outcomes or programs is recognised when expenditure associated with the funding is incurred. The balance of unspent grant monies is shown as a liability.

(p) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report 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 co-operative.

Key estimates — Impairment

The directors assess impairment at each reporting date by evaluating conditions specific to the co-operative that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgments — Doubtful debts provision

Included in accounts receivable at 31 December 2016 are amounts receivable from various accounts which have been considered doubtful and a provision has been estimated and maintained for these amounts.

(q) New, revised or amending Accounting Standards and Interpretations adopted

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

There were no new standards this year that had a significant impact on the company. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

	2016 \$	2015 \$
Note 2: Revenue		
Operating activities:		
Government funding - recurrent	1,355,655	1,230,101
Government funding - non-recurrent	74,135	4,936
School fees and charges	625,140	577,611
Other revenues	<u>135,458</u>	<u>135,384</u>
Total revenue from operating activities	<u>2,190,388</u>	<u>1,948,032</u>
Non-operating activities:		
Interest received from other persons	<u>21,719</u>	<u>23,552</u>
Total revenue from non-operating activities	<u>21,719</u>	<u>23,552</u>
Total revenue	<u>\$ 2,212,107</u>	<u>\$ 1,971,584</u>
Note 3: Expenses		
(a) Significant expenses		
Employee benefits expense	1,428,498	1,510,457
Depreciation	100,033	94,455
Bad and doubtful debts	7,497	9,162
Finance Costs	1,443	11,039
Insurance	<u>36,744</u>	<u>33,066</u>
(b) Remuneration of auditor		
- current year	<u>13,550</u>	<u>12,800</u>
	<u>\$ 13,550</u>	<u>\$ 12,800</u>
Note 4: Cash and Cash Equivalents		
Cash on hand	245	367
Cash at bank	<u>377,113</u>	<u>128,124</u>
	<u>\$ 377,358</u>	<u>\$ 128,491</u>
Note 5: Trade and Other Receivables		
CURRENT		
Trade receivables	77,492	77,631
Less: Provision for doubtful debts	(61,455)	(59,985)
Other receivables	<u>-</u>	<u>7,380</u>
	<u>\$ 16,037</u>	<u>\$ 25,026</u>
Note 6: Inventories		
CURRENT		
Stock on Hand	<u>6,594</u>	<u>2,570</u>
	<u>\$ 6,594</u>	<u>\$ 2,570</u>

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

	2016 \$	2015 \$
Note 7: Financial assets		
Available-for-sale financial assets	160	160
Held-to-maturity financial assets	<u>630,938</u>	<u>604,495</u>
Current portion	<u>\$ 631,098</u>	<u>\$ 604,655</u>
(a) Available-for-sale financial assets comprise:		
- shares in unlisted corporations, at cost	<u>\$ 160</u>	<u>\$ 160</u>
Available-for-sale assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns from fixed maturity dates attached to these assets.		
(b) Held-to-maturity financial assets comprise:		
- term deposits	<u>630,938</u>	<u>604,495</u>
	<u>\$ 630,938</u>	<u>\$ 604,495</u>
Held-to-maturity assets comprise term deposits with financial institutions. There are fixed rate returns upon maturity of these assets.		
Note 8: Other Assets		
CURRENT		
Accrued income	4,481	8,858
Prepayments	<u>24,302</u>	<u>20,892</u>
	<u>\$ 28,783</u>	<u>\$ 29,750</u>
Note 9: Property, Plant & Equipment		
Land and Buildings (at cost)		
Freehold land	<u>150,780</u>	<u>150,780</u>
Buildings	3,630,613	3,630,613
Less: Accumulated depreciation	<u>(990,761)</u>	<u>(912,398)</u>
	<u>2,639,852</u>	<u>2,718,215</u>
Total Land and Buildings	<u>2,790,632</u>	<u>2,868,995</u>
Plant and Equipment (at cost)		
Office Equipment	22,080	22,080
Less: Accumulated depreciation	<u>(14,231)</u>	<u>(9,997)</u>
	<u>7,849</u>	<u>12,083</u>
School Equipment	64,768	64,768
Less: Accumulated depreciation	<u>(51,230)</u>	<u>(49,540)</u>
	<u>13,538</u>	<u>15,228</u>
Plant & Machinery	78,731	78,731
Less: Accumulated depreciation	<u>(24,806)</u>	<u>(9,060)</u>
	<u>53,925</u>	<u>69,671</u>
Total Plant and Equipment	<u>75,312</u>	<u>96,982</u>
Total Property, Plant and Equipment	<u>\$ 2,865,944</u>	<u>\$ 2,965,977</u>

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

(a) Movements in carrying amounts

	Land and Buildings	Plant and Equipment	Total
Balance at the beginning of the period	2,868,995	96,982	2,965,977
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	<u>(78,363)</u>	<u>(21,670)</u>	<u>(100,033)</u>
Carrying amount at the end of the period	<u>\$ 2,790,632</u>	<u>\$ 75,312</u>	<u>\$ 2,865,944</u>

(b) There is a registered mortgage over all properties owned by the co-operative as well as a registered equitable mortgage over the assets of the co-operative including working capital.

