CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Your directors present their report on the co-operative for the year ended 31 December 2019.

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 $201,927
- Student numbers at the August census date were 106 (K - 6) compared to 112 in 2018.
- Distribution of a parent questionnaire.
- the school complied with all external audits financial accountability requirements.

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
Lana Risi	Director	Appointed 9 April 2015	Trained Rudolf Steiner teacher, Member of the trust for Raphael House Rudolf Steiner School 1990-1998 Diploma Children's Services Self employed educator
Belinda Johnson	Director	Appointed 4 March 2018	B. App. Sc (Naturopathic Studies), Advanced Diploma in Naturopathy
Olivia Jamison	Director	Appointed 18 June 2018	Bachelor of Economics, Advanced Conflict Resolution. Brevious board experience - Armidale Womens Refuge, Alpha Services, Executive member and treasurer of Diversity @ Work. Diversity and Inclusion specialist with over 20 years' experience in global roles across private and public sectors
Susan Crocetti	Director	Appointed 20 May 2019	Bachelor of Applied Science. Senior Manager for NSW National Parks and Wildlife Service. Experience in project management, budgeting.
Riana Begg	Director	Appointed 20 November 2017 Resigned 30 August 2019	Managed sole trader business for the past 13 years working private and corporate events. Diploma of remedial massage, Cert. 4 in fitness, currently studying Bachelor of Physiotherapy.
Marg Coutts	Secretary	Appointed 16 May 2016 Resigned 20 May 2019	B.A. Visual Arte and Politics, Dip. Ed, Visual Arts, M.A. Art Therapy Manages small business, teaching and management in small school run on cooperative model. Group facilitation, teaching.

Meetings of Directors

During the financial year, 12 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	12	11
Olivia Jamison	10	10
Lana Risi	12	11
Marg Coutts	7	6
Riana Begg	12	10
Belinda Johnson	12	10
Susan Crocetti	5	3

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

Olivia Jamison
Secretary

Dated: 14 May 2020

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

ABN 83 419 855 457

I declare that, to the best of my knowledge and belief, during the financial year to 31 December 2019 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 Central North

CROWE CENTRAL NORTH

Kylie Ellis

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

Dated: 14 May 2020

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019** **$**	2018 $
Revenue	3	**2,161,608**	2,072,004
Interest revenue calculated using the effective interest rate method	3	**31,714**	30,194
Administration expense		**(70,668)**	(68,256)
Bad and doubtful debts	4(a)	**(178)**	562
Depreciation	4(a)	**(104,499)**	(101,251)
Employee benefits expense		**(1,574,505)**	(1,569,275)
Finance costs	4(a)	**(2,161)**	2
Occupancy expense		**(109,294)**	(96,142)
Other expenses		**(130,090)**	(104,219)
Surplus before income tax expense		**201,927**	163,619
Income tax expense	1(a)	**-**	-
Surplus after income tax expense		**201,927**	163,619
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**201,927**	163,619

The accompanying notes form part of these financial statements.

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**562,025**	358,476
Trade and other receivables	6	**18,652**	11,620
Inventories	7	**6,567**	5,746
Financial assets	8	**1,199,493**	1,177,200
Other current assets	9	**50,283**	54,286
TOTAL CURRENT ASSETS		**1,837,020**	1,607,328
NON CURRENT ASSETS			
Property, plant and equipment	10	**2,589,457**	2,687,881
Right of use assets	11	**23,674**	-
TOTAL NON CURRENT ASSETS		**2,613,131**	2,687,881
TOTAL ASSETS		**4,450,151**	4,295,209
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**139,015**	156,233
Lease liabilities	12	**5,838**	-
Financial liabilities	14	**84,114**	149,878
Provisions	15	**281,783**	304,923
Other liabilities	16	**-**	13,407
Contract liabilities	17	**29,265**	-
TOTAL CURRENT LIABILITIES		**540,015**	624,441
NON CURRENT LIABILITIES			
Lease liabilities	12	**18,567**	-
Provisions	15	**22,241**	11,145
TOTAL NON CURRENT LIABILITIES		**40,808**	11,145
TOTAL LIABILITIES		**580,823**	635,586
NET ASSETS		**3,869,328**	3,659,623
EQUITY			
Retained earnings		**3,869,328**	3,659,623
TOTAL EQUITY		**3,869,328**	3,659,623

