



**Chairo
Christian School**

Annual Report

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

*Warragul District Parent-Controlled Christian School
Association Incorporated • ABN 12 451 824 370*



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Executive Principal's Report for 2021

Rejoice always, pray continually, give thanks in all circumstances; for this is God's will for you in Christ Jesus. 1 Thessalonians 5:16–18

Well, another year has come to an end, and it wasn't just *any* year—it was 2021!

On the one hand, we can look back over a year of lockdowns, restrictions, remote learning, government mandates and continual changes. And it certainly was that. But we can also look back with thanks and gratitude to God. One psalm-writer opens his composition with these words: 'Give thanks to the LORD, for he is good; his love endures forever' (Psalm 107:1).

How might God's goodness and love have looked throughout 2021? What can we look back upon and give thanks for?

Firstly, God kept us. Probably more than ever before in my life (and your experience may have been the same), I was stretched and pressed beyond my own ability during the year. More than ever, I had to cry out for God's keeping and provision. What I have been able to trust in previously (such as my health, lifestyle and catching up with friends) was not as accessible as usual, and I know that I was found wanting at times. But God was not found wanting! His love endured.

Secondly, God protected us. Whilst we missed out on much in 2021, including many anticipated special events and activities, we were also spared much because of the protecting hand of our Loving Father. We may instinctively want to 'give thanks to the Lord', and we can certainly identify so much that we can rightly thank and praise him for.

Thirdly, God provided for us. God's abundant provision was so evident throughout 2021. We saw examples of it in our wonderful staff members serving across the school, in the rich learning (even if some of it had to take place online) that took place, and in the amazing commitment of so many families working in partnership despite the challenging year that we had.

And while it is appropriate that we take time to give thanks to the Lord, allow me to also give thanks to those who make up our school community.

Students: Thank you and well done. Thank you for the perseverance, stamina and patience that you demonstrated when learning may have been more complex than you expected, when friendship took more effort and when the obvious disappointment of not delighting in some much-anticipated events came.

Parents/guardians: Thank you for your willingness to continue to partner with the school, even when that partnership looked and felt different from what you may have expected or wanted. Your willingness to change family routines, to work and live flexibly, to be engaged in your child's learning in

new and stretching ways, is so valuable. I thank each one of you for that and acknowledge the essential element this is played in your child's learning.

Colleagues: Thank you for the creativity, energy and grace that you demonstrated in your day-in, day-out commitment to working faithfully in partnership with families to ensure that every student is known, loved, nurtured and educated. Your commitment to every student, family and colleague is a beautiful and tangible expression of who we are asking God to make us as a community at Chairo.

Leaders: Last, but by no means least, thank you to the leaders of our school community who calmly, confidently and humbly led through uncertainty, seeking to ensure that Chairo is the caring, Christian community that we long for it to be. It is both a privilege and inspiration to serve alongside every leader, including our board members, as they seek to ensure every hurdle, decision and act is done as a servant of a God, whose love endures forever. Your commitment to the Lord, and to Chairo, in this way is so valued.

Simon Matthews



Board Chairman's Report for 2021

Following a challenging year in 2020 when COVID-19 first impacted our lives, we entered a new year hoping, praying and even somewhat expecting that we wouldn't experience the same level of lockdowns and other restrictions. While the two years were obviously different, it's history now that unfortunately the pandemic continued to impact many lives and activities in 2021.

For large chunks of the year, teachers were teaching from home and students were learning at home, with inevitable ramifications for educational progress, mental health, social engagement and more. This brought enormous challenges for parents and guardians (and grandparents, etc.) forced to oversee learning at home, while some students were supervised at school so that parents and guardians could continue working outside the home.

How individuals coped will naturally have varied depending on personal circumstances, but there is no doubt that 2021 was somewhere on a scale between challenging and overwhelming for all members of the Chairo community. Sadly, some students, families and staff members will not be continuing at Chairo for reasons relating to the pandemic and/or government requirements, and this has been one of the hardest things to see happen to our school community.

Nevertheless, we can praise God that he sustained us through 2021 as we relied on him for strength and guidance, and as he enabled us to appreciate the valuable things of life, including family, friends and school. As Deuteronomy 31:8 says, 'The Lord himself goes before you and will be with you; he will never leave you nor forsake you. Do not be afraid; do not be discouraged'.

