

# **Moriah War Memorial College Association and its Controlled Entities**

**Consolidated Financial Report  
for the Year Ended  
31 December 2019**

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# Responsible Entities' Report

Your Responsible Entities' present their report together with the financial statements of the Consolidated entity, being Moriah War Memorial College Association ("the Company") and its controlled entities ("the Group") for the year ended 31 December 2019 and the Independent Audit Report thereon.

This report deals with the terms Responsible Entities' and Directors interchangeably.

## Directors

For the purpose of this consolidated report, the term Directors includes the following.

The Directors of Moriah War Memorial College Association and The Moriah War Memorial Jewish College Association in office at any time during or since the end of the year are:

Mr S Jankelowitz (President)	Mr E Borecki	Mrs R Michael (Appointed 23 May 2019)
Mr M Weininger (Treasurer)	Ms M Sonnabend	Mr D Kramer (Appointed 26 June 2019)
Mr R Blau	Mr O Freedman	Mr D Sher (Appointed 26 June 2019)
Mr S Wilkenfeld	Mrs J Lowy	

The Trustees of Moriah College Building Fund and the Moriah War Memorial Fund at any time during or since the end of the year are:

Mr R Goot, AM SC, Chair	Mr R N Simons, OAM	Mr R Gavshon, AM
Mr D Goulburn, OAM	Mr G Einfeld, OAM	

The Directors of the Kehillat Moriah Incorporated at any time during or since the end of the year are:

Mr S Jankelowitz (President)	Mr O Freedman	Mrs J Lowy
Mr R Blau	Mr E Borecki	
Ms M Sonnabend	Mr M Weininger	

The Directors of the Moriah College Foundation Limited at any time during or since the end of the year are:

Mr B Schwartz AM (Chairman) (Retired)	Mr B Fink	Mr S Jankelowitz
Mrs J Lowy (President)	Mr G Friede	Mrs L Placks
Mr J Dunkel (Treasurer)	Mrs A Fuchs (Retired)	Mr D Sekers (Appointed August 2019)
Mrs C Bart, AO	Mr R Gavshon, AM	

Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

## Legal structure

The consolidated entity exists under a mixture of legal forms as outlined in the table below:

Entity	Membership	Established Under
Moriah College Building Fund & Moriah War Memorial Fund	Five (5) Trustees	Trust Deeds
Kehillat Moriah Incorporated	Moriah War Memorial College Association Board of Directors	Associations Incorporation Act 2009 (NSW) ABN: 16 284 221 251
Moriah College Foundation Limited	Two members: Moriah War Memorial College Association and The Moriah War Memorial Jewish College Association Limited	Corporations Act 2001 (Cth) ACN: 162 505 722 ABN: 53 670 925 736
Moriah War Memorial College Association (MWMCA)	804 Members (2018: 1,029)	Corporations Act 2001 (Cth) ACN: 000 049 383 ABN: 98 077 604 961
The Moriah War Memorial Jewish College Association (MWMJCA)	804 Members (2018: 1,029)	Corporations Act 2001 (Cth) ACN: 003 214 560 ABN: 87 003 214 560

## Principal Activities

The principal activities of the Group during the year were that of conducting a school (primary and secondary) and early years' learning.

## Short and Long Term Objectives

The Moriah War Memorial Jewish College Association Ltd provides high quality Jewish educational experiences, from the early childhood centre and Long Day Care to Year 12, across its Early Childhood Centre, three Early Learning Centres, Primary School and High School, for the Jewish community.

The long-term objectives of The Moriah War Memorial Jewish College Association Ltd are based on sustainability and continuity. The College does this by building upon the traditions of the past to meet the expectations and aspirations of its key stakeholders – parents, students, teachers and the broader Jewish Community, through the development and growth of:

- A key partnership between the College and Parents that facilitates children being individually supported to achieve their best.
- Resilient and confident citizens and life-long learners who strive to achieve their personal best and feel secure with their Jewish identity.
- Community confidence that the College represents the values of the Jewish Community and develops future leaders of both the Jewish and broader Australian communities.

### Strategy for Achieving Short and Long Term Objectives

Moriah College focuses on the following key elements in strategic planning to meet both its short and long term objectives.

Moriah College's strategic aims are:

1. Embed Jewish traditions, religion, history, ethics, values and culture into every aspect of College life to ensure our students are knowledgeable about Judaism, skilled in its religious practices and engaged members of the Jewish community with a commitment to Jewish continuity.
2. Provide a high standard Jewish education that is innovative, inspiring and grounded, helping our students understand the values that spring from Judaism, and the challenges that face the Jewish world.
3. Deliver the highest quality learning experiences for our students that are personalised, challenging and engaging, creating within them a desire for lifelong learning and commitment to realising their full potential.
4. Provide innovative and contemporary 21<sup>st</sup> century learning environments that equip students with the ability to meet future challenges as active and responsible global citizens.
5. Provide the highest levels of wellbeing for each student with a holistic school experience grounded in Jewish values, preparing them for their next stage of life.
6. Attract, develop and retain high calibre staff who are and feel valued, are passionate and committed to the education of our students, and who view Moriah as their preferred place of employment.
7. Provide challenging co-curricular experiences that promote and build within our students knowledge, team spirit, resilience, independence, self-discipline, responsible decision-making and self-confidence.
8. Provide an inclusive and welcoming school culture where all members of the community feel valued and motivated to engage with the College.
9. Be recognised as a leading advocate for comprehensive sustainability planning and practices.
10. Provide astute College Governance, informed by regular stakeholder feedback, to deliver the future resource and development needs of the College.

To achieve these strategic aims, the College has devised a Strategic Plan with the following structure:

- Foundation Pillar – Jewish Life & Learning
- Pillar 1 – Personalised, Engaged Learning
- Pillar 2 – Student Wellbeing
- Pillar 3 – Passionate, Qualified, Caring, High Calibre Staff
- Pillar 4 – Co-Curricular Life
- Pillar 5 – Community Engagement & Partnerships
- Pillar 6 – Sustainability

### Measurement of Performance, including Key Performance Indicators

Moriah College has established several internal advisory committees which assist the Board in monitoring achievement of strategic initiatives. One of these committees is the Jewish Life and Learning Committee.

Each year, the Board approves an Annual Plan to achieve strategic initiatives based on advice from the College Executive and its advisory committees.

The College Principal provides a report to each meeting of the Board that is designed around: the Strategic Plan; the Annual Plan; agreed actions designed to achieve the identified strategic initiatives; and key performance indicators set by the Board.

Each Committee monitors compliance with strategic initiatives relative to their portfolio and reports to the Board on progress, delays and achievements as appropriate.

Each year, as provided for in the Company's Constitution, a report is provided to the Annual General Meeting of the Association.

The Group also provides annual returns to the Australian Charities and Not-for-profits Commission (ACNC) which monitors that the Group is complying with its objectives.

### Operating results

In 2019, the Group made a net loss for the year of \$1,326,583 (2018 loss of \$2,531,249 Restated). The net loss included non-operating revenue of \$27,915 (2018: \$23,917) and the net loss from operating activities was \$1,354,498 (2018 loss: \$2,555,166 Restated).

The Group generated operating cash inflows in the year of \$4,720,872 (2018: \$2,782,083), and net cash inflows of \$1,373,580 (2018 outflow: \$3,436,682).



