

Korowal School Limited
(a company limited by guarantee)
ABN: 91 001 581 693

FINANCIAL REPORT

FOR THE YEAR ENDED
31 DECEMBER, 2021

KOROWAL SCHOOL LIMITED
(a Company Limited by Guarantee)
ABN: 91 001 581 693

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 2021.

1. DIRECTORS IN OFFICE AT THE DATE OF THE REPORT

The directors in office at the date of this report are:

Christopher Lee (Chairperson)
Louise Dungate
Greg Lucas
David Wright

Mat Spiteri
David Taylor
Fionna Rosso

2. PRINCIPAL ACTIVITIES

The principal activity of the company during the course of the financial year was that of education of children.

3. TRADING RESULTS

The net operating surplus from ordinary activities of the company for the year before capital grants was \$248,104 (2020: \$79,887 deficit). After including income from capital grants the surplus for the year was \$248,104 (2020: \$66,042 deficit).

4. SHORT AND LONG TERM OBJECTIVES

VISION

We are a recognised leader in providing inspiring educational experiences within a school that is small, enabling authentic relationships. Our students, parents and teachers know, understand and care for and about one another.

MISSION

- To foster the holistic development of students intellectually, socially, emotionally and physically in order to reach their full potential.
- To bring out the very best in each child and young adult, cultivating qualities of critical thinking, creativity, empathy, responsible self-awareness and resilience.
- To acknowledge the equal worth of every person in all of our relationships.

Korowal School is committed to:

- Providing education for students from Kindergarten to Year 12 consistent with the values and ethos statement as detailed in the school foundation documents.
- Confirming the school's reputation as a provider of quality, creative and innovative educational practice.
- Providing a comprehensive education within an environment that is nurturing, small in scale, creative, reflective.

DIRECTORS' REPORT (continued)

4. SHORT AND LONG-TERM OBJECTIVES (continued)

A Voice

- We aim to foster recognition of the school as a leader in human centred, small-scaled education.
- To advocate on behalf of students, teachers and parents for sound national education policies and practices.

Sustainability and Inclusivity

- We aspire to become more sustainable. We began discussions in 2016 around solar energy at Korowal. We are seeking grants to assist with energy and water sustainable practices.
- We continue to upgrade our grounds and facilities to accommodate universal accessibility
- Our educational programs are inclusive and acknowledge diversity

Resources

In 2021 we:

- Continued sound financial and business management practices that enable the school to meet its key financial commitments.
- Secured further funding through the Disability Access Scheme for a pathway extension to the ball court and meadow, as well as a Building Grant Authority Capital Grant for projects which commenced in 2017 and continued into 2021. This included covered walkways and parking, electric opening doors, an ability access toileting facility and shade cloths for high school.
- Installed air-conditioning in several classrooms.
- Installed a new demountable classroom for Primary school.
-

Educational:

In 2021 we:

- Continued our review of Policies and Procedures, refining terms and processes.
- Commenced the research and early scoping stage of Oracy at Korowal, making contact with School 21 in London and Oracy Cambridge. A trial was commenced with Year 6.
- Set up our Learning Hub in the high school for student support and extension, three mornings per week.
- Worked with an Occupational Therapist to provide specific small group activities in both Maths for Year 7 students who were disengaged, and English extension activities.
- Continued to incorporate John Hattie's work on Visible Learning, increased collegial planning and feedback,
- Introduced 'Open Dialogue' family conferencing with our Wellbeing Coordinator
- Primary staff engaged in a twelve month 'Science Research to Practice' (AIS) Program, as well as Jolly Phonics Training with Continuing Professional Development College (CDP).
- Reviewed teaching resources and facilities.
- Forged local and national relationships: several students represented the school in AICES sporting events including swimming, athletics and cross country. One high school student represented Korowal at the State Swimming meet. We were engaged in the local schools debating program.
- Promoted respectful relationships throughout our School
- Continued to increase Bush School opportunities in primary.