(c) The co-operative obtained an independent valuation on 18 December 2013 which was completed by Herron Todd White. The valuation for land and buildings was for \$3,800,000, accordingly, no impairment has been recognised in respect of land and buildings.

Note 10: Trade and Other Payables

CURRENT

	2016 \$	2015 \$
Trade payables	7,857	6,835
Accrued expenses	32,052	27,387
Paid up capital	960	960
Other payables	<u>88,996</u>	<u>102,029</u>
	<u>\$ 129,865</u>	<u>\$ 137,211</u>

Note 11: Financial Liabilities

CURRENT

Bank loan - secured	<u>309,421</u>	<u>373,671</u>
	<u>\$ 309,421</u>	<u>\$ 373,671</u>

(a) The carrying amounts of non-current assets pledged as security are:

First mortgage over freehold land and buildings	<u>2,790,632</u>	<u>2,868,995</u>
	<u>\$ 2,790,632</u>	<u>\$ 2,868,995</u>

(b) The facilities provided by Bendigo Bank Limited are subject to an annual review at which time all loans are considered for renewal. This annual review occurs on 15 April each year and all facilities can be terminated by the bank at this stage. The co-operative has successfully retained all facilities in previous annual reviews and do not believe there to be any issues in relation to the upcoming annual review set for 15 April 2017. Should the facilities not be recalled the amount of borrowings to be repaid within the next 12 months and following to meet current finance arrangements would be as follows:

- Within the next twelve months	77,778	78,936
- After the next twelve months	<u>231,643</u>	<u>294,735</u>
	<u>\$ 309,421</u>	<u>\$ 373,671</u>

(c) The unused finance facilities are:

Bank overdraft	<u>20,000</u>	<u>20,000</u>
	<u>\$ 20,000</u>	<u>\$ 20,000</u>

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

	2016 \$	2015 \$
Note 12: Provisions		
CURRENT		
Provision for employee benefits	228,466	191,795
Other provisions	14,218	10,462
	<u>\$ 242,684</u>	<u>\$ 202,257</u>
NON-CURRENT		
Provision for employee benefits	27,693	38,629
	<u>\$ 27,693</u>	<u>\$ 38,629</u>

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 13: Other Liabilities

CURRENT		
School fee and charges received in advance	9,809	9,947
Unexpended grants	8,678	15,115
	<u>\$ 18,487</u>	<u>\$ 25,062</u>

Note 14: Cash Flow Information

(a) Reconciliation of cash

Cash and cash equivalents	377,358	128,491
	<u>\$ 377,358</u>	<u>\$ 128,491</u>

(b) Reconciliation of cash flow from operations with surplus/(deficit) from ordinary activities after income tax expense

Surplus/(Deficit) from ordinary activities after income tax expense	218,025	(69,580)
Non cash flows in profit from ordinary activities:		
Depreciation and amortisation	100,033	94,455
Changes in Assets and Liabilities:		
(Increase)/decrease in trade and other receivables	8,989	(10,465)
(Increase)/decrease in inventories	(4,024)	3,885
(Increase)/decrease in accrued income	4,377	(549)
(Increase)/decrease in prepaid expenses	(3,410)	(520)
Increase/(decrease) in creditors and accruals	(7,346)	52,971
Increase/(decrease) in provisions	29,491	18,442
Increase/(decrease) in other liabilities	(6,575)	(19,837)
Cash flows from operations	<u>\$ 339,560</u>	<u>\$ 68,802</u>

(c) Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period.

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

Note 15: Financial Instruments

(a) Financial Risk Management

The main risks Casuarina School Co-operative Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The co-operatives financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable and bank loans.

The Board considers that the co-operative is not materially exposed to interest rate risk, foreign currency risk, liquidity risk, credit risk or price risk through its financial instruments. The Board regularly reviews the position and performance of the co-operatives financial instruments in order to limit these risks.

