



Eastern College Australia (Inc)

ABN: 61 551 855 405

Financial Statements

For the Year Ended 31 December 2019

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Financial Statements

For the Year Ended 31 December 2019

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Eastern College Australia (Inc)

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Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	4	1,931,248	1,989,981
Employee benefits expense		(1,341,950)	(1,283,225)
Depreciation expense		(69,609)	(73,364)
Publicity & promotions expense		(34,298)	(60,778)
Household expenses		(1,089)	(688)
Administration expense		(45,205)	(36,082)
Loss on disposal of assets		-	(89,915)
Property maintenance expense		(24,585)	(31,986)
Faculty & Student Costs		(355,354)	(342,705)
Operating surplus/(deficit) for the year		59,158	71,238
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		59,158	71,238

The accompanying notes form part of these financial statements.

Eastern College Australia (Inc)

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Statement of Financial Position

As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	531,435	551,061
Trade and other receivables	6	66,894	59,707
Inventories	7	4,724	5,106
Prepayments	8	39,382	44,024
Total current assets		642,435	659,898
Non-current assets			
Property, plant and equipment	9	457,119	506,061
Other non-current assets	8	51,459	72,914
Total non-current assets		508,578	578,975
TOTAL ASSETS		1,151,013	1,238,873
LIABILITIES			
Current liabilities			
Trade and other payables	10	83,933	54,936
Short-term provisions	11	124,819	142,375
Other current liabilities	12	65,173	229,178
Total current liabilities		273,925	426,489
Non-current liabilities			
Long-term provisions	11	12,218	6,672
Total non-current liabilities		12,218	6,672
TOTAL LIABILITIES		286,143	433,161
NET ASSETS		864,870	805,712
EQUITY			
Reserves		333,669	321,784
Accumulated Surpluses		531,201	483,928
TOTAL EQUITY		864,870	805,712

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 31 December 2019

2019

	Asset Realisation Reserve	MTD Scholarship Fund	Other Reserves	Accumulated Surpluses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2019	144,114	157,602	20,068	483,928	805,712
Surplus/(Deficit) attributable to members	-	-	-	59,158	59,158
Transfers to/(from) reserves	-	20,742	(8,857)	(11,885)	-
Balance at 31 December 2019	144,114	178,344	11,211	531,201	864,870

2018

	Asset Realisation Reserve	MTD Scholarship Fund	Other Reserves	Accumulated Surpluses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	144,114	128,298	12,443	449,620	734,475
Surplus/(Deficit) attributable to members	-	-	-	71,238	71,238
Transfers to/(from) reserves	-	29,304	7,625	(36,929)	-
Balance at 31 December 2018	144,114	157,602	20,068	483,928	805,712

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other income received	1,789,491	2,118,478
Payments to suppliers and employees	(1,818,307)	(1,881,684)
Donation received	25,192	70,263
Interest received	4,665	3,570
Net cash provided by/(used in) operating activities	14 <u>1,041</u>	<u>310,627</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for property, plant and equipment	(20,667)	(67,415)
Proceeds from sale of property, plant and equipment	-	4,480
Net cash used by investing activities	<u>(20,667)</u>	<u>(62,935)</u>
Net increase/(decrease) in cash and cash equivalents held	(19,626)	247,692
Cash and cash equivalents at beginning of year	<u>551,061</u>	<u>303,369</u>
Cash and cash equivalents at end of financial year	5 <u><u>531,435</u></u>	<u><u>551,061</u></u>

The accompanying notes form part of these financial statements.

Eastern College Australia (Inc)

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Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Basis of Preparation

The committee has determined that Eastern College Australia Inc is not a reporting entity. The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Reform Act (Vic) 2012 and the Australian Charities and Not-for-profits Act 2012.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

The financial statements have been prepared on an accruals basis and are based on historic costs. The following significant policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these financial statements.

2 Summary of Significant Accounting Policies

(a) Cash and cash equivalents

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

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

(c) Impairment of assets

At the end of each reporting period the committee determines whether there is any evidence of an impairment on its non-financial assets.

Where an indicator exists, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(d) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

Eastern College Australia (Inc)

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Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(d) Goods and Services Tax (GST) (continued)

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(e) Income Tax

No current or deferred income tax assets or liabilities have been raised by the association as it is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

The association is a registered charitable institution with the Australian Charities and Not-for-profits Commission.