DIRECTORS' REPORT (continued)

4. SHORT AND LONG TERM OBJECTIVES (continued)

In 2021 we:

- Continued to run the Korowal Studios with expert tuition in musical instrumentation and drama.
- Participated in local sporting events in futsal, Aussie Rules Gala days, Basketball round robins.
- Senior drama students performed works for the School community, as did our junior Drama elective.
- Participated in surveys 'The balanced Scorecard', conducted by the AIS.
- Contributed towards fundraising events for the Rowen Wkeng and the Nepalese Schools Project, Fiver for a Farmer,
- Participated in a variety of debating, sporting events and community events. Our students and families participated in a number of larger community events such as the Lawson Festival, Leura Harvest Festival, Wentworth Falls Arts Festival as Neill's Armee Jazz band entertained at school and local events.
- Enjoyed celebrating our students' work and community at our Annual Open Day and Fair.

5. STRATEGIES FOR ACHIEVING OBJECTIVES:

- In 2021 the Korowal School Board and management reviewed our five year strategic plan with focus on professional development of staff to enhance the student learning experience: Accenting differentiated programming for our students.
- Promoted community connections: The school welcomed several short stay international students and advertised with international agencies to encourage global citizenship.
- Increased administrative supports: We implemented aspects of our educational administration software Sentral to provide more efficient systems and access to student information.
- Continued our review of welfare and wellbeing policy and procedures: Restorative Practices continues to assist us with communication strategies as a community, strengthening welfare and wellbeing.
- Promotions and marketing: Korowal held several Information Mornings and our annual Open Day combined with our Fair. We ran regular advertisements in local media, and focused on our alumni story.

DIRECTORS' REPORT (continued)

6. MEASUREMENT OF PERFORMANCE

- We maintained our school fee income as a percentage of total income at 35% through efficient collection of fees and allocation of fee discounts and concessions.
- Fee discounts and concessions were designated as 15% of total school fees income.
- We consolidated substantial fees in advance payments through the continuation of a discount payment incentive program.
- We maintained expenditure on staff costs at 74% of total operating income at the same time as providing staff with a 2% pay increase.
- We maintained expenditure on other operating costs.
- We paid ANZ Bank \$57,462 interest and fees, and \$120,000 as loan principal reduction.
- We held the amount of \$200,000 offset against our Commercial Bill facility for the purpose of employee entitlements.
- We continue to reduce the amount of uncollected fees at the end of each year, now at 4% of total fees invoiced,

7. DIVIDENDS

The company's constitution precludes the payment of dividends to its members.

8. DIRECTORS' BENEFITS

No director has received or become entitled to receive, during the financial year, a benefit because of a contract made, except for those benefits shown in Notes 15 and 16 to the financial statements. Since the end of the previous year the only benefits received by directors relate to award salaries, staff fee discounts, fee needs bursary discounts and award superannuation on the same basis as that disclosed in Note 16 to the financial statements.

9. INFORMATION ON DIRECTORS

<u>Name</u>	<u>Occupation</u>
Greg Lucas	Financial Adviser
Louise Dungle	Teacher
Christopher Lee	Manager
Eleanor Phelan	Teacher
Mat Spiteri	Accountant
David Wright	Academic
Fionna Rosso	Manager
David Taylor	IT Specialist
Ben Phelan	IT Specialist

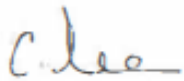
DIRECTORS' REPORT (continued)

10. MEETINGS OF DIRECTORS

During the year 12 meetings of directors were held. Attendance at these meetings by the directors was as follows:

Name	Number Eligible to Attend	Number Attended
Chris Lee	9	9
Greg Lucas	9	7
Louise Dungate	9	9
Mat Spiteri	9	8
Fionna Rosso	9	9
David Wright	9	9
David Taylor (appointed 5/5/21)	8	8
Ben Phelan (appointed 5/5/21, resigned 19/9/21)	5	5
Eleanor Phelan (resigned 5/5/21)	1	1

