

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

FINANCIAL REPORT

FOR THE YEAR ENDED
31 DECEMBER, 2022

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 2022.

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
Andrea O'Doherty

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 \$7,507 (2021: \$248,104). After including income from capital grants the surplus for the year was \$137,507 (2021: \$248,104).

4. MEASUREMENT OF PERFORMANCE

Korowal School operates within the annual budget and business plan. In 2022, we continued to be confronted by the COVID-19 pandemic. In spite of this, we were able to continue to implement sound business and financial management practices that enabled the school to meet its key financial commitments.

5. OBJECTIVES AND STRATEGY

The School's short term objectives are to continue to provide quality education for students from Kindergarten to Year 12 consistent with the School's values.

The School measures its own performance through a number of financial and non-financial benchmarks; including analysis against the annual budget and strategic plan. The benchmarks are used by the Director's to assess the financial performance and sustainability of the School, and whether the school's short term and long term objectives are being achieved,

5. DIVIDENDS

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

6. 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, scholarships and award superannuation on the same basis as that disclosed in Note 16 to the financial statements.

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DIRECTORS' REPORT (continued)

7. INFORMATION ON DIRECTORS

<u>Name</u>	<u>Occupation</u>
Greg Lucas	Financial Adviser
Louise Dungate	Teacher
Christopher Lee	Manager
Mat Spiteri	Accountant
David Wright	Academic
David Taylor	IT Specialist
Andrea O'Doherty	Teacher

8. MEETINGS OF DIRECTORS

During the year 9 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	8
Louise Dungate	9	7
Mat Spiteri	9	8
David Wright	9	9
David Taylor	9	8
Fiona Rosso (resigned 18/05/22)	3	3
Andrea O'Doherty (appointed 18/05/22)	6	5

On behalf of the board



Christopher Lee
Director



Greg Lucas
Director

Hazelbrook
1 May 2023

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 2022, 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.

KellyPartners+BergerPiepers



W J Piepers FCA

Senior Partner

1 May 2023
Penrith, NSW

Kelly Partners (Western Sydney) Pty Ltd ABN 66 059 148 319

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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 2022, statement of profit and loss and other comprehensive income, statement of changes in funds 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 Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), including:

- giving a true and fair view of the company's financial position as at 31 December 2022 and of its financial performance and cash flows for the year ended on that date.
- complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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 ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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 audit opinion.

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Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2022, 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.

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.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the ACNC Act and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so. The Directors are responsible for overseeing the Company'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 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;

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

- 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;
- 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.

KellyPartners+BergerPiepers



W J Piepers FCA

Senior Partner

1 May 2023
Penrith, NSW

KOROWAL SCHOOL LIMITED
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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	5	736,617	652,044
Trade and other receivables	6	51,017	70,009
Other	7	<u>110,624</u>	<u>211,703</u>
TOTAL CURRENT ASSETS		<u>898,258</u>	<u>933,756</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>6,177,598</u>	<u>6,076,336</u>
TOTAL NON-CURRENT ASSETS		<u>6,177,598</u>	<u>6,076,336</u>
TOTAL ASSETS		<u>7,075,856</u>	<u>7,010,092</u>
CURRENT LIABILITIES			
Trade and other payables	9	417,036	405,842
Interest-bearing loans and borrowings	10	180,096	150,000
Provisions	11	<u>354,078</u>	<u>426,982</u>
TOTAL CURRENT LIABILITIES		<u>951,210</u>	<u>982,824</u>
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	12	<u>1,846,051</u>	<u>1,886,180</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,846,051</u>	<u>1,886,180</u>
TOTAL LIABILITIES		<u>2,797,261</u>	<u>2,869,004</u>
NET ASSETS		<u>4,278,595</u>	<u>4,141,088</u>
MEMBERS' EQUITY			
Accumulated surplus		<u>4,278,595</u>	<u>4,141,088</u>
TOTAL MEMBERS' EQUITY		<u>4,278,595</u>	<u>4,141,088</u>

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

KOROWAL SCHOOL LIMITED
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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
Revenue			
Sale of educational services	3(a)	5,883,197	5,639,006
Bank interest	3(d)	909	90
Other income	3(b)	<u>2,155</u>	<u>2,427</u>
TOTAL REVENUE		<u>5,886,261</u>	<u>5,641,523</u>
Expenses			
Depreciation and amortisation	3(c)	(232,514)	(216,029)
Finance costs	3(d)	(90,447)	(66,559)
Employee benefits	3(e)	(4,540,859)	(4,205,729)
Other expenses	3(f)	<u>(1,014,934)</u>	<u>(905,102)</u>
TOTAL EXPENSES		<u>(5,878,754)</u>	<u>(5,393,419)</u>
OPERATING SURPLUS BEFORE CAPITAL GRANTS AND INCOME TAX EXPENSE		7,507	248,104
Capital grants for building construction		<u>130,000</u>	<u>-</u>
SURPLUS BEFORE INCOME TAX EXPENSE		137,507	
Income tax expense	4	<u>-</u>	<u>-</u>
NET SURPLUS		137,507	248,104
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>137,507</u>	<u>248,104</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 2022