CASUARINA SCHOOL CO-OPERATIVE LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Retained Earnings $	Total $
Balance at 01 January 2018	3,496,004	3,496,004
Surplus after income tax expense	163,619	163,619
Total other comprehensive income for the period	-	-
Balance at 31 December 2018	3,659,623	3,659,623
Adjustment for the adoption of new accounting standards	7,778	7,778
Balance at 01 January 2019	3,667,401	3,667,401
Surplus after income tax expense	201,927	201,927
Total other comprehensive income for the period	-	-
Balance at 31 December 2019	3,869,328	3,869,328

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**2,338,037**	2,227,161
Payments to suppliers and employees		**(2,059,338)**	(1,949,907)
Interest received		**26,976**	23,647
Finance costs		**(8,570)**	(12,340)
Net cash provided by operating activities	18 (b)	**297,105**	288,561
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**-**	(10,244)
Net payments for investments		**(22,293)**	(129,931)
Net cash used in investing activities		**(22,293)**	(140,175)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(65,764)**	(92,527)
Repayment of leasing liabilities		**(5,499)**	-
Net cash used in financing activities		**(71,263)**	(92,527)
Net increase in cash held		**203,549**	55,859
Cash at the beginning of the financial year		**358,476**	302,617
Cash at the end of the financial year	18 (a)	**562,025**	358,476

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 14 May 2020.

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-profits 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 and, 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 as the higher of the asset's fair value less costs to sell and value in use.

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.

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the entity commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement

Financial assets

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:
• amortised cost
• equity instruments at fair value through other comprehensive income (FVOCI)
• fair value through profit or loss (FVPL)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVPL):
• the financial asset is managed solely to collect contractual cash flows
• the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

Equity instruments at fair value through other comprehensive income

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss unless the dividend clearly represents return of capital.

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

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than to “hold and collect” or “hold to collect and sell” are categorised at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Impairment of financial assets

The impairment requirements as applicable under AASB 9 use more forward looking information to recognise expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The co-operative's executive considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this approach a distinction is made between:
• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
• financial instruments that have deteriorated significantly in credit quality since initial recognition and the credit risk is not low
• financial assets that have objective evidence of impairment at reporting date

The loss allowance for the first category is measured as “12-month expected credit loss” and for the second category is measured as “lifetime expected credit losses”.

Trade and other receivables

The co-operative makes use of a simplified approach. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:
- trade receivables
- loan receivables

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss including historical experience, external indicators and forward looking information to calculate the expected credit losses.

Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the entity designated a financial liability at fair value through profit and loss.

Financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss. A financial liability cannot be reclassified.

All interest related charges and, if applicable, changes in the instruments fair value that are reported in profit or loss are included within finance costs or finance income.

(e) Impairment of Assets

At each reporting date, the co-operative reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair 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 comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the co-operative estimates the receivable amount of the cash-generating unit to which the asset belongs.

(f) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

(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) Leased Assets

As described in Note 1 (q), the co-operative has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117.

Accounting Policy applicable from 1 January 2019

The co-operative as a lessee

For any new contracts entered into on or after 1 January 2019, the co-operative 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 co-operative 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 co-operative

- the co-operative 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

- the co-operative has the right to direct the use of the identified asset throughout the period of use. The co-operative assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the co-operative recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the co-operative, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The co-operative depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The co-operative also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the co-operative measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the co-operative's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The co-operative has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Accounting Policy applicable before 1 January 2019

The Co-operative as a lessee

Operating Leases

Where the co-operative is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(i) 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.

(j) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collects with 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

(k) Revenue

The Co-operative recognises revenue as follows:

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of Goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Tuition fees

Revenue from a contract to provide tuition and education services is recognised over time as the performance obligations are satisfied over time, being the school year. Tuition fees received in advance are recognised as a contract liability until the applicable school year and recognised accordingly.

