

MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
A.B.N. 85 126 770 731

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019

MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
A.B.N. 85 126 770 731

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MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
A.B.N. 85 126 770 731

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
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INCOME		
Donations, Merchandise & Fund Raising	19,879.50	13,919.78
Interest Received	858.88	1,778.61
Sundry Income	1,759.77	2,694.40
Recoveries	1,921.26	42,528.48
Department of Education Funding	1,298,184.00	1,237,890.67
School Fees	475,855.13	447,229.30
Non Government Grants	14,166.69	16,398.30
Department of Education Funding (DIP)	159,767.27	120,626.41
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	1,972,392.50	1,883,065.95
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
EXPENDITURE		
Accounting	8,840.00	8,460.00
Advertising	592.25	83.72
Annual Leave Provision	12,595.31	15,744.58
Bad Debts Written Off	-	586.90
Bank Charges	1,407.49	1,619.00
Children's Activities	46,605.83	39,548.37
Cleaning	14,773.12	14,198.78
Computer Expenses	21,477.50	16,855.46
Depreciation	88,098.00	80,403.83
Electricity	8,732.34	8,655.07
First Aid & Safety	1,324.90	3,279.43
General Expenses	2,360.53	4,716.60
Insurance	56,443.95	49,883.63
Interest Paid	11,965.56	16,012.25
Legal Costs	7,806.20	4,467.00
Licensing Fees	-	635.92
Long Service Leave Provision	25,320.03	8,706.62
Loss on Sale Non Current Assets	2,160.63	4,107.45
Merchandise Purchases	6,706.15	8,305.98
Printing, Postage & Stationery	12,735.88	12,757.41
Rates	16,915.40	16,308.33
Repairs & Maintenance		
- Buildings	10,771.16	33,111.98
- Equipment	2,246.79	12,208.29
- Other	5,677.07	8,566.31
	18,695.02	53,886.58
Sick Leave Provision	43,579.72	30,287.21
Staff Training & Welfare	37,431.39	18,709.61
Subscriptions	4,322.42	2,820.36
Staff Superannuation	127,530.56	116,589.55
Telephone	3,482.39	6,275.34
Wages	1,377,178.36	1,272,821.43
	1,959,080.93	1,816,726.41
SURPLUS FOR THE YEAR	13,311.57	66,339.54
Retained Surplus at Beginning of Financial Year	2,245,761.73	2,179,422.19
RETAINED SURPLUS AT END OF FINANCIAL YEAR	2,259,073.30	2,245,761.73

MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	2019	2018
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash on Hand	50.00	50.00
Deposit on Stage 2	-	11,442.40
Cheque Account - 1090	385,714.68	388,685.04
Fund Raising Account 9136	21,866.45	21,353.60
Long Service Leave Acc 9885	161,243.43	161,243.43
Sick Leave Provision Account	57,226.73	170,000.00
Fee Debtors	2,099.97	2,264.00
Merchandise on Hand	9,772.98	5,088.00
Prepayments	7,149.53	9,485.92
TOTAL CURRENT ASSETS	645,123.77	769,612.39
NON CURRENT ASSETS		
Fixed Assets		
Freehold Land - at Committee Valuation 1987	100,000.00	100,000.00
Carpark - at Cost	29,701.00	29,701.00
Drainage & Landscaping Improvements - at Cost	65,135.19	65,135.19
Sowerby St Preschool Extension - at Cost	2,079,866.50	2,079,866.50
Less: Accumulated Depreciation	(165,794.00)	(137,348.00)
Fixtures & Fittings Sowerby Street - at Cost	266,564.40	267,967.40
Less: Accumulated Depreciation	(179,165.51)	(166,118.51)
Buildings - at Committee Valuation 1987	50,000.00	50,000.00
Less: Accumulated Depreciation	(40,317.00)	(39,807.00)
Buildings - at Cost	900,943.77	694,479.37
Less: Accumulated Depreciation	(246,983.00)	(228,119.00)
	2,859,951.35	2,715,756.95
Fixtures, Fittings & Plant - at Cost	355,481.41	346,559.22
Less: Accumulated Depreciation	(278,016.80)	(270,783.80)
	77,464.61	75,775.42
Equipment - at Cost	51,888.55	51,888.55
Less: Accumulated Depreciation	(44,910.05)	(40,769.05)
	6,978.50	11,119.50
Total Fixed Assets	2,944,394.46	2,802,651.87
TOTAL NON CURRENT ASSETS	2,944,394.46	2,802,651.87
TOTAL ASSETS	3,589,518.23	3,572,264.26

