

FREE REFORMED SCHOOL  
ASSOCIATION (TAS) INC

SPECIAL PURPOSE FINANCIAL REPORT  
FINANCIAL YEAR ENDED 31 DECEMBER 2023

Free Reformed School Association (Tas) Inc  
Board's Declaration  
Financial year ended 31 December 2023

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As detailed in Note 1 to the financial statements, these financial statements are a special purpose financial report that has been prepared in order to satisfy the Board's reporting requirements under Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the Constitution. The Board have determined that the Association is not a reporting entity.

In the opinion of the Board:

1. The accompanying statement of profit or loss & other comprehensive income is drawn up so as to present fairly the result of the Association for the financial year ended 31 December 2023;
2. The accompanying statement of financial position is drawn up so as to present fairly the state of affairs of the Association as at 31 December 2023; and
3. At the date of this statement there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by



Eric Bakker  
Treasurer

22<sup>nd</sup> of February, 2024

Date

**Free Reformed School Association (Tas) Inc**  
**Statement of Profit or Loss & Other Comprehensive Income**  
**Financial year ended 31 December 2023**

	2023 \$	2022 \$
<b>Operating revenue</b>		
Grants	2,281,319	1,844,186
Fees & contributions	969,976	420,364
Rent	830,308	93,674
Excursions & trips	20,846	14,958
Insurance recoveries	17,717	103,373
Computers	13,643	8,772
Fundraising & other income	6,100	6,937
Interest	-	4,835
	<u>4,139,909</u>	<u>2,497,099</u>
<b>Operating expenses</b>		
Employment expenses	1,511,901	1,419,544
Depreciation	193,244	192,710
General operating	190,596	172,158
Interest	236,888	18,426
Property expenses	318,461	113,389
Tuition	116,167	145,826
	<u>2,567,257</u>	<u>2,062,053</u>
<b>Net surplus for the year</b>	<u><u>1,572,652</u></u>	<u><u>435,046</u></u>

**Free Reformed School Association (Tas) Inc**  
**Statement of Financial Position**  
**As at 31 December 2023**

	Note	2023 \$	2022 \$
<b>Current Assets</b>			
Cash and cash equivalents	2	1,133,221	229,803
Trade and other receivables	3	46,192	31,190
Other	4	55,597	-
<b>Total Current Assets</b>		<u>1,235,010</u>	<u>260,993</u>
<b>Non-Current Assets</b>			
Property, plant & equipment	5	11,430,361	11,506,363
<b>Total Non-Current Assets</b>		<u>11,430,361</u>	<u>11,506,363</u>
<b>Total Assets</b>		<u>12,665,371</u>	<u>11,767,356</u>
<b>Current Liabilities</b>			
Trade and other payables	6	96,456	458,607
Provisions	7	115,606	103,041
Income received in advance	8	232,964	255,579
<b>Current Liabilities</b>		<u>445,026</u>	<u>817,227</u>
<b>Non-Current Liabilities</b>			
Provisions	7	56,603	59,039
Borrowings	9	6,250,000	6,550,000
<b>Total Non-Current Liabilities</b>		<u>6,306,603</u>	<u>6,609,039</u>
<b>Total Liabilities</b>		<u>6,751,629</u>	<u>7,426,266</u>
<b>Net Assets</b>		<u>5,913,742</u>	<u>4,341,090</u>
<b>Equity</b>			
Retained earnings		3,071,866	2,636,820
Net surplus for the year		1,572,652	435,046
		<u>4,644,518</u>	<u>3,071,866</u>
Asset revaluation reserve		1,269,224	1,269,224
<b>Total Equity</b>		<u>5,913,742</u>	<u>4,341,090</u>

**Free Reformed School Association (Tas) Inc**  
**Statement of Cash Flows**  
**Financial year ended 31 December 2023**

	2023 \$	2022 \$
<b>Cash from operating activities</b>		
Receipts from parents and other customers	1,843,588	550,115
Receipts from government	2,258,704	2,194,914
Interest received	-	4,835
Payments to suppliers & employees	- 2,544,744	- 1,888,077
<b>Net cash provided by operating activities</b>	<u>1,557,548</u>	<u>861,787</u>
<b>Cash from investing activities</b>		
Acquisition of property, plant & equipment	- 117,242	- 2,490,869
<b>Net cash (used in) investing activities</b>	<u>- 117,242</u>	<u>- 2,490,869</u>
<b>Cash from financing activities</b>		
Proceeds from borrowings	-	50,000
Repayment of borrowings	- 300,000	-
Interest paid	- 236,888	- 18,426
<b>Net cash (used in) / provided by financing activities</b>	<u>- 536,888</u>	<u>31,574</u>
Net decrease in cash and cash equivalents	903,418	- 1,597,508
Cash and cash equivalents at beginning of the year	229,803	1,827,311
<b>Cash and cash equivalents at end of the year</b>	<u><u>1,133,221</u></u>	<u><u>229,803</u></u>