Application fees

Application fees are received to cover the administration costs of assessing the application. Application fees do not create an enforceable contract and therefore are recognised on receipt in accordance with *AASB 1058 Income of not-for-profit entities.*

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Recurrent Grants

Recurrent grant funding is paid in instalments based on student numbers at the respective census dates. The funding is not sufficiently specific to create a performance obligation as the school has discretion on how the funding is to be spent. The revenue from recurrent grants that are not specifically sufficient will be recognised on receipt in accordance with AASB 1058 *Income of not-for-profit entities* .

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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

(l) 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 co-operative 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.

(m) 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.

(n) 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.

(o) Comparative Figures

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

(p) Critical accounting estimates and judgements

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

<u>Key Judgement - Revenue from contracts with customers</u>

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

<u>Key Judgement - Determination of variable consideration</u>

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

<u>Key Judgement - Allowance for expected credit losses</u>

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 recent sales experience and historical collection rates.

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

New and amended standards and interpretations

The co-operative has applied AASB 15, AASB 16 and AASB 1058 for the first time. The nature and effect of the changes as a result of the adoption of AASB 15, AASB 16 and AASB 1058 are described below. AASB 15, AASB 16 and AASB 1058 has been applied using the modified retrospective approach, with the cumulative effect of adoption as at 1 January 2019 being recognised as a single adjustment to retained earnings. Accordingly, the co-operative is not required to present a third statement of financial position as at that date.

Several amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the co-operative.

AASB 15 *Revenue from Contracts with Customers*

The co-operative has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 9 *Financial Instruments*

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an “expected credit loss” model for impairment of financial assets

Given the general quality of the entity's trade receivables, there will be no material impact on the introduction of an expected credit loss impairment method.

The impact of the replacement of AASB 139 by AASB 9 for the entity is the discontinuation of the “held-to-maturity" financial asset category under AASB 139 that was applicable to the entity's term deposits. Under AASB 9 these financial assets are classified as a “financial asset at amortised cost".

Under AASB 9, the entity's term deposits will continue to be recognised at amortised cost using the effective interest rate method.

AASB 16 *Leases*

AASB 16 *Leases* replaces AASB 117 *Leases*.

The adoption of this new Standard has resulted in the co-operative recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the co-operative 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 lease under AASB 117.

The co-operative has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 January 2019. At this date, the co-operative 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.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the co-operative has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the co-operative has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 6.15%.

The co-operative has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of the financial statement line items from AASB 117 to AASB 16 at 1 January 2019:

	Carrying amount at 31 December 2018 $	Reclassification $	Remeasurement $	AASB 16 Carrying amount at 1 January 2019 $
Right-of-use assets	-	-	30,789	30,789
Contract liabilities	-	(30,117)	-	(30,117)
Current provisions	(304,923)	24,488	-	(280,435)
Other current liabilities	(13,407)	13,407	-	-
Lease liabilities	-	-	(30,789)	(30,789)
Financial liabilities	(149,878)	-	-	(149,878)
Retained earnings	(3,569,623)	(7,778)	-	(3,577,401)
Total	(4,037,831)	-	-	(4,037,831)

The following is a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019:

	$	$
Total operating lease commitments disclosed at 31 December 2018		**35,700**
Recognition exemptions:		
Leases of low value assets	-	
Lease with remaining lease terms of less than 12 months	-	
Variable lease payments not recognised	-	
Other minor adjustments relating to commitment disclosures	-	
		-
Operating lease liabilities before discounting		35,700
Discounted using the increments borrowing rate		(4,911)
Operating lease liabilities		30,789
Reasonably certain extension options		-
Total lease liabilities recognised under AASB 16 at 1 January 2019		**30,789**

Note 2: Accounting Policies, Changes in Accounting Estimates and Errors

In order to provide more relevant reporting to the users of the financial statements and to ensure the financial statements comply with the measurement and recognition criteria, there has been a change to the treatment of unexpended grants. As a result of this amendment and in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the prior period accounts have been restated. What follows is the result of the restatement.