While not all anticipated events and activities were possible, or some perhaps happened online or in a modified format, it is quite amazing what was possible because of the efforts and enthusiasm of so many members of the school community.

I wish to take this opportunity to thank our staff members for their inspiring dedication to students, thank our parents for their invaluable partnership with the school and thank our students for their excellent resilience.

It is my prayer that we will be united as a school community in 2022, celebrating what we have in common, accepting what we think differently about and acknowledging the worth of each uniquely created individual.

Rob Bruce



Business Manager's Report for 2021

The 2021 year was certainly challenging due to COVID-19 and the impact this had on us all, both individually and as a community.

However, it also included the completion of a roof replacement at Leongatha, replacement of information technology equipment across the school and pathway and balustrading improvements at Drouin.

We pray and trust that all these capital improvements will continue to advance Chairó's mission and vision, and God's plans for the school community. The benefits of all these projects will be experienced for years to come.

Prep to Year 12 enrolments across the school for 2021 were 1,551 students in comparison to 1,535 students in 2020. For 2022, enrolment numbers across the campuses are budgeted to be 1,540 students. Kindergarten student numbers continue to be consistent, with enrolments expected to be more than 155 in 2022.

Capital development across the school is planned to increase during 2022, with the commencement of the third stage of the Senior School Centre project at Pakenham, further pathway and balustrading improvements at Drouin and other smaller projects across all of the campuses.

We continue to be thankful for the financial support of both the Commonwealth and State governments. The move towards more targeted needs-based funding continues. This has assisted us in our circumstances and allows us to meet the diverse needs of our student population and maintain access for lower income families.

I wish to thank each of our wonderful support staff members. Without the competence and hard work of our talented teams in property, administration, finance, policy and compliance, ICT, community relations and marketing, classroom support, technology and catering, there is no doubt that our ability to achieve our mission to provide excellence in Christ-centred education would be lessened.

It is a privilege to work alongside these people in helping to support our teachers, students and families.

In summary, while COVID-19 impacted the year, God has blessed the school community greatly over many years and Chairó continues to be an exciting place in which to be involved. There are many reasons for us to continue to be optimistic about our future as we seek to glorify God in all that we do.

Roger Simons



**Warragul District Parent-Controlled Christian School
Association Incorporated
Chairo Christian School
ABN 12 451 824 370
Statement of Financial Position
as at 31 December 2021**

	Note	2021 \$	2020 \$
Current Assets			
Cash Assets	10(a)	156,061	99,374
Receivables (Net)	4	388,180	339,741
Prepayments		581,537	539,923
Money held in Trust Accounts		173,660	-
Total Current Assets		<u>1,299,438</u>	<u>979,038</u>
Non Current Assets			
Land At Valuation	15	<u>5,835,000</u>	<u>5,835,000</u>
Buildings and Improvements at Valuation		69,251,817	69,251,817
Buildings and Improvements at Cost		13,700,130	13,496,009
Less Provision for Depreciation		<u>(25,872,142)</u>	<u>(24,004,873)</u>
	15	57,079,805	58,742,953
Plant and Equipment at Cost		7,726,375	8,250,924
Less Provision for Depreciation		<u>(5,725,671)</u>	<u>(6,203,002)</u>
	15	2,000,704	2,047,922
Right Of Use Assets - Plant and Equipment at Cost	8	109,298	109,298
Less Provision For Depreciation		<u>(58,653)</u>	<u>(31,525)</u>
		50,645	77,773
Capital Works in Progress	15	<u>65,591</u>	<u>144,583</u>
Total Non Current Assets		<u>65,031,745</u>	<u>66,848,231</u>
Total Assets		<u>66,331,183</u>	<u>67,827,269</u>

* The accompanying notes form part of the financial statements.

**Warragul District Parent-Controlled Christian School
Association Incorporated
Chairo Christian School
ABN: 12 451 824 370
Statement of Financial Position
as at 31 December 2021**

	Note	2021	2020
Current Liabilities		\$	\$
Creditors		346,375	165,720
Accrued Expenses		1,747,412	1,779,043
Fees Received in Advance		334,796	467,077
Lease Liabilities – Plant & Equipment	6/16	26,607	25,528
Provision for Employee Entitlements	9	2,284,491	2,266,250
Other		86,590	82,478
Total Current Liabilities		4,826,271	4,786,096
Non Current Liabilities			
Provision for Employee Entitlements	9	531,392	472,654
Lease Liabilities – Plant and Equipment	6/16	22,445	49,048
Borrowings – Bank Bill	6	4,424,000	7,340,072
Total Non-Current Liabilities		4,977,837	7,861,774
Total Liabilities		9,804,108	12,647,870
Net Assets		56,527,075	55,179,399
Members Funds			
Accumulated Funds		24,866,550	22,821,032
Reserves	7	31,660,525	32,358,367
Total Equity		56,527,075	55,179,399

* The accompanying notes form part of the financial statements.