**Free Reformed School Association (Tas) Inc**  
**Notes to the Financial Statements**  
**Financial year ended 31 December 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

**FINANCIAL REPORTING FRAMEWORK**

These financial statements are a special purpose financial report that has been prepared in order to satisfy the Board's reporting requirements under Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the Constitution. The Board have determined that the Association is not a reporting entity.

The association is a non-profit entity.

These financial statements have been prepared in accordance with the financial reporting requirements of the Australian Charities and Not-for-profit Commission for medium sized charities, and accordingly comply with all of the recognition and measurement requirements of the following Australian Accounting Standards only;

AASB 101 - Presentation of financial statements

AASB 107 - Statement of cash flows

AASB 108 - Accounting policies, changes in accounting estimates and errors

AASB 1048 - Interpretation of standards

AASB 1054 - Australian additional disclosures

**BASIS OF PREPARATION**

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of consideration given in exchange for assets.

Accounting policies are selected and applied in a manner, which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**(a) Cash & cash equivalents**

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

**(b) Trade & other receivables**

Trade debtors are generally settled within 30 days and are carried at amounts due.

**Free Reformed School Association (Tas) Inc**  
**Notes to the Financial Statements**  
**Financial year ended 31 December 2023**

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Plant & equipment**

Howick Street land and Westbury Road land & buildings are stated at historical cost.

The 49 Howick Street building and all items of plant & equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The most recent official revaluation of the association's buildings and library resources at 51-53 Howick Street was finalised in the 2016 financial year and is used as the cost base for depreciation purposes.

Depreciation is calculated on a straight line or diminishing value basis to write off the net cost of each item over their expected useful lives as follows:

Buildings	20 years
Furniture and equipment	2-10 years
IT equipment	1-3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

**(d) Trade & other payables**

Trade & other payables are recognised when the Association becomes obliged to make future payments resulting from the purchase of goods and services.

**(e) Employee benefits**

*Wages & salaries*

Liabilities for wages & salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Long service leave*

The liability for long service leave is recognised in current (where applicable) and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Non-current liabilities are discounted to present value based on estimated probability of employees fulfilling the qualifying criteria in the future.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Free Reformed School Association (Tas) Inc**  
**Notes to the Financial Statements**  
**Financial year ended 31 December 2023**

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Revenue & other income**

Revenue from parents and other customers is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Operating grant income is generally recognised when the entity obtains control over the funds, i.e. at the time of receipt. However, if an operating grant is received in the reporting period, but it relates to the following period, it is recognised as a liability in the statement of financial position in the reporting period and reallocated to revenue in the following period.

Other sundry items are recognised on a cash received basis.

**(g) Goods & services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST payable to the ATO is included with current liabilities.

**(h) Income tax**

The Association being a charitable entity is exempt from Income Tax under Section 50-45 of the ITAA1997.

**(i) Borrowings**

Borrowings are accounted for at amortised cost.

**(j) Liability of members**

The association is incorporated under the *Associations Incorporation Act 1964*. The members are liable in the event of winding up to an amount not exceeding \$20 per member in accordance with article 5.9 of the association's constitution.

**(k) Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.



**Free Reformed School Association (Tas) Inc**  
**Notes to the Financial Statements**  
**Financial year ended 31 December 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>2. Cash and cash equivalents</b>		
CBA operating account	897,797	223,091
CBA building fund account	235,362	6,502
Cash on hand	62	210
	<u>1,133,221</u>	<u>229,803</u>
<b>3. Trade and other receivables</b>		
Parent & customer fees	46,192	31,190
	<u>46,192</u>	<u>31,190</u>
<b>4. Other</b>		
Prepayments	55,597	-
	<u>55,597</u>	<u>-</u>
<b>5. Property, plant &amp; equipment</b>		
<i>Land &amp; buildings not depreciated:</i>		
Howick Street land	650,000	650,000
Westbury Road land & buildings (a)	8,883,538	8,883,538
Total land & buildings not depreciated	<u>9,533,538</u>	<u>9,533,538</u>

(a) The building component of the property is not currently being depreciated on the basis that it is currently owned for investment purposes only. This position will be revisited at a point in time in the future when the property commences being used as the school campus.