The co-operative also manages its capital requirements by preparing forward looking cash flow reports in relation to its operational, investing and financing activities which are monitored on a monthly basis. Longer term trend analysis is also undertaken to identify future influences upon capital requirements.

	2016 \$	2015 \$
Available capital at end of financial year:		
Cash and cash equivalents	377,358	128,491
Unused finance facilities	20,000	20,000
	\$ 397,358	\$ 148,491

(b) Interest Rate Risk

The co-operative's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing	
	2016 %	2015 %	2016 \$	2015 \$	2016 \$	2015 \$
Financial assets:						
Cash and cash equivalents	0.1%	0.1%	377,113	128,124	245	367
Loans and receivables	0.0%	0.0%	-	-	16,037	25,026
Investments	2.4%	2.7%	-	-	160	160
Total			\$ 377,113	\$ 128,124	\$ 16,442	\$ 25,553
Financial liabilities:						
Trade and other payables	0.0%	0.0%	-	-	129,865	137,211
Borrowings	6.1%	6.4%	-	-	-	-
Total			\$ -	\$ -	\$ 129,865	\$ 137,211

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

	Weighted Average Effective Interest Rate		Within 1 year		1 to 5 years	
	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$
Financial assets:						
Cash and cash equivalents	0.1%	0.1%	-	-	-	-
Loans and receivables	0.0%	0.0%	-	-	-	-
Investments	2.4%	2.7%	630,938	604,495	-	-
Total			\$ 630,938	\$ 604,495	\$ -	\$ -
Financial liabilities:						
Trade and other payables	0.0%	0.0%	-	-	-	-
Borrowings	6.1%	6.4%	309,421	373,671	-	-
Total			\$ 309,421	\$ 373,671	\$ -	\$ -

	Weighted Average Effective Interest Rate		Total	
	2016	2015	2016	2015
	%	%	\$	\$
Financial assets:				
Cash and cash equivalents	0.1%	0.1%	377,358	128,491
Loans and receivables	0.0%	0.0%	16,037	25,026
Investments	2.4%	2.7%	631,098	604,655
Total			\$ 1,024,493	\$ 758,172
Financial liabilities:				
Trade and other payables	0.0%	0.0%	129,865	137,211
Borrowings	6.1%	6.4%	309,421	373,671
Total			\$ 439,286	\$ 510,882

Sensitivity Analysis:

A 1% increase (or decreased) in interest rates applicable to financial liabilities would increase (or decrease) profit less than 0.5%.

A 1% increase (or decreased) in interest rates applicable to financial assets would increase (or decrease) profit less than 0.5%.

(c) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements

No financial assets or financial liabilities are readily traded on organised markets in standardised form. For other assets and other liabilities the net fair value approximates their carrying value.

Note 16: Segment Reporting

The Co-operative operates in one geographical location in Coffs Harbour, New South Wales, the principle activity being that of a school.

Note 17: Significant Changes to Operations

No significant matters have arisen which are considered to have significantly impacted upon the operation of the co-operative.

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

2016	2015
\$	\$

Note 18: Capital and Leasing Commitments

(a) Lease Commitments

As at 31 December 2016, the co-operative did not have any leasing commitments.

(b) Capital Expenditure Commitments

As at 31 December 2016, the co-operative had not engaged in any capital commitments.

Note 19 : Events After the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the co-operative, the results of those operations, or the state of affairs of the co-operative in future financial years.

Note 20: Contingent Liabilities

At the end of the financial year the unamortised amount of BGA capital grants was \$532,000 (2015: \$583,500). This amount is refundable to the Australian Government if the school ceases to use the facilities funded principally for the approved purpose or sells the facilities within a period of twenty years following the completion of the project.

At the end of the financial year the unamortised amount of BER capital grants was \$864,000 (2015: \$864,000). This amount is refundable to the Australian Government if the school ceases to use the facilities funded principally for the approved purpose or sells the facilities within a period of fourteen years following the completion of the project.

Note 21: Economic Dependence

The ability of the co-operative to continue as a going concern is dependent upon the continuation of the following matters:

(a) The co-operative is substantially dependent on the receipt of recurrent funding from both state and federal governments. This funding is largely calculated on a per capita basis and fluctuates depending upon the number of enrolled students at each census date.