## Review of operations

A detailed review of the operations of the Group is contained in the President's Report and the College Principal's Report, included in the full annual report.

### i) Impact of alleged misappropriation of funds

During the year ending 31 December 2019 management identified that there had been a misappropriation of College funds in years including 2018. The College sought legal advice in relation to the misappropriation and the matter was the subject of civil proceedings in the Supreme Court of NSW that have now concluded, and is the subject of criminal proceedings that are ongoing. Management have identified the financial impact of the misappropriation on the 31 December 2018 year end balance sheet and 2018 income statement and have restated the comparative period financial statements accordingly.

The impact on the comparative period of these matters is to have increased the loss for the 2018 year by \$880,344 decreased property, plant and equipment by \$419,914, to decrease trade receivables by \$655,597, to increase trade payables by \$77,607, to increase contractual liabilities by \$853,853 and to debit opening retained earnings as at 1 January 2018 by \$1,126,627.

### ii) Impact of change of accounting for Donations Income

During the year management performed a review of the method of accounting for donations income in the Moriah College Foundation. It was determined that the donations were non reciprocal in nature and in accordance with AASB 1004 should have been recognised in the income statement on receipt, rather than being deferred on the balance sheet until paid out to the College. The impact of this restatement is to reduce deferred income at 31 December 2018 by \$1,117,343, to increase donations income by \$262,029 and credit opening retained earnings at 1 January 2018 by \$855,314.

## Significant changes in state of affairs

There were no significant changes in the state of affairs that occurred during the year.

## After balance date events

On 30 January 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organisation ("WHO"). Subsequently, on 11 March 2020, WHO characterised COVID-19 as a worldwide pandemic. As this declaration was made after the reporting period, the entity believes it constitutes a "Non-Adjusting Subsequent Event" as defined in AASB 110 Events after the Reporting Period.

Subsequent to the end of the financial year, the Group has been impacted by the emergence of the Covid-19 pandemic. This pandemic has also impacted the entire educational sector and Australian economy in general. The College moved to online e-learning during the first few months of Covid-19, and have since resumed normal classroom teaching. The College's commitment to IT integration was pivotal in the highly successful implementation of e-learning. Staff have been fully engaged, and the use of technology as a tool within the education offering at the College has been further entrenched. Families within our community have been impacted to different degrees and the College has been encouraging all those that need support to contact the College. The College, together with the Moriah Foundation, has been proactive in taking steps to ensure that appropriate resources are available as to minimize any disruptions to the operations of the College for the remainder of 2020 and 2021. As the pandemic continues to evolve, the full impact of Covid-19 is unknown and has therefore not been accounted for in this report.

From November 2019 and throughout 2020, the College engaged legal and forensic accounting advisors in relation to the fraudulent misappropriation of funds from the College. The initial investigations of the forensic accountants led to the identification in November 2019 of misappropriated funds totalling \$3,965,892, which were misappropriated between 6 August 2015 and 11 March 2019. In February 2020, the forensic accountants identified an additional \$3,406,789 of funds which were misappropriated between 28 January 2004 and 22 March 2019. The impact on the comparative period of these matters, as discussed in note 30, was to reduce opening retained earnings at 1 January 2018 by \$1,126,627 and to increase the loss in the 2018 year by \$880,344. In the year ending 2019 an amount of \$212,065 was recognised as an expense in the income statement. The remaining amount of \$5,153,646 was non adjusting in these financial statements.

Except as stated above, there has not been any other matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of Moriah War Memorial College Association and its controlled entities, the results of those operations or the state of affairs of Moriah War Memorial College Association and its controlled entities in future financial years.

#### Directors' Qualifications

<b>Stephen Jankelowitz</b> <b>President from 28 May 2018</b> Qualifications: B.Com, CA MAICD Board Member since 2007 Deputy President - May 2016 to May 2018 Honorary Treasurer May 2008 – May 2014 Chartered Accountant and Director	<b>Robbie Blau</b> <b>Deputy President from 28 May 2018</b> Qualifications: B.Com, LLB (Cum Laude), HDip Tax Law Board member since March 2016 Chief Executive Officer
<b>Marc Weininger</b> <b>Treasurer since May 2016</b> Qualifications: B.Com, M.Com, CFP Board member since May 2013 Financial Planner/Own Business	<b>Miri Sonnabend</b> <b>Honorary Secretary since May 2014</b> Qualifications: BA (Hons), LLB Board member since May 2012 Assistant Secretary May 2013 – May 2014 Company Secretary
<b>Simon Wilkenfeld</b> Qualifications: BCom (UNSW) Major: Accounting, Finance and Systems Board member since May 2011 Managing Director	<b>Judy Lowy</b> Qualifications: BA (UNSW) Board Member since May 2008 Foundation President since its inception (2011) Company Director
<b>Eric Borecki</b> Qualifications: B.Com. LLB. (UNSW) Board member since May 2017 Solicitor and Company Director	<b>Oliver Freedman</b> Qualifications: BSc (Psych.), Hons & Masters of Applied Psychology Board member since May 2010 Vice President May 2013 – May 2014 Honorary Secretary May 2012 – May 2014 Managing Director
<b>Rina Michael</b> Qualifications: MSc, MBA Board member since 23 May 2019 Managing Director	<b>Dan Kramer</b> Qualifications: BA (Economics), LLB, HDip Company Law Board member since 26 June 2019 Partner
<b>Dani Sher</b> Qualifications: CA, MAcc, MBA, BA Board member since 26 June 2019 Co-founder and Managing Director	

#### Meetings of Directors

During the financial year, twelve (12) meetings of Directors were held. Attendances by each Director during the year were as follows:

Schedule Of Attendances at Board Meetings During 2019		
Name	Eligible To Attend	Attended
Jankelowitz, S	12	10
Blau, R	12	12
Weininger, M	12	12
Sonnabend, M	12	12
Borecki, E	12	10
Freedman, O	12	12
Kramer, D (Appointed 26 June 2019)	8	7
Lowy, J	12	12
Michael, R (Appointed 23 May 2019)	9	9
Sher, D (Appointed 26 June 2019)	8	7
Wilkenfeld, S	12	10

#### Environmental issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

#### Dividends


No dividends have been paid or will be paid. The Memorandum and Articles of Association do not permit any profits to be distributed by way of a dividend.

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not for Profit Commission Act 2012 is set out on page 7 of this financial report and forms part of The Responsible Entities' Report.

Signed in accordance with a resolution of the Board of Directors on 24 September 2020.

  
**S JANKELOWITZ**  
President

  
**M. WEININGER**  
Treasurer

Dated: 24 September 2020

The Board of Directors  
Moriah War Memorial College Association  
Queens Park Rd  
QUEENS PARK NSW 2022

24 September 2020

## **Moriah War Memorial College Association**

Dear Board Members,

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Moriah War Memorial College Association.