	NOTE	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from trading activities		6,299,002	6,031,316
Payments to suppliers and employees		(5,810,990)	(5,390,769)
Interest received		909	90
Interest and other costs of finance paid		(80,370)	(75,260)
Receipts from sundries and donations		11,831	21,980
		<u>420,382</u>	<u>587,357</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from investing activities			
Proceeds from sale of plant and equipment		8,000	-
Purchase of property, plant and equipment		(169,927)	(100,119)
		<u>(161,927)</u>	<u>(100,117)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Cash flows from financing activities			
Proceeds from/(repayment of) loans (net)		(120,000)	(120,000)
Payment of hire purchase principal		(53,882)	(28,918)
		<u>(173,882)</u>	<u>(148,918)</u>
NET CASH FLOWS USED IN FINANCING ACTIVITIES			
Net increase in cash and cash equivalents		84,573	338,322
Cash and cash equivalents at beginning of the year		652,044	313,722
		<u>652,044</u>	<u>313,722</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	<u><u>736,617</u></u>	<u><u>652,044</u></u>

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

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Accumulated Surplus \$	Reserves/ Capital \$	Total Equity \$
At 1 January 2021	3,892,984	-	3,892,984
Surplus for the year	248,104	-	248,104
Other comprehensive income	-	-	-
At 31 December 2021	4,141,088	-	4,141,088
Surplus for the year	137,507	-	137,507
Other comprehensive income	-	-	-
At 31 December 2022	<u>4,278,595</u>	<u>-</u>	<u>4,278,595</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

1. CORPORATE INFORMATION

The financial report of Korowal School Limited was authorised for issue in accordance with a resolution of the directors on 1 May 2023.

Korowal School Limited is a company limited by guarantee, a registered charity with the Australian Charities and Not-for-Profit Commission.

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 general-purpose financial report has been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, Australian Accounting Standards – Simplified Disclosures, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.. The financial report has also been prepared on an historical cost basis (based on the fair value of the consideration given in exchange for assets) except for land and buildings which are measured at fair value less accumulated depreciation on buildings and any impairment losses.

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 continuing government funding for labour market programs.

The financial report is presented in Australian dollars, which is the company's functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated.

(b) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 2022

	2022	2,021
	\$	\$
3. REVENUE AND EXPENSES		
(a) Sale of educational services		
Tuition and other fees	1,693,137	1,708,190
Government subsidies	4,170,229	3,928,005
Sundry	<u>19,831</u>	<u>2,811</u>
	<u>5,883,197</u>	<u>5,639,006</u>
(b) Other income		
Donations	<u>2,155</u>	<u>2,427</u>
(c) Depreciation and amortisation		
Depreciation of non-current assets	<u>232,514</u>	<u>216,029</u>
(d) Finance costs/income		
Loan interest/fees paid	79,608	57,461
Debt recovery costs	-	1,468
Other interest paid	<u>10,839</u>	<u>7,630</u>
Total interest expense	<u>90,447</u>	<u>66,559</u>
Bank interest received	<u>909</u>	<u>90</u>
(e) Employee benefits		
Wages and salaries	4,185,768	3,820,851
Superannuation	427,994	366,932
Employee entitlements	<u>(72,903)</u>	<u>17,946</u>
	<u>4,540,859</u>	<u>4,205,729</u>
(f) Expenses included in other expenses		
Auditors remuneration	11,550	11,250
Doubtful debts/bad debts expense	<u>15,468</u>	<u>6,409</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.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