**Warragul District Parent-Controlled Christian School
Association Incorporated
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Statement of Profit or Loss and Comprehensive Income
for the year ended 31 December 2021**

	Note	2021 \$	2020 \$
Revenue	2	33,487,208	30,380,367
Employee benefits expense		(22,876,529)	(23,322,804)
Borrowing costs expense		(96,835)	(144,880)
Depreciation and amortisation expense		(2,435,763)	(2,616,120)
Transport Costs		(887,382)	(644,769)
Cleaning/Maintenance/Utilities Costs		(1,564,184)	(1,115,895)
Tuition/camps/excursion expenses		(1,033,279)	(793,931)
Other expenses (incl. Kinder Expenses)		(3,245,561)	(2,493,024)
Total Income/ (Deficit)		1,347,675	(751,056)
Revenue from capital grants	5	-	225,010
Total Comprehensive Profit/ (Loss)		1,347,675	(526,046)

* The accompanying notes form part of the financial statements.

**Warragul District Parent-Controlled Christian School
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ABN: 12 451 824 370
Statement of Cash Flows
for the year ended 31 December 2021**

	Note	2021 \$	2020 \$
Cash Flows from Operating Activities			
Receipts from Student Charges		8,677,415	8,566,324
Other Income		277,720	308,533
Grants		24,329,092	21,873,189
Interest Received		50	110
Borrowing Costs Paid		(96,835)	(144,880)
Payments to Suppliers and Employees		(29,568,706)	(28,428,114)
Net Cash Flow from Operating Activities	10(b)	3,618,736	2,175,162
Cash Flows from Investing Activities			
Payments for Property Plant & Equipment		(620,453)	(1,299,183)
Net Cash used in Investing Activities		(620,453)	(1,299,183)
Cash Flows from Financing Activities			
Proceeds from Capital Grants		-	225,010
Proceeds/ (Repayment) of Small Capital Leases		(25,524)	(23,853)
Proceeds/ (Repayment) of Loan		(2,916,072)	(1,017,704)
<i>Net Cash Flow from Financing Activities</i>		(2,941,596)	(816,547)
 <i>Net Increase/ (Decrease) in Cash Held</i>		 56,687	 59,342
Cash at beginning of Year		99,374	40,032
 <i>Cash at End of Year</i>	 10(a)	 156,061	 99,374

* The accompanying notes form part of the financial statements.

**Warragul District Parent-Controlled Christian School
Association Incorporated
Chairo Christian School
ABN: 12 451 824 370
Statement of Changes in Equity
for the year ended 31 December 2021**

2021

	Retained Surplus	Capital Grants Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2021	22,821,032	7,687,634	24,670,743	55,179,399
Net Surplus	1,347,676	-	-	1,347,676
Transfer to retained surplus for amortisation	697,842	(697,842)	-	-
Balance at 31 December 2021	24,866,550	6,989,782	24,670,743	56,527,075

2020

	Retained Surplus	Capital Grants Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2020	22,887,033	8,147,669	24,670,743	55,705,445
Net Surplus	(526,046)	-	-	(526,046)
Transfer to retained surplus for amortisation	460,045	(460,045)	-	-
Balance at 31 December 2020	22,821,032	7,687,624	24,670,743	55,179,399

* The accompanying notes form part of the financial statements.

**Warragul District Parent-Controlled Christian School
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Notes to and forming part of the Financial Statements
for the year ended 31 December 2021**

Note 1: Statement of Significant Accounting Policies

The financial statements are for Warragul District Parent-Controlled Christian School Association Inc. as an individual entity, incorporated and domiciled in Australia. The school is a not-for-profit incorporated association.

Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Associations Incorporation Reform Act 2012*, and the *Australian Charities and Not-for-profits Commission Act 2012*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statement containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial statement are presented below. They have been consistently applied unless otherwise stated.