As lead audit partner for the audit of the financial statements of Moriah War Memorial College Association for the financial year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Gaile Timperley  
Partner  
Chartered Accountants

# Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	2019 \$	2018 Restated \$
Revenue from operating activities	5	55,991,905	54,296,288
Revenue from non-operating activities	5	27,915	23,917
<b>Total revenue</b>		<b>56,019,820</b>	<b>54,320,205</b>
Employee benefit expense		(36,766,777)	(34,717,780)
Expenses & materials		(6,861,898)	(7,101,851)
Financing costs		(1,594,981)	(1,753,566)
Depreciation expense		(3,318,235)	(3,580,471)
Building & grounds expense		(3,540,079)	(3,457,007)
Preschool rent		(85,207)	(189,888)
Fundraising expenses		(64,626)	(56,314)
Loss on interest rate swap	20	(870,162)	-
Unrecoverable amounts		(212,065)	(1,185,590)
Other expenses		(4,032,373)	(4,808,987)
<b>Total expenses</b>		<b>(57,346,403)</b>	<b>(56,851,454)</b>
Loss from operating activities		(1,354,498)	(2,555,166)
Profit from non-operating activities		27,915	23,917
<b>Loss for the year</b>		<b>(1,326,583)</b>	<b>(2,531,249)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(1,326,583)</b>	<b>(2,531,249)</b>

These financial statements should be read in conjunction with the accompanying notes.



# Statement of Financial Position

As at 31 December 2019

	Note	2019 \$	2018 Restated \$
<b>Current assets</b>			
Cash and cash equivalents	8	3,154,457	861,557
Trade and other receivables	9	982,265	1,326,643
Financial assets	24	4,033,315	3,549,477
Other current assets	11	122,512	247,884
Inventory	12	-	291,557
<b>Total current assets</b>		<b>8,292,549</b>	<b>6,277,118</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	76,952,347	78,565,550
Right of use assets	14	605,263	-
<b>Total non-current assets</b>		<b>77,557,610</b>	<b>78,565,550</b>
<b>Total assets</b>		<b>85,850,159</b>	<b>84,842,668</b>
<b>Current liabilities</b>			
Trade and other payables	15	3,384,847	2,985,595
Lease liabilities	17	458,028	558,997
Financial liabilities	16	2,119,767	31,960,447
Employee benefits	18	3,967,638	3,742,584
Contractual liabilities	19	2,403,297	1,383,197
<b>Total current liabilities</b>		<b>12,333,577</b>	<b>40,630,820</b>
<b>Non-current liabilities</b>			
Lease liabilities	17	183,698	641,726
Financial liabilities	16	30,282,000	-
Employee benefits	18	482,259	476,383
Contractual liabilities	19	840,101	908,794
Derivative financial liabilities	20	870,162	-
<b>Total non-current liabilities</b>		<b>32,658,220</b>	<b>2,026,903</b>
<b>Total liabilities</b>		<b>44,991,797</b>	<b>42,657,723</b>
<b>Net assets</b>		<b>40,858,362</b>	<b>42,184,945</b>
<b>Equity</b>			
Bursary endowment reserve	22	1,151,000	1,151,000
Retained earnings		39,707,362	41,033,945
<b>Total equity</b>		<b>40,858,362</b>	<b>42,184,945</b>

These financial statements should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the year ended 31 December 2019

	Note	Retained Earnings	Asset Revaluation Reserve	Endowment	Total
		\$	\$	\$	\$
<b>Balance at 1 January 2018 (Originally reported)</b>		<b>43,752,910</b>	<b>83,599</b>	<b>1,151,000</b>	<b>44,987,509</b>
Adjustment on Adoption of AASB 9		83,599	(83,599)	-	-
Adjustment of error correction	30	(271,315)	-	-	(271,315)
<b>Balance at 1 January 2018 (Restated)</b>		<b>43,565,194</b>	<b>-</b>	<b>1,151,000</b>	<b>44,716,194</b>
Total comprehensive loss for the year		(1,912,934)	-	-	(1,912,934)
Adjustment of error correction	30	(618,315)	-	-	(618,315)
Total comprehensive loss (Restated)		(2,531,249)	-	-	(2,531,249)
<b>Balance at 31 December 2018 (Restated)</b>		<b>41,033,945</b>	<b>-</b>	<b>1,151,000</b>	<b>42,184,945</b>
<b>Balance at 1 January 2019</b>		<b>41,033,945</b>	<b>-</b>	<b>1,151,000</b>	<b>42,184,945</b>
Total comprehensive loss for the year		(1,326,583)	-	-	(1,326,583)
<b>Balance at 31 December 2019</b>		<b>39,707,362</b>	<b>-</b>	<b>1,151,000</b>	<b>40,858,362</b>

These financial statements should be read in conjunction with the accompanying notes.



# Statement of Cash Flows

For the year ended 31 December 2019

	Note	2019 \$	2018 \$
<b>Cash flow from operating activities</b>			
Receipts from parents and donations		47,868,100	43,741,827
Government grants received		7,576,136	7,334,805
Interest received		3,936	20,534
Payments to suppliers & employees		(50,515,914)	(48,097,066)
Receipts from JCA		1,383,595	1,535,549
Interest paid		(1,594,981)	(1,753,566)
<b>Net cash provided by operating activities</b>		<b>4,720,872</b>	<b>2,782,083</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(2,310,295)	(5,253,992)
Payments for investments		-	(400,000)
Proceeds from sale of assets		-	425,606
<b>Net cash used in investing activities</b>		<b>(2,310,295)</b>	<b>(5,228,386)</b>
<b>Cash flow from financing activities</b>			
Lease payments		(558,997)	(650,379)
Payments for borrowings		(478,000)	(340,000)
<b>Net cash used in financing activities</b>		<b>(1,036,997)</b>	<b>(990,379)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>1,373,580</b>	<b>(3,436,682)</b>
Cash and cash equivalents at beginning of financial year		(338,890)	3,097,792
<b>Cash and cash equivalents at end of financial year</b>	<b>8</b>	<b>1,034,690</b>	<b>(338,890)</b>
<b>Cash and cash equivalents</b>			
General cash balances		2,003,457	(289,443)
Bank overdrafts		(2,119,767)	(1,200,447)
Endowment cash balances		1,151,000	1,151,000
<b>Cash and cash equivalents at end of financial year, net</b>	<b>8</b>	<b>1,034,690</b>	<b>(338,890)</b>

These financial statements should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 31 December 2019

## Note 1: General Information and Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not for Profit Commission Act 2012. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by The International Accounting Standards Boards (IASB) cannot be made due to the Group applying not-for-profit specific requirements contained in The Australian Accounting Standards - Reduced Disclosure Requirements.

The following entities are included within the consolidated group:

- Moriah War Memorial College Association;
- The Moriah War Memorial Jewish College Association Limited;
- Kehillat Moriah Incorporated;
- Moriah College Building Fund & Moriah War Memorial Fund;
- Moriah College Scholarship Fund;
- Moriah College Building Fund No.2;
- Moriah College Library; and
- Moriah College Foundation.

The financial report has been prepared in accordance with the significant accounting policies disclosed below, which the directors determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

The Group is domiciled in New South Wales, Australia. The consolidated Group is a not-for-profit Group for the purposes of preparing the financial statements.

### Basis of preparation

The financial reports have been prepared on an accruals basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts have been presented in Australian dollars which is the Group's functional and presentation currency, unless otherwise stated.

The accounting policies have been consistently applied, unless otherwise stated. The following is a summary of the significant accounting policies adopted in the preparation of the accounts.

## Note 2: Changes in accounting policies

### 2.1 New and revised standards that are effective for these financial statements

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2019. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the entity include:

#### **AASB 1058 - Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers**

In the current year, the Group has applied AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers* which are effective for an annual period that begin on or after 1 January 2019.