(f) Employee provisions

A provision for long service leave is recognised after the completion of five years employment. The provision, classified as a current liability, is for staff who are eligible for long service leave in the next 12 months. The balance of the provision is classified as a non-current liability. These amounts include on-costs.

Provision for annual leave is adjusted and calculated on an annual basis and include on-costs.

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

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment of losses.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	5-33%
Computer Software and Hardware	10-33%
Leasehold Improvements	10%
Books and Journals	5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (continued)

(h) Revenue and other income

Tuition fees are recognised when the student has commenced the semester of study to which the revenue attaches.

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when control of performance obligations is transferred.

Revenue from the rendering of services is recognised upon delivery of service to students.

Donation and bequests are recognised as revenue when the Association gains control of the assets, as there is no enforceable contract.

All revenue is stated net of the amount of GST.

(i) Accounts receivable

Accounts receivable include outstanding fees receivable from students. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

(j) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Unearned income

Other liabilities comprise tuition fees invoiced or received but not yet earned and the revenue is treated as having been earned at the start of the semester to which it attaches. Unearned fees will be brought into account over the student's tenure on a semester by semester basis.

(l) Restatement of comparatives

(i) Revenue

Prior year revenue is restated to eliminate the scholarship fund revenue that was allocated to students' fees.

3 Critical Accounting Estimates and Judgments

General

The association undertakes a number of estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

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Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Critical Accounting Estimates and Judgments (continued)

General (continued)

The significant estimates and judgements made have been described below.

Key estimates - Impairment of property, plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions 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.

Key estimates - Provision for doubtful debts

Provision for doubtful debts are estimated based on historical trends as well as known current financial situations of students. Non-communication with the association could result in students being referred to debt collectors.

Key estimates - Useful life of depreciable assets

The committee reviews its estimate the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to obsolescence that may change in the utility of certain plant and equipment.

Eastern College Australia (Inc)

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Notes to the Financial Statements

For the Year Ended 31 December 2019

4 Revenue

	2019	2018
	\$	\$
- Tuition fees	1,891,909	1,904,481
- Donations from supporters	25,192	70,263
- Interest income	4,665	3,570
- Other revenue	9,482	11,667
Total Income	1,931,248	1,989,981

5 Cash and Cash Equivalents

Cash on hand	400	400
Cash at bank	531,035	550,661
	531,435	551,061

6 Trade and other receivables

CURRENT		
Trade receivables	66,894	59,707
	66,894	59,707

7 Inventories

Stock on hand	4,724	5,106
	4,724	5,106

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Notes to the Financial Statements

For the Year Ended 31 December 2019

8 Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	39,382	44,024
NON-CURRENT		
Prepayments	51,459	72,914
	<u>90,841</u>	<u>116,938</u>

9 Property plant and equipment

BUILDINGS

Leasehold improvements

At cost	46,492	46,492
Less accumulated depreciation	(8,906)	(4,257)
Total leasehold improvements	<u>37,586</u>	<u>42,235</u>

PLANT AND EQUIPMENT

Plant and equipment

At cost	212,430	268,501
Less accumulated depreciation	(196,229)	(247,517)
Total plant and equipment	<u>16,201</u>	<u>20,984</u>

Books, Journals and Teaching Aids

At cost	1,115,954	1,103,646
Less accumulated depreciation	(712,622)	(660,804)
Total books, journals and teaching aids	<u>403,332</u>	<u>442,842</u>
Total property, plant and equipment	<u>457,119</u>	<u>506,061</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2019

10 Trade and other payables

	2019	2018
	\$	\$
CURRENT		
Trade creditors and accrued expenses	83,933	54,936
	<u>83,933</u>	<u>54,936</u>

11 Provisions

CURRENT		
Annual leave	51,706	59,099
Long service leave	73,113	83,276
	<u>124,819</u>	<u>142,375</u>
NON-CURRENT		
Long service leave	12,218	6,672
	<u>12,218</u>	<u>6,672</u>

12 Other Liabilities

CURRENT		
Income received in advance	65,173	229,178
	<u>65,173</u>	<u>229,178</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2019

13 Capital and Leasing Commitments

Operating Lease Commitments

Represents non-cancellable operating leases contracted for but not capitalised in the financial statements.