Basis of Preparation

The financial statements, except the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

(a) Property, Plant and Equipment

Land and buildings

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, or at cost, less subsequent depreciation and impairment for buildings.

Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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Plant and equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset. The cost of plant and equipment constructed within the Association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

(b) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the school from the time the asset is held ready for use. In August 2018 the board of the association agreed that all buildings of the association that were previously being depreciated over 40, 50 or 60 years, would now be depreciated over 50 years uniformly.

The depreciation rates used for the current and comparative year for each class of depreciable asset are:-

Class of Fixed Asset	Depreciation Rate
Buildings & Site Improvements	2-20%
Plant and Equipment	5% - 50%

(c) Cash

Cash and cash equivalents include cash on hand and deposits held at call with banks.

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(d) Revenue

Revenue arises mainly from:

- (i) Rendering of education services;
- (ii) Rendering of other services supplementary to education services;
- (iii) Government grant funding; and
- (iv) Interest received.

To determine whether and when to recognise revenue, the Association follows a 5-step process:

- (1) Identifying the contract with a customer;
- (2) Identifying the performance obligations;
- (3) Determining the transaction price;
- (4) Allocating the transaction price to the performance obligations; and
- (5) Recognising revenue when/as the performance obligation(s) are satisfied.

Revenue, including government grant funding that is subject to a funding arrangement that is both enforceable and sufficiently specific regarding its purpose, is recognised at a point in time or over time, when (or as) the Association satisfies performance obligations by transferring the promised goods to its customers.

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

Government grant funding provided to the Association in accordance with a funding arrangement that is not both enforceable and sufficiently specific regarding its purpose, is recognised as revenue in the statement of profit or loss and other comprehensive income when the Association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

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

(e) Employee Entitlements

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

(f) Impairment of Assets

At each reporting date, the Association reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and replacement cost, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(g) Critical Accounting Estimates and Judgments

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

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

i. Impairment

The Association assesses impairment at each reporting date by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of property, plant and equipment at reporting date.

ii. Employee benefits provision

As per Note 1(e), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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- iii. *Estimation of useful lives of assets*
The Association determines the useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated.
- iv. *Bad debt provision*
The association evaluates the collectability of accounts receivable on an ongoing basis based on historical bad debts, customer credit-worthiness, current economic trends and changes in payment activity. A provision is created recognising likely bad debts of the association taking into account the individual factors as outlined above for each customers debt at the 31 December 2021.
- v. *Extension option for leases*
When the Association has the option to extend a lease, the Association uses its judgement to determine whether or not an option would be reasonably certain to be exercised. The Association considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

(h) Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- i. it is expected to be realised or intended to be sold or consumed in normal operating cycle; or
- ii. it is held primarily for the purpose of trading; or
- iii. it is expected to be realised within twelve months after the reporting period; or
- iv. the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- i. it is expected to be settled in normal operating cycle;
- ii. it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or

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iii. there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(i) Income Tax

In accordance with Section 50-5 of the Income Tax (Assessment) Act 1997, the Association is exempt from income tax.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(k) Working Capital Deficiency

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Association believes it is a going concern for strong reasons including; continuing enrolment numbers for 2022 leading directly to government grant funding which is due to be paid to the Association in the second week of January 2022 totaling an estimated \$11 million which more than meets current liabilities, also the projected timing of repayment of liabilities, the existence of an approved finance facility and significant unencumbered assets. For the year ended 31 December 2021, although the School recorded a net current asset deficiency of \$3,526,835 (2020: Deficiency \$3,807,058), it also recorded a surplus from operating activities of \$1,347,675 (2020: Deficit \$751,056) and positive cash inflows from operating activities of \$3,617,561 (2020: \$2,175,162).

(l) Leases

For any new contracts, the Association considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Association assesses whether the contract meets three key evaluations which are whether:

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- (i) The Association has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- (ii) the Association has the right to direct the use of the identified asset throughout the period of use. The Association assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

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

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

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

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Association sales) are excluded from the initial measurement of the lease liability and asset and are expensed as incurred

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

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On the statement of financial position, right-of-use assets have been reported separately to property, plant and equipment and lease liabilities.

The Association classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 8).

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

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current period.

Any new or amended Accounting Standards or interpretations that are not yet mandatory, have not been early adopted.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance or position of the Association.