Note 22: Related Party Transactions

Key Management Personnel

The totals of remuneration paid to key management personnel (KMP) during the year are as follows:

Key management personnel compensation	\$ 198,957	\$ 215,688
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Other Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 23: Co-operative Details

The registered office and principal place of business is:

Casuarina School Co-operative Limited
4 Gentle Street
COFFS HARBOUR NSW 2450

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors of the co-operative declare that:

1. the financial statements and notes, as set out in pages 5 to 19, are in accordance with the Co-operatives National Law (NSW) and the Australian Charities and Not For Profit Commission Act 2012, and:
 - (a) comply with Accounting Standards and the Co-operatives Regulations; and
 - (b) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the period ended on that date of the co-operative;
2. The financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1 to the financial statements.
3. in the directors' opinion there are reasonable grounds to believe that the co-operative 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 Board of Directors.



Rowena Bianchino
Chairperson



Tamara Sutherland
Secretary

Dated: 24 April 2017

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CASUARINA SCHOOL CO-OPERATIVE LIMITED
ABN 83 419 855 457**

Opinion

We have audited the financial report of Casuarina School Co-operative Limited (the Co-operative), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and statement by members of the committee.

In our opinion, the accompanying financial report of the Co-operative is in accordance with the Co-operatives National Law (NSW) and the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Co-operative's financial position as at 31 December 2016 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the Co-operatives National Law (NSW) and the Australian Charities and Not-For-Profits Commission Act 2012.

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 Association in accordance with the auditor independence requirements of the the Co-operatives National Law (NSW), the Australian Charities and Not-For-Profits Commission Act 2012 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors of the co-operative are responsible for the other information. The other information comprises the information included in the Co-operative's annual report for the year ended 31 December 2016, 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CASUARINA SCHOOL CO-OPERATIVE LIMITED
ABN 83 419 855 457**

Responsibilities of the Directors for the Financial Report

The directors of the co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Co-operatives National Law (NSW) and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) 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 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.

Crowe Horwath Central North

CROWE HORWATH CENTRAL NORTH

Kylie Ellis

Kylie Ellis
Audit Partner
Registered Company Auditor (ASIC RAN 483424)
107 West High Street
COFFS HARBOUR NSW 2450

Dated: 5 May 2017

**DISCLAIMER
TO THE MEMBERS OF
CASUARINA SCHOOL CO-OPERATIVE LIMITED
ABN 83 419 855 457**

The additional financial data presented on page 24 is in accordance with the books and records of the co-operative which have been subjected to the auditing procedures applied in our statutory audit of the co-operative for the financial period ended 31 December 2016. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Casuarina School Co-operative) in respect of such data, including any errors of omissions therein however caused.

Crowe Horwath Central North

CROWE HORWATH CENTRAL NORTH

Kylie Ellis

Kylie Ellis
Audit Partner
Registered Company Auditor (ASIC RAN 483424)
107 West High Street
COFFS HARBOUR NSW 2450

Dated: 5 May 2017

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
Income		
Government funding		
Recurrent grants - State Government	281,586	258,279
Recurrent grants - Federal Government	1,074,069	971,822
Non-Recurrent grants - Federal Government	12,000	4,936
Non-Recurrent grants -State Government	62,135	-
Fundraising income	3,460	5,543
Interest income	21,719	23,552
Profit/(loss) on sale of fixed asset	-	(988)
School fees and charges	625,140	577,611
Sundry income	131,998	130,829
Total Income	2,212,107	1,971,584
Expenditure		
Advertising	1,099	3,390
Bad and doubtful debts	6,027	5,952
Bank charges	2,579	2,763
Board expenses	353	590
Cleaning	6,985	7,473
Computer expenses	8,504	7,902
Contractor fees	49,300	52,667
Depreciation	100,033	94,455
Donations	(1,622)	(1,075)
Doubtful debt provision	1,470	3,210
Events, camps and fundraising	36,497	21,848
Finance costs	1,443	11,039
Insurance	25,491	24,537
Learning support conference	150	(150)
Postage, printing and stationery	18,569	11,970
Professional fees - accountancy	9,615	12,518
Professional fees - auditors' remuneration	13,550	12,800
Provision for employee benefits	25,735	19,302
Rates	7,277	3,846
Rent	3,960	3,960
Repairs and maintenance	77,460	63,536
Salaries and wages	1,306,291	1,383,511
School supplies and equipment	92,308	69,661
Security	2,262	3,036
Staff training and amenities	10,051	16,431
Subscriptions	22,668	21,640
Sundry expenses	15,459	19,903
Superannuation	122,207	126,946
Utilities	8,430	13,859
Workers compensation	11,253	8,529
Total Expenditure	1,985,404	2,026,049
Profit/(Loss)	226,703	(54,465)
Transfer to unexpended grants	(8,678)	(15,115)
Profit/(Loss) before Income Tax Expense	\$ 218,025	\$ (69,580)