	2019	2018
	\$	\$
Payable - minimum lease payments		
- not later than 12 months	20,136	20,136
- between 12 months and 5 years	38,594	58,730
	<u>58,730</u>	<u>78,866</u>

The Association has not adopted AASB 16: Leases.

This operating lease commitment relates to payments for a photocopier that is contracted to expire in November 2022.

14 Cash Flow Information

Reconciliation of cashflow from operations with result for the year

Net surplus / (deficit) for the year	59,158	71,238
Non-cash flows in result		
(Profit)/Loss on Sale of Fixed Assets	-	89,915
Depreciation of property, plant, and equipment	69,609	73,364
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(7,187)	(49,840)
(Increase)/decrease in inventories	382	(950)
(Increase)/decrease in other assets	26,097	(19,412)
Increase/(decrease) in trade payables and accruals	28,997	(30,795)
Increase/(decrease) in provisions	(12,010)	15,851
Increase/(decrease) in prepaid income	(164,005)	161,256
Cashflow from operations	<u>1,041</u>	<u>310,627</u>

Eastern College Australia (Inc)

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Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Reserves

The committee of management have established the following reserves:

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluation of fixed assets.

(b) Pastoral Support Fund & Julian Coles Youth Reserves

These reserves have been created to assist students, who meet the criteria for scholarships, with fees in the future.

(c) MTD Scholarship Reserve

The reserve has been created to provide scholarships to students in the Master of Theology Development course.

15 Events after the reporting period

In March 2020, the Covid-19 pandemic caused the committee to make the following changes to the associations normal operations:

- Bring forward the commencement of term 1 break by one week
- Move to online and remote learning for the commencement of term 2
- Suspend activities and events on campus
- Maintain social distancing regulations.

There has been no material financial impact up to the date of signing the financial statements. Based on current enrolment levels and forecasts for the 2020 year, the committee do not expect any material financial impact on the association as a result of the pandemic.

The committee believe that the association is able to continue as a going concern.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

16 Association Details

The registered office and principal place of business is:

Eastern College Australia Inc
5 Burwood Highway
Wantirna VIC 3152

Eastern College Australia (Inc)

ABN: 61 551 855 405

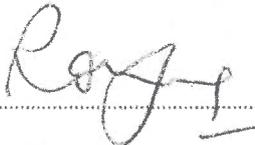
Statement by Members of the Committee

The committee has determined that the association is not a reporting entity and this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the opinion of committee of Eastern College Australia Inc:

- The financial statements and notes, as set out on pages 1-13, are in accordance with the *Associations Incorporation Reform Act 2012 (Vic)* and *Australian Charities and Not-for-profits Commission Act 2012*; including
 - (i) Give a true and fair view of its financial position as at 31 December 2019 and of its performance for the year ended on that date; and
 - (ii) Complying with Australian Accounting Standards to the extent described in Note 2 to the financial statements and the Australian Charities and Not-for-profits Commission Regulations 2013; and
- 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-profits Commission Regulation 2013.


.....
Committee Member
14 May 2020


.....
Committee Member
14 May 2020

Dated:

Eastern College Australia (Inc)

ABN: 61 551 855 405

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian professional ethical standards as required by Division 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and;
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn VIC
Dated: 14 May 2020

Eastern College Australia (Inc)

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Independent Audit Report to the members of Eastern College Australia (Inc)

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Eastern College Australia (Inc) (the association), which comprises the statement of financial position as at 31 December 2019, the statement of income and expenditure 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 made by the members of the committee.

In our opinion, the accompanying financial report of Eastern College Australia (Inc) for the year ended 31 December 2019 is prepared, in all material respects, 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 associations' financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards 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 auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the association to meet the requirements of the *Associations Incorporation Reform Act 2012 (Vic)*, and the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the association and should not be distributed to or used by parties other than the association. Our opinion is not modified in respect of this matter.

Eastern College Australia (Inc)

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Independent Audit Report to the members of Eastern College Australia (Inc)

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Reform Act 2012, the Australian Charities and Not-for-profits Commission Act 2012, and the Australian Charities and Not-for-profit Commission Regulation 2013, and for such internal control as the committee determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reporter, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.

Eastern College Australia (Inc)

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Independent Audit Report to the members of Eastern College Australia (Inc)

- 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 management 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.

Saward Dawson

Saward Dawson

Jeffrey Tulk

Jeffrey Tulk
Partner

Blackburn

Dated 14 May 2020