	Original 2018 $	Effect of Restatement $	Restated 2018 $
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Revenue	2,114,903	(42,899)	2,072,004
Interest revenue calculated using the effective interest rate method	-	30,194	30,194
Administration expense	(68,256)	-	(68,256)
Bad and doubtful debts	562	-	562
Depreciation	(101,251)	-	(101,251)
Employee benefits expense	(1,574,202)	4,927	(1,569,275)
Finance costs	2	-	2
Occupancy expense	(96,142)	-	(96,142)
Other expenses	(104,219)	-	(104,219)
Transfer to unexpended grants	(7,778)	7,778	-
Surplus after income tax expense	163,619	-	163,619
Total comprehensive income for the year	163,619	-	163,619

	2019 $	2018 $
Note 3: Revenue		
Revenue from contracts with customers:		
Government funding - Sporting Schools grants	**4,470**	3,600
School fees and charges	**588,505**	600,012
Sale of goods	**2,181**	4,239
School camps	**1,020**	21,031
Other revenue	**9,584**	3,376
Total revenue from contracts with customers	**605,760**	632,258
Other revenues		
Interest revenue calculated using the effective interest rate method	**31,714**	30,194
Government funding	**1,519,632**	1,404,560
Other income	**1,756**	1,532
Profit/(Loss) on disposal	**(155)**	(1,611)
School fees and charges	**34,615**	35,265
Total other revenues	**1,587,562**	1,469,940
Total revenue	**2,193,322**	2,102,198

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2019 $	2018 $
Timing of revenue recognition		
Service transferred over time	**601,410**	-
Goods transferred at a point in time	**4,350**	-
	605,760	-

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

	2019 $	2018 $
Note 4: Result for the year		
(a) Significant expenses		
Employee benefits expense	**1,528,207**	1,543,276
Depreciation	**104,499**	101,251
Bad and doubtful debts	**178**	(562)
Finance Costs	**2,161**	(2)
Insurance	**44,564**	42,361
(b) Remuneration of auditor		
- current year	**12,200**	11,200
- other non audit services	**2,500**	2,500
	14,700	13,700
Note 5: Cash and Cash Equivalents		
Cash on hand	**652**	200
Cash at bank	**561,373**	358,276
	562,025	358,476
Note 6: Trade and Other Receivables		
Expected to be settled within 12 months		
Trade receivables	**51,509**	45,404
Less: Provision for doubtful debts	**(32,857)**	(33,784)
	18,652	11,620
Note 7: Inventories		
CURRENT		
Stock on Hand	**6,567**	5,746
	6,567	5,746
Note 8: Financial assets		
(a) Financial assets at amortised cost		
Held-to-maturity financial assets under AASB 139		
- term deposits	**-**	1,177,190
Available-for-sale financial assets under AASB 139		
- shares in unlisted corporations, at cost	**-**	10
Financial assets at amortised cost under AASB 9		
- term deposits	**1,199,493**	-
	1,199,493	1,177,200
Note 9: Other Assets		
CURRENT		
Accrued income	**16,657**	11,919
Prepayments	**33,626**	42,367
	50,283	54,286

	2019 $	2018 $
Note 10: Property, Plant & Equipment		
Land and Buildings (at cost)		
Freehold land	**150,780**	150,780
Buildings	**3,630,613**	3,630,613
Less: Accumulated depreciation	**(1,219,480)**	(1,144,276)
	2,411,133	2,486,337
Total Land and Buildings	**2,561,913**	2,637,117
Plant and Equipment (at cost)		
Office Equipment	**15,319**	15,319
Less: Accumulated depreciation	**(12,229)**	(9,825)
	3,090	5,494
School Equipment	**61,074**	70,648
Less: Accumulated depreciation	**(47,290)**	(54,099)
	13,784	16,549
Plant & Machinery	**90,253**	90,253
Less: Accumulated depreciation	**(79,583)**	(61,532)
	10,670	28,721
Total Plant and Equipment	**27,544**	50,764
Total Property, Plant and Equipment	**2,589,457**	2,687,881

(a) Movements in carrying amounts

	Land and Buildings	Plant and Equipment	Total
Balance at the beginning of the period	2,637,117	50,764	2,687,881
Additions	-	-	-
Disposals	-	(154)	(154)
Depreciation expense	(75,204)	(23,066)	(98,270)
Carrying amount at the end of the period	2,561,913	27,544	2,589,457

(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.