The Group has applied AASB 1058 and AASB 15 in accordance with the modified retrospective (cumulative catch up) method where the comparative figures are not restated. Instead, the Group has recognised the cumulative effect of initially applying AASB 1058 and AASB 15 for the first time for the year ending 31 December 2019 against retained earnings as at 1 January 2019. The Group has also elected to apply AASB 1058 and AASB 15 retrospectively only to contracts and transactions that are not completed contracts as at 1 January 2019.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements in AASB 1058 is when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

An example of a 'related amount' in AASB 15 and in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition, which is more prescriptive than AASB 118.

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

## Note 2: Changes in accounting policies (cont)

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The adoption of these standards has resulted in no material changes to the financial statements.

### AASB 16 - Leases

In the current year, the Group has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of AASB 16 is described below.

#### **Impact of the new definition of a lease**

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 Leases and Interpretation 4 -Determining whether an Arrangement contains a Lease, will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4.

The Group applies the definition of a lease and related guidance set out in AASB 16 to all contracts entered into or changed on or after 1 January 2019.

#### **Former operating leases**

AASB 16 changes how the Group accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Group:

1. Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.
2. Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.
3. Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

#### **Former finance leases**

For leases that were classified as finance leases applying AASB 117, the carrying amount of the leased assets and obligations under finance leases measured applying AASB 117 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying AASB 16 from 1 January 2019.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low value assets the Group has applied the optional exemptions to not recognize the right of use assets but to account for the lease expense on a straight line basis over the remaining lease term.

The adoption of this standard did not result in any other operating leases being required to be recognized on the balance sheet at transition date.



**Note 2: Changes in accounting policies (cont)**

Assets with a written down value of \$1,181,711 in relation to previously recognised finance leases were transferred to a right of use asset.

	Note	AASB 117 1/01/2019 \$	Adjustments \$	AASB 16 1/01/2019 \$
Statement of financial position				
Plant and equipment - cost		11,424,507	(1,688,949)	9,735,558
Plant and equipment - accumulated depreciation		(7,275,005)	639,987	(6,635,018)
Motor vehicle - cost		934,075	(269,100)	664,975
Motor vehicle - accumulated depreciation		(629,650)	136,351	(493,299)
		<b>4,453,928</b>	<b>(1,181,711)</b>	<b>3,272,217</b>
Tangible asset - right of use asset	14	-	1,181,711	1,181,711

**2.2 New Accounting Standard issued but not yet effective**

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements	1 January 2020

**Note 3: Summary of accounting policies**

The significant accounting policies that have been used in preparing these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense.

The measurement bases are more fully described in the accounting policies below.

**a. Basis of Consolidation**

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2019. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent and the non-controlling interests based on their respective ownership interests.

**b. Revenue**

Revenue from tuition fees, subject levies and other receipts from parents are recognised upon delivery of the service or goods.

When the Group receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the company to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. In all other cases the transaction is accounted for under AASB 1058 where the income is recognised upon receipt.

Dividend revenue is recognised when the right to receive a dividend has been established. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of Goods and Services Tax (GST).

**c. Property, Plant & Equipment**

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

Where an item of property, plant and equipment is acquired for no nominal consideration, the item is recorded at acquisition date at its fair value which becomes its deemed cost. Each class is carried at cost less any accumulated depreciation and impairment losses.

**Property**

Freehold land and buildings are shown at cost, less subsequent depreciation for buildings and impairment losses.

### Note 3: Summary of accounting policies (cont)

#### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

At each reporting date, the directors review a number of factors affecting property, plant and equipment, including their carrying values, to determine if these assets, grouped into cash generating units, may be impaired. If an impairment indicator exists, the recoverable amount of the asset being the higher of the assets "fair value less costs to sell" and "value in use" is compared to the carrying value. Any excess of the assets carrying value over its recoverable amount is expensed in the profit or loss as an impairment expense.

As the future economic benefits of the Group's assets are not primarily dependent on their ability to generate net cash flows, and if deprived of the asset, the Group would replace the assets remaining future economic benefits, "value in use" is determined as the depreciated replacement cost of the asset rather than by using discounted future cash flows.

#### Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis except for motor vehicles over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Buildings & Other Building Costs	2.5% Straight Line
Plant and Equipment	10.0% to 33.3% Straight Line
Motor Vehicles	22.5% Straight Line

#### d. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be wholly 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 using the government bond rate that represents expected payment.

Contributions are made by the Group to any employee Superannuation Fund and are charged as expenses when incurred. The group has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to employees on retirement.

#### e. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts and deposits held at call with banks.

Bank overdrafts are shown within financial liabilities in current liabilities on the statement of financial position.

#### f. Short-term Investments

Investments held for resale are stated at the lower of cost or net realisable value.

#### g. Financial Instruments

##### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

##### Subsequent measurement financial assets

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Note 3: Summary of accounting policies (cont)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposits.

#### **Financial assets at fair value through profit or loss (FVPL)**

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

#### **Impairment of Financial assets**

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **Trade and other receivables**

The Entity makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

#### **h. Contractual Liabilities**

Contractual liabilities are deferred revenues and income being the upfront receipt of fees and deposits from students or unutilised amounts of grants and/or bequests received accounted for in accordance with the revenue recognition policy above.

#### **i. Goods and Services Tax**

Revenues, expenses, assets and liabilities 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. 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. The net amount of GST recoverable from or payable to the taxation authority is included as a current asset or a current liability in the statement of financial position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



### Note 3: Summary of accounting policies (cont)

#### j. Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in statement of financial position.

The Group applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

#### k. Comparative Figures

When required by Accounting Standards, comparative amounts have been adjusted to conform to changes in presentation for the current financial year. Where the Group has made a retrospective restatement of items in the financial statements a note setting out the impact as at the beginning of the earliest comparative period has been disclosed.

#### l. Significant management judgement in applying accounting policies

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### Control

The assessment of control under AASB10 is subjective and requires judgement. Notwithstanding that there are different Trustees to the Board of Directors, the Directors have assessed that the Company controls the Building Fund trusts because of the objectives of the trust and the cross-guarantees between entities related to the banking facilities.

##### Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

##### Allowance for credit losses

Included in accounts receivables at 31 December 2019 are amounts receivable that may not be recoverable. A provision for impairment has been made amounting to \$5,605,308 for 2019 (2018: \$4,194,785, Restated).

##### Useful lives of depreciable assets

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

##### Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated 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.

#### m. Derivatives

The Group has entered into a derivative financial instrument to manage its exposure to interest rate risk, specifically an interest rate swap. The derivative is designed as a cash flow hedge.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

### Note 3: Summary of accounting policies (cont)

At the inception of a hedge, where the group has not documented the relationship between the hedging instrument and the hedged item the fair value of the swap is recorded in the income statement. Fluctuations in the hedge overtime are also recorded in the income statement.