	2022	2021
	\$	\$
5. CASH AND CASH EQUIVALENTS		
Cash on hand	338	424
Cash at bank	<u>736,279</u>	<u>651,620</u>
	<u><u>736,617</u></u>	<u><u>652,044</u></u>
6. TRADE AND OTHER RECEIVABLES (CURRENT)		
Fee debtors	76,017	95,009
Provision for doubtful debts	<u>(25,000)</u>	<u>(25,000)</u>
	<u><u>51,017</u></u>	<u><u>70,009</u></u>
7. OTHER ASSETS (CURRENT)		
Prepayments	93,701	56,247
Prepaid borrowing costs	4,669	14,746
Grants receivable	-	130,000
Other	<u>12,254</u>	<u>10,710</u>
	<u><u>110,624</u></u>	<u><u>211,703</u></u>
8. PROPERTY, PLANT AND EQUIPMENT		
Land - at cost	<u>987,000</u>	<u>987,000</u>
Motor vehicles		
At cost	289,630	244,869
Provision for depreciation	<u>(47,230)</u>	<u>(125,299)</u>
	<u><u>242,400</u></u>	<u><u>119,570</u></u>
Buildings		
At cost	6,792,876	6,629,074
Provision for depreciation	<u>(2,051,454)</u>	<u>(1,881,633)</u>
	<u><u>4,741,422</u></u>	<u><u>4,747,441</u></u>
Plant and equipment		
At cost	385,561	362,559
Provision for depreciation	<u>(178,785)</u>	<u>(140,234)</u>
	<u><u>206,776</u></u>	<u><u>222,325</u></u>
Total property, plant and equipment	<u><u>6,177,598</u></u>	<u><u>6,076,336</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

	2022	2021
	\$	\$
8. PROPERTY, PLANT AND EQUIPMENT (continued)		

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	119,570	123,275
Additions	132,269	8,182
Adjustments	14,697	-
Depreciation expense	<u>(24,136)</u>	<u>(11,887)</u>
	<u>242,400</u>	<u>119,570</u>
Buildings at cost		
Carrying amount at beginning	4,747,441	4,858,601
Additions	163,803	54,566
Depreciation expense	<u>(169,822)</u>	<u>(165,727)</u>
	<u>4,741,422</u>	<u>4,747,441</u>
Plant and equipment at cost		
Carrying amount at beginning	222,325	223,372
Additions	23,007	37,371
Depreciation expense	<u>(38,556)</u>	<u>(38,418)</u>
	<u>206,776</u>	<u>222,325</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.

KOROWAL SCHOOL LIMITED
(a company limited by guarantee)
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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

	2022	2021
	\$	\$
9. TRADE AND OTHER PAYABLES (CURRENT)		
Accrued expenses and other payables	153,351	172,961
GST payable	15,313	22,813
Superannuation	55,283	62,074
Tuition fees in advance	188,589	122,029
Grant in Advance	4,500	25,850
Deposits/bonds/levies	-	115
	<u>417,036</u>	<u>405,842</u>
10. INTEREST-BEARING LOANS AND BORROWINGS (CURRENT)		
Lease liability	60,096	30,000
Commercial bills	<u>120,000</u>	<u>120,000</u>
	<u>180,096</u>	<u>150,000</u>
11. PROVISIONS (CURRENT)		
Employee entitlements		
At beginning of year	426,982	409,036
Movement during the year	<u>(72,904)</u>	<u>17,946</u>
At end of year	<u>354,078</u>	<u>426,982</u>

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

	2022	2021
	\$	\$
12. INTEREST-BEARING LOANS AND BORROWINGS (NON-CURRENT)		
Lease liability	111,051	31,180
Commercial bills	<u>1,735,000</u>	<u>1,855,000</u>
	<u>1,846,051</u>	<u>1,886,180</u>

Terms and conditions

Loan – ANZ Tailored Business Facility

The company refinanced its finance facilities with the ANZ Banking Group.

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 2022 the balance of the facility was \$1,855,000 (2021:\$1,975,000).

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.

Finance facilities

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

Commercial bill facility:		
<i>Amount of facility</i>	<u>1,855,000</u>	<u>1,975,000</u>
<i>Facility utilised</i>	<u>1,855,000</u>	<u>1,975,000</u>
<i>Facility unutilised</i>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

	2022	2021
	\$	\$
13. COMMITMENTS		
<i>Finance Lease Commitments</i>		
Payable-minimum liability		
-not later than one year	69,009	32,840
-later than one year and not later than five years	<u>123,576</u>	<u>32,841</u>
Minimum hire purchase payments	192,585	65,681
Less future finance charges	<u>(21,438)</u>	<u>(3,871)</u>
	<u>171,147</u>	<u>61,810</u>
Comprises:		
-Current liability	60,096	30,000
-Non-current liability	<u>111,051</u>	<u>31,810</u>
	<u>171,147</u>	<u>61,810</u>

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.

Directors' remuneration

Income and benefits receivable by all directors,
including 1 teaching staff
(2016 included 2 teaching staff):

<u>215,545</u>	<u>95,086</u>
----------------	---------------

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

	2022	2021
	No.	No.
\$0 - \$10,000	5	6
\$90,000 - \$100,000	1	1
\$100,000 - \$110,000	<u>1</u>	<u>0</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.