	2019 $	2018 $

Note 11: Right-of-Use Assets

	2019 $	2018 $
Plant and Equipment Right-of-Use		
Office Equipment	**29,904**	-
Less: Accumulated depreciation	**(6,230)**	-
Total Plant and Equipment Right-of-Use Assets	**23,674**	-
Total Right-of-use Assets	**23,674**	-

(a) Movements in carrying amounts

	Plant and Equipment $	Total $
Balance at the beginning of the period	-	-
Additions	29,904	29,904
Depreciation expense	(6,230)	(6,230)
Carrying amount at the end of the period	23,674	23,674

(b) The Cooperative depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(c) The Cooperative also assesses the right-of-use asset for impairment when such indicators exist. No impairment has been recognised in respect of right-of-use assets.

	2019 $	2018 $
Note 12: Leases		
Lease liabilities are presented in the statement of financial position as follows:		
CURRENT		
Lease liability	**5,838**	-
Total Current Lease liability	**5,838**	-
NON-CURRENT		
Lease liability	**18,567**	-
Total Non-Current Lease liability	**18,567**	-
Total Lease liability	**24,405**	-

The Cooperative has leases for office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Cooperative sales) are excluded from the initial measurement of the lease liability and asset. The Cooperative classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 10).

Each lease generally imposes a restriction that, unless there is a contractual right for the Cooperative to sublet the asset to another party, the right-of-use asset can only be used by the Cooperative. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Cooperative is prohibited from selling or pledging the underlying leased assets as security.

The table below describes the nature of the Cooperative's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of right-of-use assets lease	Range of remaining term	Average remaining lease term	No of lease with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Office Equipment	1	1-5 years	4 years	-	-	-	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2019 were as follows:

	Minimum lease payments due						
	Within 1 year $	**1-2 years $**	**2-3 years $**	**3-4 years $**	**4-5 years $**	**After 5 years $**	**Total $**
31 December 2019							
Lease payments	7,140	7,140	7,140	5,950	-	-	27,370
Finance charges	(1,302)	(943)	(562)	(158)	-	-	(2,965)
Net Present Values	**5,838**	**6,197**	**6,578**	**5,792**	-	-	**24,405**

	2019 $	2018 $
Note 13: Trade and Other Payables		
CURRENT		
Trade payables	**5,079**	3,838
Accrued expenses	**51,756**	104,783
Paid up capital	**960**	960
Other payables	**81,220**	46,652
	139,015	156,233
Note 14: Financial Liabilities		
CURRENT		
Bank loan - secured	**84,114**	149,878
	84,114	149,878
(a) The carrying amounts of non-current assets pledged as security are:		
First mortgage over freehold land and buildings	**2,561,913**	2,637,117
	2,561,913	2,637,117

(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 2020. 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:

	2019 $	2018 $
- Within the next twelve months	**48,063**	71,144
- After the next twelve months	**36,051**	78,734
	84,114	149,878
(c) The unused finance facilities are:		
Bank overdraft	**20,000**	20,000
	20,000	20,000
Note 15: Provisions		
CURRENT		
Provision for employee benefits	**281,783**	280,435
Other provisions - Camp fees	**-**	24,488
	281,783	304,923
NON-CURRENT		
Provision for employee benefits	**22,241**	11,145
	22,241	11,145

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.