On behalf of the board



Christopher Lee
Director



Louise Dungate
Director

Hazelbrook
31 March 2022



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CHARTERED ACCOUNTANTS

Partners

P A Berger B Com FCA
W J Piepers FCA
T D Millard B Com CA

Associate

T Costa B Bus CA

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF KOROWAL SCHOOL LIMITED (a company limited by guarantee)

I declare that, to the best of my knowledge and belief, in relation to the audit of Korowal School Limited for the year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; or
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

berger piepers
Chartered Accountants

WJ Piepers
Partner

Penrith
31 March 2022



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CHARTERED ACCOUNTANTS

Partners
P A Berger B Com FCA
W J Piepers FCA
T D Millard B Com CA
Associate
T Costa B Bus CA

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF KOROWAL SCHOOL LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Korowal School Limited, which comprises the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of Korowal School Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2021 and of the financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of 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 company in accordance with the auditor independence requirements of the *Corporations Act 2001* 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 *Corporations Act 2001*, which has been given to the directors of Korowal School Limited, 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.



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Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a 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 consolidated company to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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:

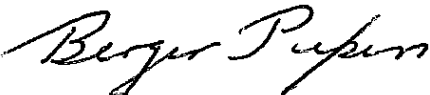
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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;
- 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 company'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 company'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 company to cease to continue as a going concern;

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- 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; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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 our audit.

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Chartered Accountants

WJ Piepers
PartnerPenrith
31 March 2022

KOROWAL SCHOOL LIMITED
(a company limited by guarantee)
A.B.N. 91 001 581 693

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	5	652,044	313,722
Trade and other receivables	6	70,009	86,682
Other	7	<u>211,703</u>	<u>250,137</u>
TOTAL CURRENT ASSETS		<u>933,756</u>	<u>650,541</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>6,076,336</u>	<u>6,192,248</u>
TOTAL NON-CURRENT ASSETS		<u>6,076,336</u>	<u>6,192,248</u>
TOTAL ASSETS		<u>7,010,092</u>	<u>6,842,789</u>
CURRENT LIABILITIES			
Trade and other payables	9	405,842	355,671
Interest-bearing loans and borrowings	10	150,000	148,288
Provisions	11	<u>426,982</u>	<u>409,036</u>
TOTAL CURRENT LIABILITIES		<u>982,824</u>	<u>912,995</u>
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	12	<u>1,886,180</u>	<u>2,036,810</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,886,180</u>	<u>2,036,810</u>
TOTAL LIABILITIES		<u>2,869,004</u>	<u>2,949,805</u>
NET ASSETS		<u>4,141,088</u>	<u>3,892,984</u>
MEMBERS' EQUITY			
Accumulated surplus		<u>4,141,088</u>	<u>3,892,984</u>
TOTAL MEMBERS' EQUITY		<u>4,141,088</u>	<u>3,892,984</u>

This statement should be read in conjunction with the accompanying notes.

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 \$	2020 \$
Revenue			
Sale of educational services	3(a)	5,639,006	5,143,307
Bank interest	3(d)	90	287
Other income	3(b)	<u>2,427</u>	<u>7,289</u>
TOTAL REVENUE		<u>5,641,523</u>	<u>5,150,883</u>
Expenses			
Depreciation and amortisation	3(c)	(216,029)	(210,250)
Finance costs	3(d)	(66,559)	(86,841)
Employee benefits	3(e)	(4,205,729)	(4,168,166)
Other expenses	3(f)	<u>(905,102)</u>	<u>(765,513)</u>
TOTAL EXPENSES		<u>(5,393,419)</u>	<u>(5,230,770)</u>
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL GRANTS AND INCOME TAX EXPENSE		248,104	(79,887)
Capital grants for building construction		<u>-</u>	<u>13,845</u>
SURPLUS/(DEFICIT) BEFORE INCOME TAX EXPENSE		248,104	(66,042)
Income tax expense	4	<u>-</u>	<u>-</u>
NET SURPLUS/(DEFICIT)		248,104	(66,042)
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>248,104</u>	<u>(66,042)</u>