(n) Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

(o) Comparative Figures

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

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**Notes to and forming part of the Financial Statements for the year ended 31
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Note 2: Revenue

	2021	2020
	\$	\$
Fees Revenue	7,423,554	6,787,804
Government Grants:		
- State	6,029,037	5,397,361
- Commonwealth	18,809,206	22,449,334
Interest Received	49	110
Student Transport	276,134	216,284
Other Income	941,180	893,914
Non Operating Activities		
- Donations	8,048	32,921
	33,487,208	30,380,367

Note 3: Surplus/ (Deficit)

Expenses		
Educational Consumables, Expenses and Camps	1,033,279	793,931
Cleaning/Maintenance/Utilities Costs	1,564,184	1,115,895
Movement in provisions (Note 9)	76,978	198,026
Bad and doubtful debts:		
- bad debts written off	54,447	14,255
- movement in provision for doubtful debts (Note 4)	88,385	33,043
Remuneration of the auditors for:		
- auditing or reviewing the financial report	15,860	14,900
- other services	-	950
Loss on disposal of fixed assets	1,175	-

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Notes to and forming part of the Financial Statements
for the year ended 31 December 2021**

Note 3: Surplus/ (Deficit) - Continued

Surplus/(Deficit) before income tax is arrived at after taking into consideration the following charges:

Depreciation and amortisation expense:

- Property, plant and equipment:

- Buildings	1,867,269	1,850,560
- Plant and Machinery	82,428	73,342
- Furniture and Equipment	308,603	326,585
- Motor vehicles	40,309	39,148
- Computer Equipment	85,046	274,381
	2,383,655	2,564,016

- Right-of-use assets:

- Plant and equipment	26,832	26,832
- Computer Equip	295	295
	27,127	27,127

- Intangible assets:

- Software	24,981	24,977
	24,981	24,977

Total depreciation and amortisation expense

	2,435,763	2,616,120
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Finance costs – Right of Use Assets and Leases:

- Interest expense for Right of Use Assets	2,623	3,663
- Interest expense for leasing arrangements	25,019	17,306
Total interest expense for Financing	27,642	20,968

**Warragul District Parent-Controlled Christian School
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Notes to and forming Part of the Financial Statements
for the year ended 31 December 2021**

	2021	2020
	\$	\$
<u>Note 4: Receivables</u>		
Debtors – Fees	579,842	542,998
Sundry Debtors	96,988	(2,992)
Less Provision for Doubtful Debts	(288,650)	(200,265)
	388,180	339,741
Reconciliation Of Provision For Doubtful Debts		
Balance At Beginning Of year	200,265	181,477
Amounts recognised as doubtful	128,180	24,715
Amounts Written off	(39,795)	(5,927)
	288,650	200,265
<u>Note 5: Capital Grants</u>		
Block Grant Authority – Aust./ Vic. Govt.	-	225,010
<u>Note 6: Borrowings</u>		
Current		
2020 Laptop Cart Lease	681	660
AV Equipment Lease	25,926	24,868
	26,607	25,528
Non-Current		
AV Equipment Lease	22,445	48,371
Bank Bill	4,424,000	7,340,072
2020 Laptop Cart Lease	-	677
	4,446,445	7,389,120

The Bank Bill Business Loan is secured by a mortgage over 585 Bald Hill Road, Nar Nar Goon and Lots 2 & 3 655 Bald Hill Road, Nar Nar Goon and a general security agreement over all existing and future assets, and undertakings.

**Warragul District Parent-Controlled Christian School
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Notes to and forming Part of the Financial Statements
for the year ended 31 December 2021**

<u>Note 7: Reserves</u>	2021	2020
	\$	\$
Capital Grants Reserve:		
Balance at beginning of year	7,687,624	8,147,669
Net Transfer (from) / to Reserve	(697,842)	(460,045)
Balance at end of year	6,989,782	7,687,624
Asset Revaluation Reserve		
Balance at beginning of year	24,670,743	24,670,743
Net Gain/ (Loss) On Revaluation of Building	-	-
Balance at end of year	24,670,743	24,670,743
Total Reserves Balance at end of year	31,660,525	32,258,867

The capital grants reserve is held in recognition of grants received for capital purposes. The majority of these grants would need to be refunded on a pro rata basis, should the entity cease operations within a 20 year period after the receipt of the grant. The entity therefore recognises the grant as income and transfers the entire grant from retained earnings to the reserve in the year it is received and then transfers 5% from the reserve into retained earnings annually.