	2019 $	2018 $
Note 16: Other Liabilities		
CURRENT		
School fee and charges received in advance	**-**	5,629
Unexpended grants	**-**	7,778
	-	13,407
Note 17: Contract Liabilities		
CURRENT		
School fee and charges received in advance	**6,174**	-
Camp fees received in advance	**23,091**	-
	29,265	-
Note 18: Cash Flow Information		
(a) Reconciliation of cash		
Cash and cash equivalents	**562,025**	358,476
	562,025	358,476
(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	**201,927**	163,619
Non cash flows in profit from ordinary activities:		
Depreciation and amortisation	**104,499**	101,251
Loss on sale of fixed assets	**155**	1,611
Adjustment on adoption of new standards	**7,778**	-
Changes in Assets and Liabilities:		
(Increase)/decrease in trade and other receivables	**(7,032)**	1,673
(Increase)/decrease in inventories	**(821)**	1,062
(Increase)/decrease in accrued income	**(4,738)**	(6,547)
(Increase)/decrease in prepaid expenses	**8,741**	(15,172)
Increase/(decrease) in creditors and accruals	**(17,218)**	26,275
Increase/(decrease) in provisions	**(12,044)**	17,749
Increase/(decrease) in other liabilities	**(13,407)**	(2,960)
Increase/(decrease) in contract liabilities	**29,265**	-
Cash flows from operations	**297,105**	288,561

(c) Non-cash Financing and Investing Activities

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

Note 19: Financial Instruments

(a) Financial Risk Management

The co-operative's financial instruments consist mainly of deposits with banks, accounts receivable and payable and bank loans.

The director's consider that the co-operative is only materially exposed to interest rate risk, with no or immaterial exposure to foreign currency risk, liquidity risk, credit risk or price risk through its financial instruments. The director's regularly review the position and performance of the co-operative's financial instruments in order to limit these risks.

(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	
	2019 %	2018 %	**2019 $**	2018 $	**2019 $**	2018 $
Financial assets:						
Cash and cash equivalents	**0.2**	0.2	**561,373**	358,276	**652**	200
Loans and receivables	**-**	-	**-**	-	**18,652**	11,620
Financial assets at amortised cost	**1.9**	2.2	**-**	-	**-**	10
Total			**561,373**	358,276	**19,304**	11,830
Financial liabilities:						
Trade and other payables	**-**	-	**-**	-	**139,015**	156,233
Borrowings	**6.1**	6.1	**-**	-	**-**	-
Total			**-**	-	**139,015**	156,233

	Weighted Average Effective Interest Rate		Within 1 year		1 to 5 years	
	2019 %	2018 %	**2019 $**	2018 $	**2019 $**	2018 $
Financial assets:						
Cash and cash equivalents	**0.2**	0.2	**-**	-	**-**	-
Loans and receivables	**-**	-	**-**	-	**-**	-
Financial assets at amortised cost	**1.9**	2.2	**1,199,493**	1,177,190	**-**	-
Total			**1,199,493**	1,177,190	**-**	-
Financial liabilities:						
Trade and other payables	**-**	-	**-**	-	**-**	-
Borrowings	**6.1**	6.1	**84,114**	149,878	**-**	-
Total			**84,114**	149,878	**-**	-

	Weighted Average Effective Interest Rate		Total	
	2019	2018	**2019**	2018
	%	%	**$**	$
Financial assets:				
Cash and cash equivalents	**0.2**	0.2	**562,025**	358,476
Loans and receivables	**-**	-	**18,652**	11,620
Financial assets at amortised cost	**1.9**	2.2	**1,199,493**	1,177,200
Total			**1,780,170**	1,547,296
Financial liabilities:				
Trade and other payables	**-**	-	**139,015**	156,233
Borrowings	**6.1**	6.1	**84,114**	149,878
Total			**223,129**	306,111

Note 20: Segment Reporting

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

Note 21: Significant Changes to Operations

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

Note 22: Capital Commitments

As at 31 December 2019, the co-operative had not engaged in any capital commitments.