This statement should be read in conjunction with the accompanying notes.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from trading activities		6,031,316	5,738,682
Payments to suppliers and employees		(5,390,769)	(5,492,137)
Interest received		90	287
Interest and other costs of finance paid		(75,260)	(61,365)
Receipts from sundries and donations		<u>21,980</u>	<u>11,147</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	5	<u>587,357</u>	<u>196,614</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		<u>(100,119)</u>	<u>(135,405)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(100,117)</u>	<u>(135,405)</u>
Cash flows from financing activities			
Proceeds from/(repayment of) loans (net)		(120,000)	(85,000)
Payment of hire purchase principal		<u>(28,918)</u>	<u>(26,672)</u>
NET CASH FLOWS USED IN FINANCING ACTIVITIES		<u>(148,918)</u>	<u>(111,672)</u>
Net increase/(decrease) in cash and cash equivalents		338,322	(50,463)
Cash and cash equivalents at beginning of the year		<u>313,722</u>	<u>364,185</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	<u><u>652,044</u></u>	<u><u>313,722</u></u>

This statement should be read in conjunction with the accompanying notes.

KOROWAL SCHOOL LIMITED
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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Accumulated Surplus \$	Reserves/ Capital \$	Total Equity \$
At 1 January 2020	3,959,026	-	3,959,026
Deficit for the year	(66,042)	-	(66,042)
Other comprehensive income	-	-	-
At 31 December 2020	3,892,984	-	3,892,984
Surplus for the year	248,104	-	248,104
Other comprehensive income	-	-	-
At 31 December 2021	<u>4,141,088</u>	<u>-</u>	<u>4,141,088</u>

This statement should be read in conjunction with the accompanying notes.

KOROWAL SCHOOL LIMITED
(a company limited by guarantee)
A.B.N. 91 001 581 693

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

1. CORPORATE INFORMATION

The financial report of Korowal School Limited was authorised for issue in accordance with a resolution of the directors on 31 March 2022.

The principal activity of the company during the financial year was that of a school, with the company operating in only one geographical location, being Hazelbrook NSW, Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis and, except where stated, does not take into account current valuations of non-current assets.

The financial statements have been prepared on the going concern basis. The ability of the company to continue operating as a going concern is dependent upon the continued financial support of the State and Commonwealth Governments and the company's financier.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings 40 years
- Plant and equipment 5 to 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or deficit arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use.

Impairment deficits are recognised in the statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Borrowing costs

Borrowing costs are recognised as an expense when incurred, with the exception of loan establishment fees which are written-off over the term of the loan.

(e) Recoverable amount of assets

At each reporting date, the company assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying value of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

Costs have been assigned to inventory on hand at balance date using the first in first out basis and are determined based on invoice price.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and term deposit with terms of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts.

(h) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(j) Leases

Finance leases, which transfer to the company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are amortised over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all of the risks and benefits of ownership of the asset are classified as right of use assets

(k) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Control of the goods has passed to the buyer.

Rendering of services

Control of the right to receive payment for the services performed has passed to the company.

Interest

Control of the right to receive the interest payment has passed to the company as the interest accrues.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Taxes

Income tax

The company is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST receivable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

(m) Government grants

Grant revenue is recognised in the statement of comprehensive income when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company 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 revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company 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 grant income is recognised as income upon receipt.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

	2021	2020
	\$	\$
3. REVENUE AND EXPENSES		
(a) Sale of educational services		
Tuition and other fees	1,708,190	1,600,903
Government subsidies	3,928,005	3,538,546
Sundry	<u>2,811</u>	<u>3,858</u>
	<u>5,639,006</u>	<u>5,143,307</u>
(b) Other income		
Donations	<u>2,427</u>	<u>7,289</u>
(c) Depreciation and amortisation		
Depreciation of non-current assets	<u>216,029</u>	<u>210,250</u>
(d) Finance costs/income		
Loan interest/fees paid	57,461	68,487
Debt recovery costs	1,468	4,186
Mortgage refinancing costs	-	5,330
Other interest paid	<u>7,630</u>	<u>8,838</u>
Total interest expense	<u>66,559</u>	<u>86,841</u>
Bank interest received	<u>90</u>	<u>287</u>
(e) Employee benefits		
Wages and salaries	3,820,851	3,744,547
Superannuation	366,932	371,764
Workers' compensation costs		22,057
Employee entitlements	<u>17,946</u>	<u>29,798</u>
	<u>4,205,729</u>	<u>4,168,166</u>
(f) Expenses included in other expenses		
Doubtful debts/bad debts expense	<u>6,409</u>	<u>2</u>