**Free Reformed School Association (Tas) Inc**  
**Notes to the Financial Statements**  
**Financial year ended 31 December 2023**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>5. Property, plant &amp; equipment (cont'd)</b>		
<i>Depreciable buildings:</i>		
Howick Street at valuation to 2016 + subsequent acquisitions at cost	2,184,683	2,147,513
Less accumulated depreciation	- 694,157	- 567,871
	<u>1,490,526</u>	<u>1,579,642</u>
<i>Plant &amp; equipment:</i>		
Library resources at valuation 2016 + furniture & equipment at cost	1,026,904	946,863
Less accumulated depreciation	- 620,607	- 553,680
	<u>406,297</u>	<u>393,183</u>
	<u>11,430,361</u>	<u>11,506,363</u>
<b>Grand total</b>		
	<u>11,430,361</u>	<u>11,506,363</u>
<b>6. Trade and other payables</b>		
Accounts payable	9,197	76,662
Accrued payroll	28,302	23,295
Australian Taxation Office	55,288	42,436
Credit card	2,944	1,489
Petty cash owing	725	-
Westbury Road contract	-	314,725
	<u>96,456</u>	<u>458,607</u>
<b>7. Provisions</b>		
<i>Current:</i>		
Provision for annual leave	36,640	18,081
Provision for long service leave	78,966	84,960
	<u>115,606</u>	<u>103,041</u>
<i>Non-Current:</i>		
Provision for long service leave	56,603	59,039
	<u>56,603</u>	<u>59,039</u>

**Free Reformed School Association (Tas) Inc**  
**Notes to the Financial Statements**  
**Financial year ended 31 December 2023**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>8. Income in advance</b>		
Government grants	232,964	199,027
School fees	-	13,533
Rent	-	43,019
	<u>232,964</u>	<u>255,579</u>

**9. Borrowings**

*Non-Current:*

Westbury Road loan benefactor (a)	6,250,000	6,500,000
Cash benefactor (b)	-	50,000
	<u>6,250,000</u>	<u>6,550,000</u>

(a) The school has a loan facility with a benefactor, which was provided on condition of anonymity. The term of the facility is for 5 years with interest-only repayments being compulsory in the short term. Pledges are being accepted from association members to contribute toward reduction of the principal balance. The loan is secured by registered mortgage over freehold land and buildings at 171 Westbury Road, Prospect. The loan was intended to provide the school with funds for the purchase of a new campus at the above address.

(b) A cash benefactor account has been established for Association members to continue to meet short-term working capital requirements of the school. Loans are unsecured and interest free.

**10. Remuneration of auditor**

Audit of the financial statements by Synectic Audit & Assurance	5,300	5,045
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**11. Key management personnel remuneration**

The remuneration paid to key management personnel of the Association is \$423,105 (2022: \$379,896).

## Independent Auditor's Report to the members of Free Reformed School Association (Tas) Inc

### Report on the Audit of the Financial Report

#### *Opinion*

I have audited the financial report, being a special purpose financial report, of Free Reformed School Association (Tas) Inc, which comprises the statement of financial position as of 31 December 2023, the statement of profit or loss & other comprehensive income and statement of cash flows for the financial year then ended, notes to the financial statements, and the Board's Declaration.

In my opinion, the financial report of Free Reformed School Association (Tas) Inc for the financial year ended 31 December 2023 has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Presenting fairly the Entity's financial position as of 31 December 2023 and of its financial performance for the financial year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### *Basis for Opinion*

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

*Emphasis of Matter – Basis of Accounting*

I draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report is prepared to assist the Entity for the purpose of fulfilling the Entity's financial reporting responsibilities under the *ACNC Act*. As a result, the financial report may not be suitable for another purpose. My report is intended solely for the Entity and should not be distributed to or be used by parties other than the Entity. My opinion is not modified in respect of this matter.

*Responsibilities of Management and Those Charged with Governance*

The responsible persons of the Entity are responsible for the preparation of the financial report that presents fairly and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *ACNC Act* and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that presents fairly and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible persons are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Report*

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



**Luke Salmon**  
**Registered Company Auditor**

Date: 26 February 2024