Note 23 : Events After the End of the Reporting Period

Subsequent to balance date, the Coronavirus (COVID-19) pandemic continues to impact both communities and businesses throughout the world including Australia and the community where the School operates. This is considered a non-adjusting subsequent event as at 31 December 2019, however, this pandemic will likely have a financial impact for the School in the 2020 financial year and potentially beyond. The scale, timing and duration of the potential impacts on the School is unknown, however it is expected that there will be an increase in the provisioning for bad and doubtful debts expense experienced by the School.

No other 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 24: Contingent Liabilities

At the end of the financial year the unamortised amount of BGA capital grants was $382,500 (2018: $429,000). 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 twenty years following the completion of the project.

At the end of the financial year the unamortised amount of BER capital grants was $740,571 (2018: $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 25: 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 26: 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	**223,689**	210,699
Number of persons	2	2

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 27: 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 2019

The directors of the co-operative declare that:

1. the financial statements and notes, as set out in pages 6 to 28, are in accordance with the Co-operatives National Law (NSW) and the Australian Charities and Not-for-profits 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 2019 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

Olivia Jamison
Secretary

Dated: 14 May 2020

Crowe Central North
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

Opinion

We have audited the financial report of Casuarina School Co-operative Ltd (the Co-operative), which comprises the statement of financial position as at 31 December 2019, 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 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Co-operatives National Law (NSW) and the Australian Charities and Not-for-profits Commission Act 2012.

Emphasis of Matter

We draw attention to Note 23 of the financial statements, which describes the effects of the World Health Organisation's declaration of a global health emergency on 31 January 2020 relating to the spread of COVID-19. Our opinion is not modified in respect of this matter.

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 confirm that the independence declaration required by the Australian Charities and Not-for-profits Commission Act 2012, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

If, based on the work we have performed, 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.

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

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 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.

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 Co-operative 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 Co-operative 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Central North

CROWE CENTRAL NORTH

Kylie Ellis

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

Dated: 19 May 2020

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

The additional financial data presented on page 34 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 2019. 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 Ltd) in respect of such data, including any errors of omissions therein however caused.

Crowe Central North

CROWE CENTRAL NORTH

Kylie Ellis

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

Dated: 19 May 2020

CASUARINA SCHOOL CO-OPERATIVE LTD
ABN 83 419 855 457

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 $	2018 $
Income		
Government funding		
Unexpended grants brought forward	-	7,878
Recurrent grants - State Government	311,945	281,377
Recurrent grants - Federal Government	1,207,687	1,123,083
Non-Recurrent grants - Federal Government	4,470	3,600
Interest income	31,714	30,194
Profit/(loss) on sale of fixed asset	(155)	(1,611)
School fees and charges	603,024	613,711
Sundry income	34,637	51,744
Total Income	2,193,322	2,109,976
Expenditure		
Advertising	3,218	3,172
Bad and doubtful debts	1,105	8,143
Bank charges	2,303	2,461
Board expenses	1,818	1,345
Cleaning	9,378	9,368
Computer expenses	11,846	8,486
Contractor fees	21,595	8,944
Depreciation	104,499	101,251
Donations	(786)	(520)
Doubtful debt provision	(927)	(8,705)
Events, camps and fundraising	1,990	20,566
Finance costs	2,161	(2)
Insurance	36,897	33,942
Lease rentals	-	7,545
Postage, printing and stationery	6,770	6,186
Professional fees - accountancy	7,835	6,393
Professional fees - auditors' remuneration	14,700	13,700
Professional fees - legal	11,448	-
Provision for employee benefits	24,003	14,595
Rates	7,130	6,711
Rent	4,152	1,620
Repairs and maintenance	53,444	46,063
Salaries and wages	1,394,339	1,412,202
School supplies and equipment	74,132	39,384
Security	2,668	1,931
Staff training and amenities	14,628	2,985
Subscriptions	22,576	34,999
Sundry expenses	9,267	8,515
Superannuation	133,868	131,074
Utilities	7,671	7,806
Workers compensation	7,667	8,419
Total Expenditure	1,991,395	1,938,579
Surplus	201,927	171,397
Transfer to unexpended grants	-	(7,778)
Surplus before Income Tax Expense	201,927	163,619