4. INCOME TAX

The company is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997. Accordingly, no income tax is due and payable in respect of the current year.

KOROWAL SCHOOL LIMITED
(a company limited by guarantee)
A.B.N. 91 001 581 693

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

	2021	2020
	\$	\$
5. CASH AND CASH EQUIVALENTS		
Cash on hand	424	350
Cash at bank	<u>651,620</u>	<u>313,372</u>
	<u>652,044</u>	<u>313,722</u>

Reconciliation of cash

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

Cash on hand	424	350
Cash at bank	<u>651,620</u>	<u>313,373</u>
	<u>652,044</u>	<u>313,723</u>

Reconciliation of the net surplus after tax to the net cash flows from operations:

Net surplus	248,104	(66,042)
<i>Adjustments:</i>		
Depreciation	216,029	210,250
<i>Changes in assets and liabilities:</i>		
Trade and other receivables	18,736	14,126
Prepayments	36,371	(72,698)
Trade and other payables	47,781	81,180
Provisions	17,946	29,798
Income in advance	<u>2,390</u>	<u>-</u>
Net cash flow from operating activities	<u>587,357</u>	<u>196,614</u>

6. TRADE AND OTHER RECEIVABLES (CURRENT)

Fee debtors	95,009	111,682
Provision for doubtful debts	<u>(25,000)</u>	<u>(25,000)</u>
	<u>70,009</u>	<u>86,682</u>

7. OTHER ASSETS (CURRENT)

Prepayments	56,247	92,618
Prepaid borrowing costs	14,746	4,577
Grants receivable	130,000	143,845
Other	<u>10,710</u>	<u>9,097</u>
	<u>211,703</u>	<u>250,137</u>

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

	2021	2020
	\$	\$
8. PROPERTY, PLANT AND EQUIPMENT		
Land - at cost	<u>987,000</u>	<u>987,000</u>
Motor vehicles		
At cost	110,387	102,205
Provision for depreciation	<u>(102,886)</u>	<u>(102,205)</u>
	<u>7,501</u>	<u>-</u>
Motor vehicles leased		
At cost	134,482	134,482
Provision for depreciation	<u>(33,620)</u>	<u>(22,414)</u>
	<u>100,862</u>	<u>112,068</u>
Buildings		
At cost	6,629,074	6,574,507
Provision for depreciation	<u>(1,881,633)</u>	<u>(1,715,906)</u>
	<u>4,747,441</u>	<u>4,858,601</u>
Plant and equipment		
At cost	384,170	346,799
Provision for depreciation	<u>(150,638)</u>	<u>(112,220)</u>
	<u>233,532</u>	<u>234,579</u>
Total property, plant and equipment	<u><u>6,076,336</u></u>	<u><u>6,192,248</u></u>

Reconciliations

Reconciliations of the carrying amounts of each category of property, plant and equipment at the beginning and end of the current and previous financial years:

Land at cost		
Carrying amount at beginning and end	<u>987,000</u>	<u>987,000</u>
Motor vehicles at cost		
Carrying amount at beginning and end	-	-
Additions	8,182	-
Depreciation expense	<u>(681)</u>	<u>-</u>
	<u>7,501</u>	<u>-</u>
Motor vehicles leased		
Carrying amount at beginning	112,068	123,275
Depreciation expense	<u>(11,206)</u>	<u>(11,207)</u>
	<u>100,862</u>	<u>112,068</u>