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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

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 2022 \$	Fixed Interest Within 1 Year 2022 \$	Fixed Interest Maturing 1-5 Years 2022 \$	Non-Interest Bearing 2022 \$	Average Interest Rate %
<i>Financial Assets</i>					
Cash	<u>736,617</u>	<u>-</u>	<u>-</u>	<u>424</u>	0.1
<i>Financial Liabilities</i>					
Commercial Bills	<u>-</u>	<u>-</u>	<u>1,855,000</u>	<u>-</u>	3.1
Finance lease	<u>-</u>	<u>-</u>	<u>171,147</u>	<u>-</u>	6.1

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 2022.

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.

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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 2022 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



Greg Lucas
Director

Hazelbrook
1 May 2023

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 2022 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.

KellyPartners+BergerPiepers



W J Piepers FCA

Senior Partner

1 May 2023
Penrith, NSW

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Liability limited by a scheme approved under Professional Standards Legislation

KOROWAL SCHOOL LIMITED
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INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
INCOME		
School fees income		
Gross tuition fees - domestic	1,748,104	1,764,881
Non-tuition fees	<u>203,908</u>	<u>211,356</u>
	1,952,012	1,976,237
Less: tuition fee discounts & concessions	<u>258,875</u>	<u>268,047</u>
	<u>1,693,137</u>	<u>1,708,190</u>
Government Grant Income		
Commonwealth Recurrent Operating Grant	3,235,648	3,049,213
Other Commonwealth Recurrent Grants	49,685	20,359
State Recurrent Operating Grant	<u>884,896</u>	<u>858,433</u>
	<u>4,170,229</u>	<u>3,928,005</u>
Other Income		
Interest Received	909	90
Sundry Income	436	353
Proceeds Performance & Display	639	2,504
Proceeds - Sale of fixed assets	8,000	-
Donations for capital purposes	2,155	2,427
Fundraising	3,149	-
Net rental income - Korowal Studios	1,013	254
Proceeds school functions	<u>6,594</u>	<u>(300)</u>
	<u>22,895</u>	<u>5,328</u>
TOTAL OPERATING INCOME	<u>5,886,261</u>	<u>5,641,523</u>

KOROWAL SCHOOL LIMITED
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INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
EXPENDITURE		
Tuition Costs	184,943	131,067
Staff Costs		
Salaries & Wages - permanent teachers	2,821,411	2,704,542
Salaries & Wages - casual teachers	150,389	116,226
Salaries & Wages - non-teaching staff	1,014,842	923,362
Salaries & Wages - other casual staff	44,895	24,128
Staff Allowances	21,210	16,137
Long Service Leave	133,021	36,456
Superannuation	427,994	366,932
	<u>4,613,762</u>	<u>4,187,783</u>
Other Operating Expenses		
Property & Buildings Expenses	183,506	141,609
Advertising & Promotion	63,182	26,640
Audit Fees	11,550	11,250
Computer expenses	38,131	46,042
Insurance	107,084	94,646
Subscriptions, Registrations. Licence Renewals	95,622	79,879
Other administration expenses	158,700	168,919
Administration costs - software	16,960	16,642
Development Costs	57,323	84,868
	<u>732,058</u>	<u>670,495</u>
Leasing Computers & Office Equipment	<u>82,465</u>	<u>97,131</u>
<u>Financial Expenses</u>		
Interest & fees - ANZ commercial bills	79,608	57,461
Other Interest Paid	10,839	7,630
Debt recovery costs	-	1,468
	<u>90,447</u>	<u>66,559</u>
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	<u>5,703,675</u>	<u>5,153,035</u>
NET OPERATING INCOME BEFORE PROVISIONS	<u>182,586</u>	<u>488,488</u>

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INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
Provisions		
Annual Leave	1,100	(3,699)
Long service Leave	(74,003)	21,645
Depreciation	232,514	216,029
Bad Debts Written Off	15,468	6,409
	<u>175,079</u>	<u>240,384</u>
TOTAL OPERATING EXPENSES	<u>5,878,754</u>	<u>5,393,419</u>
NET TRADING INCOME AFTER PROVISIONS	<u>7,507</u>	<u>248,104</u>
Add: Capital Grants for Building Construction		
Block Grant Authority	<u>130,000</u>	<u>-</u>
NET INCOME INCLUDING CAPITAL GRANTS	<u>137,507</u>	<u>248,104</u>