The capital grant for the Multipurpose BER Hall built at Leongatha Campus in 2010 requires the full grant amount to be refunded if operations cease within 7 years after the receipt of the grant and then transferred from the reserve to retained earnings annually on a pro-rata basis for the next 7 years following at a rate of 14.29% per year (years 8-14 after receipt of grant).

The capital grant for the Design and Technology Building built at Pakenham Campus in 2015 requires the grant to be refunded on a pro rata basis, should the entity cease operations within an 11 year period. The entity therefore transfers 9.09% from the reserve to retained earnings annually on a pro rata basis for the next 11 years.

The capital grant for the Primary Library and Multipurpose Hall built at Traralgon in 2010 requires the full grant amount to be refunded if operations cease within half of the designated use period of 18.5 years years after the receipt of the grant (December 2010) and then transferred from the reserve to retained earnings annually on a pro-rata basis for the second half of the designated use period at a rate of 10.81% per year (April 2020 – Dec 2028).

Under the schools current BGA funding arrangement, all BGA grants are to be amortized over a period of time determined by the value of the grant, at a rate of 10 years for grants to \$500,000 and a further 1 year for every \$100,000 in excess of \$500,000. Once the period of time exceeds 50% of the overall length of time for each grant, amortization is to commence at an average rate over the remaining 50% of the overall length of time for the grant. The Extension to Junior school/ Extension to Library & Resource Centre grant for the Pakenham campus has a duration of 13 years.

The Pakenham 9/10 Centre stage 1 & 2 grant has a duration of 14 years.

The Pakenham 9/10 Centre stage 3 & 4 grant has a duration of 12 years

A revaluation was completed at all campuses on all land and buildings as at the 31st December 2017 by Opteon (Victoria) P/L. All land and building values have been revalued in accordance with the revaluation recommendations and are stated in the End of Year financials accordingly.

**Warragul District Parent-Controlled Christian School
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Notes to and forming Part of the Financial Statements
for the year ended 31 December 2021**

	2021	2020
	\$	\$
<u>Note 8: Right Of Use Assets</u>		
<i>Plant and equipment:</i>		
At cost	107,329	107,329
Accumulated depreciation	(58,062)	(31,230)
	49,267	76,099
<i>Computer Equipment</i>		
At Cost	1,969	1,969
Accumulated Depreciation	(591)	(295)
	1,378	1,674
Total right-of-use assets	50,645	77,773

Movements in Carrying Amounts

Movement in the carrying amounts for each class of right-of-use asset between the beginning and the end of the current financial year:

<i>Plant and Equipment</i>		
Balance at beginning of the year	76,099	102,931
Additions	-	-
Depreciation	(26,832)	(26,832)
Impairment	-	-
Balance at end of the year	49,267	76,099
<i>Computer Equipment</i>		
Balance at beginning of the year	1,674	-
Additions	-	1,969
Depreciation	(296)	(295)
Impairment	-	-
Balance at end of the year	1,378	1,674

**Warragul District Parent-Controlled Christian School
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Notes to and forming Part of the Financial Statements
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	2021	2020
	\$	\$
<u>Note 9: Provisions</u>		
Current		
Long Service Leave expected to be paid in current year	122,457	123,473
Long Service Leave not expected to be paid in current year	1,861,819	1,865,231
Annual Leave	300,215	277,546
	2,284,491	2,266,250
Non Current		
Long Service Leave	531,392	472,654

Note 10: Cash Flows

(a) Reconciliation Of Cash

For the purpose of the Statement of Cash Flows, the entity considers cash to include cash on hand, in banks and investments in money market instruments. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial position as follows:

	2021	2010
	\$	\$
Cash on Hand	2,150	2,250
Cash at Bank – General Account – CBA	26,940	25,102
Cash At Bank – Building Fund- Westpac	18,206	11,605
Cash At Bank – Cash Reserve - Westpac	2,503	244
Cash At Bank – Business Acc.- Westpac	106,262	60,173
	156,061	99,374

**Warragul District Parent-Controlled Christian School
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**Notes to and forming Part of the Financial Statements
for the year ended 31 December 2021**