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

	2021	2020
	\$	\$
8. PROPERTY, PLANT AND EQUIPMENT (continued)		
Reconciliations (continued)		
Reconciliations of the carrying amounts of each category of property, plant and equipment at the beginning and end of the current and previous financial years:		
Buildings at cost		
Carrying amount at beginning	4,858,601	5,009,119
Additions	54,566	13,845
Depreciation expense	<u>(165,727)</u>	<u>(164,363)</u>
	<u>4,747,441</u>	<u>4,858,601</u>
Plant and equipment at cost		
Carrying amount at beginning	234,579	147,699
Additions	37,371	121,560
Depreciation expense	<u>(38,418)</u>	<u>(34,680)</u>
	<u>233,532</u>	<u>234,579</u>

Assets pledged as security

A mortgage over the land and buildings of the company has been granted to ANZ as security for their loan (see note 12).

Valuations

Kenny and Good Pty Ltd conducted an independent valuation of the company's land and buildings in November 2016. The valuations determined relating to assets held at that time were as follows:

- Land and buildings 5,685,000

The directors are of the opinion that the land and buildings are not being carried in excess of their recoverable amounts at that time or at year-end.

9. TRADE AND OTHER PAYABLES (CURRENT)

Accrued expenses and other payables	172,961	109,867
GST payable	22,813	54,870
Superannuation	62,074	45,425
Tuition fees in advance	122,029	145,489
Grant in Advance	25,850	-
Deposits/bonds/levies	<u>115</u>	<u>20</u>
	<u>405,842</u>	<u>355,671</u>

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

	2021 \$	2020 \$
10. INTEREST-BEARING LOANS AND BORROWINGS (CURRENT)		
Lease liability	30,000	28,288
Commercial bills	<u>120,000</u>	<u>120,000</u>
	<u>150,000</u>	<u>148,288</u>
11. PROVISIONS (CURRENT)		
Employee entitlements		
At beginning of year	409,036	379,238
Arising during the year	<u>17,946</u>	<u>29,798</u>
At end of year	<u>426,982</u>	<u>409,036</u>
12. INTEREST-BEARING LOANS AND BORROWINGS (NON-CURRENT)		
Lease liability	31,180	61,810
Commercial bills	<u>1,855,000</u>	<u>1,975,000</u>
	<u>1,886,180</u>	<u>2,036,810</u>

Terms and conditions

Loan – ANZ Tailored Business Facility

The company refinanced its finance facilities in March 2015 with the ANZ Banking Group. The initial facility was a five year rolling commercial bill facility expiring in February 2020 of \$3,050,000. At this time all previous loans owing to Kanowna Hostels Pty Limited and other parties were repaid.

The facility comprises a fixed rate portion of \$2,300,000, with the interest rate fixed for periods ranging from three to five years, with the balance of the facility being at interest rates prevailing at the time of the bill roll-over.

Under the terms of the facility, the company is required to make principal repayments of \$15,000 per month and to meet certain financial and non-financial covenants.

As at 31 December 2021 the balance of the facility was \$1,975,000 (2020:\$2,095,000).

The bank facility is secured by a registered mortgage over the company's land and buildings and a general security agreement over all present and after-acquired property.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

	2021	2020
	\$	\$
12. INTEREST-BEARING LOANS AND BORROWINGS (continued)		

Finance facilities

The company has access to the following credit standby bank facilities:

Commercial bill facility:		
<i>Amount of facility</i>	<u>1,975,000</u>	<u>2,095,000</u>
<i>Facility utilised</i>	<u>1,975,000</u>	<u>2,095,000</u>
<i>Facility unutilised</i>	<u> -</u>	<u> -</u>

13. COMMITMENTS

Finance Lease Commitments

Payable-minimum liability		
-not later than one year	32,840	32,840
-later than one year and not later than five years	<u>32,841</u>	<u>65,681</u>
Minimum hire purchase payments	65,681	98,521
Less future finance charges	<u>(3,871)</u>	<u>(8,423)</u>
	<u>61,810</u>	<u>90,098</u>
Comprises:		
-Current liability	30,000	28,288
-Non-current liability	<u>31,810</u>	<u>61,810</u>
	<u>61,810</u>	<u>90,098</u>

KOROWAL SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

14. DIRECTOR DISCLOSURES

The directors named in the attached directors' report each held office as a director of the company during the year, for the periods indicated in that report.