Alternatively at the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. In this scenario, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non financial asset or a non financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non financial asset or non financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

#### n. Working capital

The financial report has been prepared on the going concern basis. Although the Consolidated Statement of Financial Position discloses a net current asset deficiency of \$4,041,028 (2018: \$34,353,702 Restated), the Directors believe that the going concern basis of preparation is appropriate due to the following:

- (i) The current liabilities include deferred revenue of \$1,477,996 (2018: \$484,903 Restated) which will be utilised in the operations of the Group in the following and future years;
- (ii) The current liabilities include \$3,184,439 (2018: \$3,100,015) being the amount of long service leave entitlements, however only a small proportion of this amount is expected to be paid within one year;
- (iii) The Group has an overdraft facility of \$2,500,000 in November to February (reducing to \$1,000,000 in the other months) which is used as part of the College's working capital management.
- (iv) the Group has secured a contribution from the JCA in August 2020 of \$1,000,000, expected to be received in October 2020;
- (v) The Group generated operating cash inflows in the year of \$4,720,872 (2018: \$2,782,083) and expects to generate similar cash inflows in the coming years to support any shortfall in net current liabilities; and
- (vi) The Group is seeking to refinance and extend the term of the loan of \$4,882,000 which is due for repayment in January 2021, however the Directors do not consider this is necessary for the Group to be able to pay their debts as and when they fall due.

### Note 4: Income tax

The Group is exempt from liability to pay income tax under the provisions of the Income Tax Assessment Act.



## Note 5: Revenue and income

	Note	2019	2018
			Restated
<b>Operating activities</b>		\$	\$
Net tuition fees	5(a)	37,800,576	36,759,489
Compulsory charges and levies	5(a)	5,129,431	4,417,383
Government grants		7,576,136	7,334,805
Interest received		3,936	23,450
Sundry income		1,648,029	1,807,453
Jewish Communal Appeal		1,383,595	1,535,549
Donations - recurrent	7	162,682	165,076
Building fund levy and income		40,172	12,480
Foundation dividends		103,031	95,860
Donations received by the Foundation	7	1,755,910	2,144,743
Fair Market Value movement in managed fund		388,407	-
<b>Revenue from operating activities</b>		<b>55,991,905</b>	<b>54,296,288</b>
<b>Non-operating activities</b>			
Donations - non-recurrent	7	27,915	23,917
<b>Revenue from non-operating activities</b>		<b>27,915</b>	<b>23,917</b>

### (a) Reconciliation of net tuition fees

Tuition fees	43,062,597	41,331,446
<b>Less:</b>		
Discounts & allowances	(1,723,897)	(1,642,598)
Subsidies	(3,538,124)	(2,929,359)
<b>Net tuition fees</b>	<b>37,800,576</b>	<b>36,759,489</b>

## Note 6: Loss for the year

Profit for the year is stated after (crediting)/charging:	2019	2018
	\$	\$
Employee expense		
- Salaries and wages	33,556,591	31,667,814
- Superannuation	2,948,149	2,806,252
- Others	262,037	243,716
Depreciation of plant and equipment and lease amortisation	3,318,235	3,580,471
Interest paid or payable	1,594,981	1,753,566

## Note 7: Donations

<b>Donations</b>	2019	2018
	\$	\$
Donations received by the Foundation	1,755,910	2,144,743
Abraham and Hake Rabinovitch Trusts	162,682	165,076
Moriah Parents and Friends Association	27,915	23,917
	<b>1,946,507</b>	<b>2,333,736</b>

## Note 8: Cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	4,954	7,630
Cash at bank	2,517,905	704,666
Short term deposits	631,598	149,261
	<b>3,154,457</b>	<b>861,557</b>
Bank overdrafts; secured	16	(2,119,767)
	<b>1,034,690</b>	<b>(338,890)</b>

Included in the above is an amount of \$1,151,000 (2018: \$1,151,000) that is restricted (note 10).

**Note 9: Trade and other receivables**

	2019	2018 Restated
<b>Current</b>	<b>\$</b>	<b>\$</b>
Outstanding fees	5,838,324	4,978,224
Loss allowance	(5,605,308)	(4,194,785)
	<b>233,016</b>	<b>783,439</b>
Other debtors	749,249	543,204
	<b>982,265</b>	<b>1,326,643</b>

The average credit period on fees (net) is between 45-50 days.

The loss allowance for trade receivables is at an amount equal to the lifetime expected credit loss.

**Reconciliation of allowance for credit losses**

	Opening Balance 1/01/2019	Charge for the Year	Amounts Written Off	Closing Balance 31/12/2019
Loss allowance	4,194,785	1,610,523	(200,000)	5,605,308
<b>Total</b>	<b>4,194,785</b>	<b>1,610,523</b>	<b>(200,000)</b>	<b>5,605,308</b>
	Opening Balance 1/01/2018	Charge for the Year	Amounts Written Off	Closing Balance 31/12/2018
Loss allowance	2,657,612	2,138,580	(601,407)	4,194,785
<b>Total</b>	<b>2,657,612</b>	<b>2,138,580</b>	<b>(601,407)</b>	<b>4,194,785</b>

**Note 10: Financial assets and liabilities**

Note 3 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Note	Amortised Cost	Assets at fair value through profit and loss (FVPL)	Total
		2019 \$	2019 \$	2019 \$
<b>Financial assets</b>				
<b>Current</b>				
Cash and cash equivalents	8	3,154,457	-	3,154,457
Trade and other receivables	9	982,265	-	982,265
Financial assets	24	-	4,033,315	4,033,315
<b>Total financial assets</b>		<b>4,136,722</b>	<b>4,033,315</b>	<b>8,170,037</b>
<b>Financial liabilities</b>				
<b>Current</b>				
Trade and other payables	15	3,384,847	-	3,384,847
Financial liabilities	16	2,119,767	-	2,119,767
Contractual liabilities	19	2,403,297	-	2,403,297
<b>Total current financial liabilities</b>		<b>7,907,911</b>	<b>-</b>	<b>7,907,911</b>
<b>Non-current</b>				
Financial liabilities	16	30,282,000	-	30,282,000
Contractual liabilities	19	840,101	-	840,101
<b>Total non-current financial liabilities</b>		<b>31,122,101</b>	<b>-</b>	<b>31,122,101</b>

Notes to the financial statements for the year ended 31 December 2019

	Note	Amortised Cost	Assets at fair value through profit and loss (FVPL)	Total
		2018 \$	2018 \$	2018 \$
<b>Financial assets</b>				
<b>Current</b>				
Cash and cash equivalents	8	861,557	-	861,557
Trade and other receivables	9	1,326,643	-	1,326,643
Financial assets	24	-	3,549,477	3,549,477
<b>Total financial assets</b>		<b>2,188,200</b>	<b>3,549,477</b>	<b>5,737,677</b>
<b>Financial liabilities</b>				
<b>Current</b>				
Trade and other payables	15	2,985,595	-	2,985,595
Financial liabilities	16	31,960,447	-	31,960,447
Contractual liabilities	19	1,383,197	-	1,383,197
<b>Total current financial liabilities</b>		<b>36,329,239</b>	<b>-</b>	<b>36,329,239</b>
<b>Non-current</b>				
Contractual liabilities	19	908,794	-	908,794
<b>Total non-current financial liabilities</b>		<b>908,794</b>	<b>-</b>	<b>908,794</b>

As at 31 December 2019, financial assets included \$1,151,000 (2018: \$1,151,000) restricted cash in relation to The Romy Birnbaum Memorial Bursary Endowment Fund. Total amount of restricted funds were in listed securities.  
See Note 3(g) for a description of the accounting policies for financial instruments. Information relating to fair values is presented in the related notes.