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	2019	2018
	\$	\$
LIABILITIES		
CURRENT LIABILITIES		
Trade Creditors	57,642.75	32,495.45
CBA Corporate Credit Card 8416	112.11	57.99
CBA Business Credit Card 4567	(926.49)	(1,221.58)
CBA Better Business Loan 9364	78,000.00	78,000.00
GST Payable	60,032.14	58,861.22
Provision for Holiday Pay	68,672.40	56,077.09
Provision for Sick Leave	332,358.51	288,778.79
Provision for Long Service Leave	195,755.02	170,434.99
Fees & Grants in Advance		
DET Grant in Advance - Qtr 3	296,905.00	288,060.50
Fees in Advance	18,391.85	22,522.00
DIP Training Funds in Advance	-	42,900.00
	315,296.85	353,482.50
TOTAL CURRENT LIABILITIES	1,106,943.29	1,036,966.45
NON CURRENT LIABILITIES		
CBA Better Business Loan 9364	84,936.91	150,971.35
TOTAL NON CURRENT LIABILITIES	84,936.91	150,971.35
TOTAL LIABILITIES	1,191,880.20	1,187,937.80
NET ASSETS	2,397,638.03	2,384,326.46
EQUITY		
Reserves	138,564.73	138,564.73
Retained Earnings / Surplus	2,259,073.30	2,245,761.73
TOTAL MEMBERS' FUNDS	2,397,638.03	2,384,326.46

MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	TOTAL \$
Balance at 1 January 2018	2,317,986.92
Operating Profit/(Loss) for the Year	<u>66,339.54</u>
Balance at 31 December 2018	2,384,326.46
Operating Profit/(Loss) for the Year	<u>13,311.57</u>
Balance at 31 December 2019	<u>2,397,638.03</u>

MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers		1,933,512.00
Payments to Suppliers		(1,751,042.84)
Interest Received		858.88
Finance Costs		<u>(11,965.56)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		<u>171,362.48</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property, Plant and Equipment		0.00
Payments for Property, Plant and Equipment		<u>(220,558.82)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		<u>(220,558.82)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Repayments		<u>(66,034.44)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		<u>(66,034.44)</u>
Net Increase/(Decrease) in Cash Held		(115,230.78)
Cash at Beginning of Financial Year		<u>741,332.07</u>
Cash at End of Financial Year	3	<u><u>626,101.29</u></u>

MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
A.B.N. 85 126 770 731

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, Associations Incorporation Act (NSW) 2009 and Associations Incorporation Regulation (NSW) 2016 and for use by the committee and members of the association. The committee has determined that the association is not a reporting entity.

Statement of Compliance

The financial report is in accordance with the requirements of the following applicable Accounting Standards and Australians Accounting Interpretations, as required by subdivision 60-C of the ACNC Regulations 2013 (Cwlth):

AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1031	Materiality
AASB 1054	Australian Additional Disclosures

No other applicable Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been intentionally applied.

Basis of Preparation

The report is prepared on an accruals basis and is based on historic costs and except where stated does not take into account changing money values, or except where specifically stated, current valuations of non-current assets

Significant accounting policies, which are consistent with the previous year, unless stated otherwise, that have been adopted in the preparation and presentation of these financial statements are:-

(a) Revenue

Grant revenue is recognised in the statement of financial performance when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution the recognition of the grant as a revenue will be deferred until those conditions are satisfied.

When grant revenue is received and the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor. Otherwise the grant is recognised as income on receipt.

Revenue from fees and service fees is invoiced to students on enrolment each term and is recognised on invoicing.

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

Other revenue is recognised on receipt.

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

(b) Income Tax

The Income Tax Assessment Act 1997 exempts the association from income tax. Consequently, no provision for income tax is required and the principles of tax effect accounting have not been adopted.

MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(c) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled.

Employee provisions consist of those payable on termination per the national employment standards as well as those where the law requires replacement staff to be engaged. The financial report does not reflect other miscellaneous entitlements that may be owing resulting from centre management policies.