	2021	2020
Directors' remuneration	\$	\$
Income and benefits receivable by all directors, including 1 teaching staff (2020 included 2 teaching staff):	<u>95,086</u>	<u>202,791</u>

Number of directors whose income and benefits from the company was within the following bands:

	2021 No.	2020 No.
\$0 - \$10,000	6	7
\$90,000 - \$100,000	1	1
\$100,000 - \$110,000	<u>0</u>	<u>1</u>

15. RELATED PARTY DISCLOSURE

Amounts receivable from or payable to related parties

At balance date there are no amounts receivable from or payable to related parties arising from transactions other than normal customer or employee relationships.

KOROWAL SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Interest rate risk

The company'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, is as follows:

	Floating Interest Rate 2021 \$	Fixed Interest Within 1 Year 2021 \$	Fixed Interest Maturing 1-5 Years 2021 \$	Non-Interest Bearing 2021 \$	Average Interest Rate %
<i>Financial Assets</i>					
Cash	<u>651,620</u>	<u>-</u>	<u>-</u>	<u>424</u>	0.1
<i>Financial Liabilities</i>					
Commercial Bills	<u>-</u>	<u>-</u>	<u>1,975,000</u>	<u>-</u>	4.6
Finance lease	<u>-</u>	<u>-</u>	<u>61,810</u>	<u>-</u>	5.9

All other financial assets and financial liabilities are non-interest bearing.

Credit Risk

The maximum exposure to credit risk at balance date on recognised financial assets is the carrying amount, net of any provisions for deficits, as disclosed in the statement of financial position.

Net Fair Values

The net fair values of the financial assets and financial liabilities of the company at balance date approximate the book values as disclosed in the statement of financial position.

17. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to 31 December 2021.

18. ECONOMIC DEPENDENCY

The ability of the company to continue operating as a going concern may be dependent upon the continued financial support of the State and Federal Governments and its bankers.

19. CONTINGENT LIABILITIES

Building Education Revolution Funding

Funding received by the company from the Federal Government in previous years under the "Building Education Revolution" ("BER") scheme has certain conditions attached. Under the terms of the Funding Agreement, the facilities built using the BER funds are not to be sold and are to be used for the approved purpose for a period of twenty years.

Should the company sell the facilities built using the BER funding, or cease to use them for their intended purpose during the twenty-year period, it may be liable to repay a portion of the BER funding received.

KOROWAL SCHOOL LIMITED
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Korowal School Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with:
- (i) the Corporations Act 2001, including:
 - giving a true and fair view of the company's financial position at 31 December 2021 and of its performance for the year ended on that date; and
 - complying with Accounting Standards and Corporations Regulations 2001; and
 - (ii) International Reporting Standards as made by the International Accounting Standards Boards; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Christopher Lee
Director



Louise Dungate
Director

Hazelbrook
31 March 2022



berger piepers

CHARTERED ACCOUNTANTS

Partners
P A Berger B Com FCA
W J Piepers FCA
T D Millard B Com CA
Associate
T Costa B Bus CA

COMPILATION REPORT

TO THE MEMBERS OF KOROWAL SCHOOL LIMITED

ADDITIONAL INFORMATION INCOME AND EXPENDITURE STATEMENT

Scope

On the basis of information provided by the Client, we have compiled in accordance with APES 315: "Compilation of Financial Information" the additional financial information of the Client for the year ended 31 December 2021 as set out on schedule 7.

The Client is solely responsible for the information contained in this additional financial information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Client provided, into a Detailed Income and Expenditure Statement. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any deficit or damage which any person, other than the Client, may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

The additional financial information was prepared exclusively for the benefit of the Client. We do not accept responsibility to any other person for the contents of the additional financial information.