#### Note 11: Other assets

	2019 \$	2018 \$
Prepayments	122,512	247,884
	<b>122,512</b>	<b>247,884</b>

#### Note 12: Inventory

	2019 \$	2018 \$
Inventory (at cost)	-	291,557
	<b>-</b>	<b>291,557</b>

In 2019, the College outsourced the operations of its uniform shop to a third party vendor. The inventory on hand was sold to the vendor.

## Note 13: Property, plant and equipment

	2019	2018				
	\$	Restated \$				
<b>Land and buildings</b>						
Land						
At cost	37,670,659	38,072,399				
<b>Buildings</b>						
At cost	69,176,009	69,819,081				
Less: accumulated depreciation	(34,340,984)	(33,779,857)				
	34,835,025	36,039,224				
<b>Total land and buildings</b>	<b>72,505,684</b>	<b>74,111,623</b>				
<b>Plant and equipment (including furniture &amp; fittings)</b>						
At cost	11,013,786	11,424,507				
Less: accumulated depreciation	(7,547,185)	(7,275,005)				
<b>Total Plant and equipment</b>	<b>3,466,601</b>	<b>4,149,502</b>				
<b>Motor vehicles</b>						
At cost	762,559	934,075				
Less: accumulated depreciation	(525,674)	(629,650)				
<b>Total motor vehicles</b>	<b>236,885</b>	<b>304,425</b>				
<b>Work In Progress</b>						
At cost	743,177	-				
<b>Total property, plant and equipment</b>	<b>76,952,347</b>	<b>78,565,550</b>				
<b>Movements in Carrying Amounts</b>	<b>Land</b>	<b>Buildings</b>	<b>Plant and Equipment</b>	<b>Motor vehicles</b>	<b>Work In Progress</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2018 (Restated)</b>	<b>38,072,399</b>	<b>33,886,376</b>	<b>3,902,012</b>	<b>238,329</b>	<b>-</b>	<b>76,099,116</b>
Additions	-	3,806,434	2,460,121	203,933	-	6,470,488
Disposals	-	-	(398,795)	(24,787)	-	(423,582)
Transfers	-	146,804	(215,313)	68,509	-	-
Depreciation expense	-	(1,800,390)	(1,598,523)	(181,559)	-	(3,580,472)
<b>Balance at 31 December 2018 (Restated)</b>	<b>38,072,399</b>	<b>36,039,224</b>	<b>4,149,502</b>	<b>304,425</b>	<b>-</b>	<b>78,565,550</b>
Additions	-	191,304	1,278,228	97,586	743,177	2,310,295
Transfer	(401,740)	401,740	-	-	-	-
AASB 16 Transfers	-	-	(1,048,962)	(132,749)	-	(1,181,711)
Depreciation expense	-	(1,797,243)	(912,167)	(32,377)	-	(2,741,787)
<b>Balance at 31 December 2019</b>	<b>37,670,659</b>	<b>34,835,025</b>	<b>3,466,601</b>	<b>236,885</b>	<b>743,177</b>	<b>76,952,347</b>

## Note 14: Right of Use Assets

	2019	2018	
	\$	\$	
Equipment			
At cost	1,475,471	-	
Less: accumulated depreciation	(983,626)	-	
	491,845	-	
Motor vehicles			
At cost	139,820	-	
Less: accumulated depreciation	(26,402)	-	
	113,418	-	
Movements in Carrying Amounts	Equipment	Motor Vehicles	Total
	\$	\$	\$
Balance at 1 January 2019	-	-	-
AASB 16 Transfers	1,048,962	132,749	1,181,711
Depreciation expense	(557,117)	(19,331)	(576,448)
Balance at 31 December 2019	491,845	113,418	605,263

## Note 15: Trade and other payables

	2019	2018
	\$	Restated \$
<b>Current</b>		
GST payable	317,175	12,867
Trade creditors	189,384	698,141
Sundry payables	1,296,810	626,918
Accrued expenses	1,581,478	1,647,669
	3,384,847	2,985,595



**Note 16: Financial liabilities**

	2019	2018
	\$	\$
<b>Current</b>		
Bank overdraft	2,119,767	1,200,447
Market rate loans		
Loan 15297181	-	1,974,000
Loan 15323394	-	5,000,000
Loan 15323343	-	10,000,000
Loan 15297149	-	8,786,000
Loan 15323386	-	5,000,000
	<b>2,119,767</b>	<b>31,960,447</b>
<b>Non-current</b>		
Market rate loans		
Loan 15323343	4,882,000	-
Loan 15297181	18,000,000	-
Loan 15297149	7,400,000	-
	<b>30,282,000</b>	<b>-</b>

The Group has borrowings that are part of a debt funding Facility Agreement with the Commonwealth Bank of Australia. The existing debt Facility Agreement is considered by the Commonwealth Bank and the College to be a long term debt facility and this is reflected in the facility agreement terms including the principal repayment schedule. Loan 15323343 is due for repayment on 1 January 2021. At 31 December 2019, this loan was drawn down by \$4,882,000 and has been disclosed as non-current.

The Trustees of the Moriah College Building Fund have provided a mortgage of lease and a fixed and floating charge in favour of the Commonwealth Bank of Australia.

The Moriah War Memorial College Association has provided unlimited guarantees and indemnities to the Commonwealth Bank of Australia in relation to the debts of The Moriah College Building Fund.

The Moriah War Memorial Jewish College Association Limited has provided unlimited guarantees and indemnities to the Commonwealth Bank of Australia in relation to the debts of the Moriah War Memorial College Association.

**Note 17: Lease liabilities**

	2019	2018
	\$	\$
<b>Analysed as:</b>		
Current	458,028	558,997
Non-current	183,698	641,726
	<b>641,726</b>	<b>1,200,723</b>

**Note 18: Employee benefits**

	2019	2018
	\$	\$
<b>Current</b>		
Employee benefits - Annual Leave	783,199	642,569
Employee benefits - Long Service Leave	3,184,439	3,100,015
<b>Employee entitlements - Current</b>	<b>3,967,638</b>	<b>3,742,584</b>
<b>Non-Current</b>		
Employee benefits - Long Service Leave	482,259	476,383
<b>Employee entitlements - Non-Current</b>	<b>482,259</b>	<b>476,383</b>

**Note 19: Contractual liabilities**

	2019	2018
	\$	Restated \$
<b>Current</b>		
Offer acceptance deposits	925,301	898,294
Deferred revenue	1,477,996	484,903
<b>Current</b>	<b>2,403,297</b>	<b>1,383,197</b>
<b>Non-Current</b>		
Deferred revenue	840,101	908,794
<b>Non Current</b>	<b>840,101</b>	<b>908,794</b>

**Note 20: Derivative financial liabilities**

	2019	2018
	\$	\$
Loss on interest rate swap	870,162	-
	<b>870,162</b>	<b>-</b>

An interest rate swap for Loan 15297181 was entered into for the period 30 April 2019 to 30 April 2026. The interest rate swap agreed a fixed interest rate payable of 2% for the 7 year term. The loss on interest rate swap represents the mark-to-market of the swap against market rates at 31 December 2019, therefore it does not represent a cash flow liability.