(d) Plant and Equipment

Plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses. Plant and equipment is depreciated on a straight line basis over the asset's useful life to the Association, commencing when the asset is ready for use.

(e) Statement of Cash Flows

No comparative was required for the year.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the cash flow statement are included net of GST.

2 ECONOMIC DEPENDENCY

The association receives a major part of its income from government departments. Consequently, it is economically dependent on the continuation of these grants to maintain sustainability.

MUSWELLBROOK PRE-SCHOOL KINDERGARTEN INCORPORATED
A.B.N. 85 126 770 731

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2019
\$

3 CASH FLOW INFORMATION

3.1 Reconciliation of Cash

Cash on Hand	50.00
Cheque Account - 1090	385,714.68
Fund Raising Account 9136	21,866.45
Long Service Leave Acc 9885	161,243.43
Sick Leave Provision Account	57,226.73
	626,101.29

3.2 Reconciliation of Profit/(Loss) for the Year to Net Cash Provided from Operations

Operating Profit for the Year	13,311.57
Non Cash Item	
Depreciation and Amortisation	88,098.00
Profit on Sale of Non-Current Assets	0.00
Loss on Disposal of Non-Current Assets	2,160.63
Changes in Assets and Liabilities	
(Increase)/Decrease in Debtors and Other Debtors	164.03
(Increase)/Decrease in Prepayments	2,336.39
(Increase)/Decrease in Merchandise	(4,684.98)
(Increase)/Decrease in Accrued Income	0.00
Increase/(Decrease) in Trade and Other Creditors	25,496.51
Increase/(Decrease) in Accrued Charges	0.00
Increase/(Decrease) in Provisions for Employees' Entitlements	81,495.06
Increase/(Decrease) in GST Payable	1,170.92
Increase/(Decrease) in Income in Advance	(38,185.65)
NET CASH PROVIDED BY OPERATING ACTIVITIES	171,362.48

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STATEMENT BY MEMBERS OF THE COMMITTEE

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee:

1. The financial report presents a true and fair view of the associations financial position as at 31 December 2019 and its performance for the year ended on that date and the requirements of the Associations Incorporations Act (NSW) 2009.
2. The financial report satisfies the requirements of the Australian Charities and Not-for-profit Commission Act 2012.
3. At the date of this statement, there are reasonable grounds to believe that Muswellbrook Pre-School Kindergarten Inc will be able to pay its debts as and when they fall due.

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

President: _____

Treasurer: _____

Dated this day of March 2020



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A.

60 Brook Street
PO Box 128
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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF MUSWELLBROOK PRE-SCHOOL KINDERGARTEN A.B.N. 85 126 770 731

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as auditors for the Muswellbrook Pre-School Kindergarten Inc for the year ended 31 December 2019, we declare that to the best of our knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commissions Act 2012 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit

Name of Firm: Davies Thompson and Wright
Chartered Accountants

Name of Partner: _____
Tracey L. Lawler (R.C.A. 346 434)

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

Dated this **day of March 2020**





Davies, Thompson & Wright

ABN 70 340 182 044

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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF MUSWELLBROOK PRE-SCHOOL KINDERGARTEN A.B.N. 85 126 770 731

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of the Muswellbrook Pre-School Kindergarten Inc, which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the committees' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- giving a true and fair view of the association's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 and Associations Incorporation Regulation (NSW) 2010.

Basis for Opinion

We conducted our audit in accordance with Auditing Standards. Our responsibilities under those standards are further described as 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 Division 60 of 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the association to meet the requirements of Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act (NSW) 2009. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, Associations Incorporation Act (NSW) 2009 and for such internal control as the management determines 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.





Davies, Thompson & Wright

ABN 70 340 182 044

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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF MUSWELLBROOK PRE-SCHOOL KINDERGARTEN A.B.N. 85 126 770 731

In preparing the financial report, the management is responsible for assessing the association'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 management either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

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

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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism 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 resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 association'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 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 association 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.





Davies, Thompson & Wright

ABN 70 340 182 044

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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF MUSWELLBROOK PRE-SCHOOL KINDERGARTEN A.B.N. 85 126 770 731

We communicate with the committee 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 our audit.

We also provide those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Name of Firm: Davies Thompson and Wright
Chartered Accountants

Name of Partner: _____
Tracey L. Lawler (R.C.A. 346 434)

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

Dated this **day of March 2020**