(b) Reconciliation of Net Cash Provided by Operating Activities to Operating Surplus

	2021	2020
	\$	\$
Profit/(Deficit)	1,347,675	(751,056)
Non Cash Flows in Operating Surplus		
Add back Depreciation	2,435,763	2,616,120
Add back Loss on Sale Of Assets	1,175	-
(Increase)/ Decrease in operating receivables	(48,439)	86,898
(Increase) in prepayments	(215,273)	(18,005)
Increase/ (Decrease) in payables & accrued expenses	153,138	(231,317)
Increase/ (Decrease) in fees in advance	(132,281)	274,496
Increase in provision for employee entitlements	76,978	198,026
Net Cash Provided by Operating Activities	3,618,736	2,175,162

Note 11: Related Party Transactions/Directors Benefits

Directors:

The names of Directors who have held office during the financial year are:

Marcus Van Heijst	Louise Hood	Justin Groenewaldt
Robert Bruce	Mark Cutchie	Melissa Rumble
Sam Nalder	Heath Easton	

A number of directors are parents of children currently attending the school and, therefore, receive tuition and other schooling services; fees are set for and paid by the relevant directors at the published, scheduled rates.

No director, a firm of which a director is a member or an entity in which a director has a substantial financial interest, receives remuneration from services rendered to the economic entity, in accordance with the entity's constitution. The Chairman received an honorarium of \$8,000 during the financial year, as provided for in the constitution, in recognition of costs incurred personally.

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for the year ended 31 December 2021**

Note 12: Superannuation

The Association participates in employer sponsored superannuation plans, which are defined contribution plans.

Benefits provided under the plans are based on accumulated contributions and earnings for each employee.

The Association contributes to the plans pursuant to the Superannuation Guarantee Scheme and Superstream legislation.

Note 13: Economic Dependency

A significant portion of income is received by way of recurrent grants from the Victorian State and Australian Commonwealth Governments.

Note 14: Association Details

The registered office and principal place of business of the Association is 76 Balfour Road, Drouin, Victoria 3818

Note 15: Property, Plant & Equipment

This table shows the movement in the carrying amount of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land \$	Buildings \$	Plant and Equipment \$	Right Of Use Assets \$	Work in Progress \$	Total \$
Balance at Beginning of the Year	5,835,000	58,742,953	2,047,922	77,773	144,583	66,848,231
Transfers	-	40,110	-	-	(40,110)	-
Expenses Work In Progress					(130,013)	(130,013)
Additions	-	164,011	495,968	-	91,131	751,110
Disposals	-	-	(1,819)	-	-	(1,819)
Depreciation Expense	-	(1,867,269)	(541,367)	(27,127)	-	(2,435,763)
Balance at End of the Year	5,835,000	57,079,805	2,000,704	50,645	65,591	65,031,745

**Warragul District Parent-Controlled Christian School
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Notes to and forming Part of the Financial Statements
for the year ended 31 December 2021**

	Note	2021 \$	2020 \$
Note 16: Lease Liabilities			
Current			
Plant and Equipment		25,926	24,867
Computer Equipment		681	660
		26,607	25,527
Non-current			
Plant and Equipment		22,445	48,371
Computer Equipment		-	677
		22,445	49,048
Total lease liabilities		49,052	74,575

The Association has leases for Plant and Equipment

Leases of plant and equipment are generally limited to a lease term of 3 years.

Each lease generally imposes a restriction that, unless there is a contractual right for the Entity to sublet the asset to another party, the right-of-use asset can only be used by the Entity. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Entity is prohibited from selling or pledging the underlying leased assets as security. Further, the Entity must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on statement of financial position:

Right-of-use asset	No. of RoU assets leased	Remaining term	Average remaining term	No. leases with extension options	No. of leases with purchase options	No. lease with variable payments	No. of leases with termination options
Plant and equipment	16	1-2 years	1.9 years	0	0	0	0
Computer Equipment	1	0-1 years	1 years	0	0	0	0

**Warragul District Parent-Controlled Christian School
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Notes to and forming Part of the Financial Statements
for the year ended 31 December 2021**

Note 16: Lease Liabilities (continued)

	Note	2021 \$	2020 \$
Maturity analysis of lease liabilities			
The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2021 is as follows:			
Payable - minimum lease payments			
- not later than one year		28,147	28,147
- later than one year and not later than five years		22,877	51,024
- greater than five years		-	-
Minimum lease payments		51,024	79,171
Less future finance charges		(1,972)	(4,596)
Present value of minimum lease payments		49,052	74,575

Lease payments not recognised as a liability

The Entity has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

Short-term leases	-	-
Leases of low value assets	456,077	299,003
Variable lease payments	-	-
	456,077	299,003

Note 17: Contingent Liabilities

The Incorporated Association had no contingent liabilities as at 31 December 2021 and 31 December 2020.