**Note 21: Members funds**

The Group exists under a mixture of legal form with varying obligations in the event of winding up of the entity as outlined in the table below:

Entity	Membership	Established Under	Contribution if Entity Wound Up
Moriah College Building Fund & Moriah War Memorial Fund	Five (5) Trustees	Trust Deeds	\$Nil
Kehillat Moriah Incorporated	<i>Moriah War Memorial College Association Board of Directors</i>	<i>Associations Incorporation Act 2009 (NSW)</i> ABN: 16 284 221 251	(limited to unpaid membership fees)
Moriah College Foundation Limited	Two members: Moriah War Memorial College Association and The Moriah War Memorial Jewish College Association Limited	<i>Corporations Act 2001 (Cth)</i> ACN: 162 505 722 ABN: 53 670 925 736	\$50 (2018: \$50)
<i>Moriah War Memorial College Association (MWMCA)</i>	<i>804 Members</i> (2018: 1,029)	<i>Corporations Act 2001 (Cth)</i> ACN: 000 049 383 ABN: 98 077 604 961	\$8,040 (2018: \$10,290)
<i>The Moriah War Memorial Jewish College Association (MWMJCA)</i>	<i>804 Members</i> (2018: 1,029)	<i>Corporations Act 2001 (Cth)</i> ACN: 003 214 560 ABN: 87 003 214 560	\$8,040 (2018: \$10,290)

**Note 22: Bursary endowment reserve**

Endowment funds are those funds received from donors which are restricted and remain unexpended. Investment income earned on such funds is to be used for student bursaries at the discretion of the Board.

**Note 23: Capital expenditure commitments**

The Group has capital commitments for at balance date, but not provided for, of \$478,498 in 2019 (2018: \$748,238).

## Note 24: Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are noted below:

The entity did not have any financial liabilities held at fair value for 31 December 2019 or 31 December 2018. The following table shows the financial assets measured at fair value on a recurring basis at 31 December 2019 and 31 December 2018:

	Value \$
<b>31-Dec-19</b>	
<b>Assets</b>	
Managed investment portfolio	4,033,315
<b>Net fair value</b>	<b>4,033,315</b>
 <b>31-Dec-18</b>	
<b>Assets</b>	
Managed investment portfolio	3,549,477
<b>Net fair value</b>	<b>3,549,477</b>

## Note 25: Contingent Liabilities

### a) Cross guarantee

The Group is liable by virtue of existing cross guarantees for the debts incurred by the Moriah College Building Fund, the Moriah War Memorial Fund, the Moriah War Memorial College Association and The Moriah War Memorial Jewish College Association Limited, which are secured through registered mortgages over various College properties. The amount of the debts covered by these cross guarantees as at 31 December 2019 are:

- Market Rate Loan Facility of \$30,282,000 (Note 16);
- Overdraft facility of up to \$2,500,000 (*reducing to \$1,000,000 from March 2020 to November 2020*);
- Equipment Financing Facility of up to \$3,000,000; and
- Corporate Charge Card Facility of up to \$200,000.

The Moriah College Building Fund, the Moriah War Memorial Fund, the Moriah War Memorial College Association and The Moriah War Memorial Jewish College Association Limited have provided unlimited guarantees and indemnities to Commonwealth Bank of Australia on 17 February 2014 (see Note 16).

### b) BER Funding

Moriah College received Block Grant Authority (BGA) P21 BER Funding from the Association of Independent Schools New South Wales Block Grant Authority in the amount of \$2.7m over the 3 years of the grant with the final entitlement being received in 2011. Under the P21 funding conditions there is a possibility that the Australian Government may require repayment of a portion of the grant if Moriah College were to close within 20 years of the grant being given. Moriah College does not expect that it will be required to repay any of the P21 BER grant as it expects to continue operating in the foreseeable future.

At balance date, the calculated contingent liability relating to the BGA P21 grant has been calculated as \$1.755m.

### c) Misappropriation of funds

In the course of investigating the misappropriation of funds during the year, management have determined that there maybe a net contingent liability in the region of \$0.5m that may become payable. There is uncertainty as to whether this net amount will be payable pending further work and a conclusion in this regard is contingent on a number of factors that are outside the College's control.

**Note 26: Low Value Lease Commitments**

At the reporting date, Moriah War Memorial College Association has outstanding commitments for future minimum lease payments under non-cancellable low values leases, which fall due as follows:

Lease Commitment schedule	1 Year	2-5 Years	TOTAL
<b>2019</b>			
Low value leases	429,815	552,841	982,656
<b>Total</b>	<b>429,815</b>	<b>552,841</b>	<b>982,656</b>
<b>2018</b>			
Low value leases	357,472	269,283	626,755
<b>Total</b>	<b>357,472</b>	<b>269,283</b>	<b>626,755</b>

**Note 27: Related Party Disclosures**

The Directors of Moriah War Memorial College Association during the financial year were:

Mr S Jankelowitz (President from 28 May 2018)	Mr E Borecki	Mrs R Michael (Appointed 23 May 2019)
Mr M Weininger	Ms M Sonnabend	Mr Dan Kramer (Appointed 26 June 2019)
Mr R Blau	Mr O Freedman	Mr Dani Sher (Appointed 26 June 2019)
Mr S Wilkenfeld	Mrs J Lowy	

The following related party transactions occurred during the financial year.

Fees (and other revenue) were received by the Group from the Directors of the Group under normal terms and conditions. In 2019, no Directors (2018: no Directors) have received or become entitled to receive a benefit, by reason of a contract made by the Group or a Related Corporation with the Directors or with a firm of which they are a member or a director, or with a Group in which they have a substantial financial interest undertaken in the normal course of business at or less than competitive rates.

There are no family members of Directors of the Company who are employed by the College in the ordinary course of its activities.

The following remuneration has been paid in aggregate to the key management personnel of the Group during the year.

**Key Management Personnel Remuneration**

	2019	2018
	\$	\$
Remuneration	1,870,218	1,846,840
	<b>1,870,218</b>	<b>1,846,840</b>

Key management comprises of executive management across our Early Learning Centers up to High School, together with Finance, HR, and Operations.

**Note 28: Parent Entity Information**

The accounting policies of the parent entity which have been applied in determining the financial information shown below are the same as those applied in the consolidated financial statements. Refer to note 3 for a summary of the significant accounting policies relating to the Group.

The individual financial statements of the parent entity show the following aggregate amounts:

	2019	2018
	\$	Restated \$
<u>Statement of financial position</u>		
<b>Assets</b>		
Current assets	5,338,675	4,046,641
Non-current assets	26,723,810	25,206,410
<b>Total assets</b>	<b>32,062,484</b>	<b>29,253,051</b>
<b>Liabilities</b>		
Current liabilities	14,974,928	11,226,722
Non-current liabilities	1,431,123	1,954,216
<b>Total liabilities</b>	<b>16,406,051</b>	<b>13,180,938</b>
<b>Equity</b>		
Retained earnings	15,656,433	16,072,113
<b>Total equity</b>	<b>15,656,433</b>	<b>16,072,113</b>
<u>Statement of profit or loss and other comprehensive income</u>		
Revenue	44,101,567	43,900,614
Expenses	(44,517,247)	(45,538,006)
Profit for the year	(415,680)	(1,637,392)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(415,680)</b>	<b>(1,637,392)</b>



**Note 29: Controlled Entities**

The consolidated financial statements incorporate the assets, liabilities and results of the following entities in accordance with the accounting policy described in Note 3.