Berger Piepers
berger piepers
Chartered Accountants

Piepers
WJ Piepers
Partner

Penrith
31 March 2022



Summit House 286 High Street (PO Box 999) Penrith NSW 2751
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Liability limited by scheme approved under Professional Standards Legislation

KOROWAL SCHOOL LIMITED
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INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
INCOME		
School fees income		
Gross tuition fees - domestic	1,764,881	1,645,612
Gross tuition fees - overseas	-	14,162
Non-tuition fees	<u>211,356</u>	<u>197,630</u>
	<u>1,976,237</u>	<u>1,857,404</u>
Less: tuition fee discounts & concessions	<u>268,047</u>	<u>256,501</u>
	<u>1,708,190</u>	<u>1,600,903</u>
Government Grant Income		
Commonwealth Recurrent Operating Grant	3,049,213	2,588,507
Other Commonwealth Recurrent Grants	20,359	81,048
State Recurrent Operating Grant	858,433	768,991
Cashflow Boost	<u>-</u>	<u>100,000</u>
	<u>3,928,005</u>	<u>3,538,546</u>
Other Income		
Interest Received	90	287
Sundry Income	353	1,358
Proceeds Performance & Display	2,504	-
Donations for capital purposes	2,427	7,289
Net rental income - Korowal Studios	254	67
Proceeds school functions	(300)	1,233
Liabilities forgiven/forfeited	<u>-</u>	<u>1,200</u>
	<u>5,328</u>	<u>11,434</u>
TOTAL OPERATING INCOME	<u>5,641,523</u>	<u>5,150,883</u>

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INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
EXPENDITURE		
Tuition Costs	131,067	149,529
Staff Costs		
Salaries & Wages - permanent teachers	2,704,542	2,729,623
Salaries & Wages - casual teachers	116,226	86,389
Salaries & Wages - non-teaching staff	923,362	889,093
Salaries & Wages - other casual staff	24,128	21,426
Staff Allowances	16,137	17,310
Long Service Leave	36,456	706
Superannuation	<u>366,932</u>	<u>371,764</u>
	<u>4,187,783</u>	<u>4,116,311</u>
Other Operating Expenses		
Property & Buildings Expenses	141,609	137,256
Advertising & Promotion	26,640	20,238
Audit Fees	11,250	11,000
Computer expenses	46,042	39,769
Insurance	94,646	77,671
Subscriptions, Registrations. Licence Renewals	79,879	53,428
Other administration expenses	168,919	182,799
Administration costs - software	16,642	15,144
Development Costs	<u>84,868</u>	<u>15,147</u>
	<u>670,495</u>	<u>552,452</u>
Leasing Computers & Office Equipment	<u>97,131</u>	<u>85,587</u>
<u>Financial Expenses</u>		
Mortgage refinancing costs	-	5,330
Interest & fees - ANZ commercial bills	57,461	68,487
Other Interest Paid	7,630	8,838
Debt recovery costs	<u>1,468</u>	<u>4,186</u>
	<u>66,559</u>	<u>86,841</u>
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	<u>5,153,035</u>	<u>4,990,720</u>
NET OPERATING INCOME BEFORE PROVISIONS	<u>488,488</u>	<u>160,163</u>

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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
Provisions		
Annual Leave	(3,699)	(1,055)
Long service Leave	21,645	30,853
Depreciation	216,029	210,250
Doubtful Debts	-	-
Bad Debts Written Off	<u>6,409</u>	<u>2</u>
	<u>240,384</u>	<u>240,050</u>
TOTAL OPERATING EXPENSES	<u>5,393,419</u>	<u>5,230,770</u>
NET TRADING INCOME/(LOSS)/ AFTER PROVISIONS	<u>248,104</u>	<u>(79,887)</u>
Add: Capital Grants for Building Construction		
Block Grant Authority	<u>-</u>	<u>13,845</u>
NET INCOME/(LOSS) INCLUDING CAPITAL GRANTS	<u>248,104</u>	<u>(66,042)</u>