Note 18: Commitments

The association has entered into an agreement, and paid a deposit to purchase a non-current asset, which is contingent on approval and as yet has not been approved. The deposit paid would be fully refundable if approval is not obtained.

**Warragul District Parent-Controlled Christian School
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Notes to and forming Part of the Financial Statements
for the year ended 31 December 2021**

Note 19: Key Management Personnel

The aggregate compensation, including superannuation and allowances, made to key management personnel of the Incorporated Association is set out below:

	2021	2020
	\$	\$
Aggregate Compensation	395,613	400,660

Note 20: COVID-19 during 2021

Throughout 2021, the Association continued to support families during the COVID-19 pandemic. During the year, on a term-by-term basis, bus credits were given to families during remote learning, as well as targeted fee assistance for those whose financial circumstances had been affected by COVID-19.

The government again continued to support the association by providing extra funding for cleaning in Kindergartens and also by making extra funding available for Air purifiers and through the delivery of free masks and sanitizer.

The school was also a recipient of funding under the Free Kinder program, ensuring no family had to pay for Kinder in 2021, and also through the Government Tutor Funding program, which provided funds to help employ extra tutors to help students catch up throughout the year.

Note 21: Events after the reporting period

The Association is aware that COVID-19 is still a global health emergency. The Association remains committed to following government advice and legislation.

Notwithstanding the matter referred to above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

**Warragul District Parent-Controlled Christian School
Association Incorporated
Chairo Christian School
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Notes to and forming Part of the Financial Statements
for the year ended 31 December 2021
Directors' Declaration**

In accordance with a resolution by the Directors of Warragul District Parent-Controlled Christian School Association Incorporated, the Directors of the Association declare that:

1. The financial statements and notes, as set out on pages 1 to 24, are in accordance with the *Associations Incorporation Reform Act 2012* and:
 - a. Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. Give a true and fair view of the financial position of the Association as at 31 December 2021 and of its performance for the financial year ended on that date; and
2. There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*:



: Chairman Mr. Robert Bruce



: Treasurer Mr. Marcus Van Heijst

Dated at Drouin this 28th day of April 2022

Independent Auditor's Report to the Members of Warragul District Parent Controlled Christian School Association Incorporated

Opinion

We have audited the financial report of Warragul District Parent Controlled Christian School Association Incorporated (the Association), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the committee.

In our opinion, the accompanying financial report of the Warragul District Parent Controlled Christian School Association Incorporated has been prepared in accordance with the *Associations Incorporation Reform Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Association's financial position as at 31 December 2021 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the 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.

Other Information

The committee is responsible for the other information. The other information comprises the information included in the Board Chairman's Report and Executive Principal's Report for the year ended 31 December 2021, 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.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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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.

Responsibilities of the Committee for the Financial Report

The committee of the Association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012* and the ACNC Act and for such internal control as the committee 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.

In preparing the financial report, the committee is responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The committee is 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional 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 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 Association's registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance responsible entities.
- Conclude on the appropriateness of the those charged with governance's responsible entity'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 registered entity'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 registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the responsible entities 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.

Crowe Vic

CROWE VIC

G. Robertson

GORDON ROBERTSON

Partner

Dated at Warragul this 2nd of May 2022

**AUDITORS INDEPENDENCE DECLARATION UNDER SUBDIVISION
60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS
COMMISSION ACT 2012 TO THE COMMITTEE OF WARRAGUL
DISTRICT PARENT CONTROLLED CHRISTIAN SCHOOL
ASSOCIATION INCORPORATED**

I declare that, in relation to our audit of the financial report of Warragul District Parent Controlled Christian School Association Incorporated for the financial year ended 31 December 2021, to the best of my knowledge and belief, there have been:

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

Crowe Vic

CROWE VIC



GORDON ROBERTSON

Partner

Date: 28th April 2022

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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