Entity	2019	2018
The Moriah War Memorial Jewish College Association Limited	100%	100%
Kehillat Moriah Incorporated	100%	100%
Moriah College Building Fund & Moriah War Memorial Fund	100%	100%
Moriah College Foundation Limited	100%	100%

**Note 30: Restatement**

During the year management conducted an investigation to identify the impact of the fraudulent misappropriation of funds from the College on the prior year financial statements and reviewed the accounting for donations income in the Foundation and consolidated financial statements. As a result of these reviews the following restatements were identified:

**i) Impact of alleged misappropriation of funds**

During the year ending 31 December 2019 management identified that there had been a misappropriation of College funds in years including 2018. The College sought legal advice in relation to the misappropriation and the matter was the subject of civil proceedings in the Supreme Court of NSW that have now concluded, and is the subject of criminal proceedings that are ongoing. Management have identified the financial impact of the misappropriation on the 31 December 2018 year end balance sheet and 2018 income statement and have restated the comparative period financial statements accordingly.

Management have determined that the restatements to the 2018 comparatives and the 2018 opening balances relate predominantly to assets that originated as GST receivables that were not recoverable due to the misappropriation of GST payments that were owing to the College.

In the process of reviewing the comparative period financial records management have identified some other prior period errors that have also been restated. These relate mainly to sundry debtors and accruals that could not be substantiated, the removal of fully depreciated property, plant and equipment and unsupported differences between supporting ledgers and the General Ledger.

The impact on the comparative period of these matters is to have increased the loss for the 2018 year by \$880,344 decreased property, plant and equipment by \$419,914, to decrease trade receivables by \$655,597, to increase trade payables by \$77,607, to increase contractual liabilities by \$853,853 and to debit opening retained earnings as at 1 January 2018 by \$1,126,627.

**ii) Impact of change of accounting for Donations Income**

During the year management performed a review of the method of accounting for donations income in the Moriah College Foundation. It was determined that the donations were non reciprocal in nature and in accordance with AASB 1004 should have been recognised in the income statement on receipt, rather than being deferred on the balance sheet until paid out to the College. The impact of this restatement is to reduce deferred income at 31 December 2018 by \$1,117,343, to increase donations income by \$262,029 and credit opening retained earnings at 1 January 2018 by \$855,314.

The impacts of these restatements on the consolidated financial statements are summarised below:

Financial Statement line Items	31/12/2018 As previously reported	Restatement	31/12/2018 As Restated
<b>Statement of profit or loss and other comprehensive income</b>			
Revenue from operating activities	53,008,088	1,288,200	54,296,288
Expenses & materials	(6,405,346)	(696,505)	(7,101,851)
Staff expenses	(34,756,546)	38,766	(34,717,780)
Building & grounds expense	(3,402,007)	(55,000)	(3,457,007)
Other expenses	(4,800,802)	(8,185)	(4,808,987)
Unrecoverable amounts		(1,185,590)	(1,185,590)
<b>Total comprehensive income for the year</b>	<b>(1,912,934)</b>	<b>(618,315)</b>	<b>(2,531,249)</b>
<b>Statement of financial position</b>			
Property, plant and equipment	78,985,464	(419,914)	78,565,550
Trade and other receivables	1,982,240	(655,597)	1,326,643
<b>Total Assets</b>	<b>85,918,181</b>	<b>(1,075,513)</b>	<b>84,842,668</b>
Trade and other payables	2,907,988	77,607	2,985,595
Contractual Liabilities	2,555,481	(263,490)	2,291,991
<b>Total Liabilities</b>	<b>42,843,606</b>	<b>(185,883)</b>	<b>42,657,723</b>
Retained Earnings	41,923,575	(889,630)	41,033,945
<b>Net Assets</b>	<b>43,074,575</b>	<b>(889,630)</b>	<b>42,184,945</b>

### Note 31: Events After The Balance Sheet Date

On 30 January 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organisation ("WHO"). Subsequently, on 11 March 2020, WHO characterised COVID-19 as a worldwide pandemic. As this declaration was made after the reporting period, the entity believes it constitutes a "Non-Adjusting Subsequent Event" as defined in AASB 110 Events after the Reporting Period.

Subsequent to the end of the financial year, the Group has been impacted by the emergence of the Covid-19 pandemic. This pandemic has also impacted the entire educational sector and Australian economy in general. The College moved to online e-learning during the first few months of Covid-19, and have since resumed normal classroom teaching. The College's commitment to IT integration was pivotal in the highly successful implementation of e-learning. Staff have been fully engaged, and the use of technology as a tool within the education offering at the College has been further entrenched. Families within our community have been impacted to different degrees and the College has been encouraging all those that need support to reach out. The College, together with the Moriah Foundation, has been proactive in taking steps to ensure that appropriate resources are available as to minimize any disruptions to the operations of the College for the remainder of 2020 and 2021. As the pandemic continues to evolve, the full impact of Covid-19 is unknown and has therefore not been accounted for in this report.

From November 2019 and throughout 2020, the College engaged legal and forensic accounting advisors in relation to the fraudulent misappropriation of funds from the College. The initial investigations of the forensic accountants led to the identification in November 2019 of misappropriated funds totalling \$3,965,892, which were misappropriated between 6 August 2015 and 11 March 2019. In February 2020, the forensic accountants identified an additional \$3,406,789 of funds which were misappropriated between 28 January 2004 and 22 March 2019. The impact on the comparative period of these matters, as discussed in note 30, was to reduce opening retained earnings at 1 January 2018 by \$1,126,627 and to increase the loss in the 2018 year by \$880,344. In the year ending 2019 an amount of \$212,065 was recognised as an expense in the income statement. The remaining amount of \$5,153,646 was non adjusting in these financial statements.

Except as stated above, there has not been any other matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of Moriah War Memorial College Association and its controlled entities, the results of those operations or the state of affairs of Moriah War Memorial College Association and its controlled entities in future financial years.

### Note 32: Capital Management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund operations. The Finance and Audit Committee ensures that the overall risk management strategy is in line with this objective.

The Finance and Audit Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis.

The entity's capital consists of financial liabilities, supported by financial assets. Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

### Note 33: Consolidated Group Details

The registered office and principal place of business of the Group is:

The Moriah War Memorial College Association  
The Henry Roth Administration Building  
3 Queens Park Road  
BONDI JUNCTION NSW 2022



## Responsible Entities' declaration

The Responsible Entities' of the Group declare that:

- 1 The financial statements and notes, as set out on pages 8 to 28, are in accordance with the Australian Charities and Not for Profit Commission Act 2012:
  - a. comply with Accounting Standards and the Australia Charities and Not for-Profit Commission Act 2012; and
  - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the Group; and
- 2 In the Responsible Entities' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a joint resolution of the Boards of Directors of the Moriah War Memorial College Association and The Moriah War Memorial Jewish College Association and is signed for and on behalf of the Directors by:

  
S. JANKÉLOWITZ  
President

  
M. WEININGER  
Treasurer

Dated: 24 September 2020

## **Independent Auditor's Report to the Members of Moriah War Memorial College Association and its controlled entities**

### *Opinion*

We have audited the financial report of Moriah War Memorial College Association (the "Association") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Responsible Entities' declaration as set out on pages 8 to 29.

In our opinion, the accompanying financial report of the Moriah War Memorial College Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime 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 Group in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards 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 opinion.

### *Other Information*

The Responsible Entities are responsible for the other information. The other information comprises the information included in the Group's Responsible Entities' report for the year ended 31 December 2019 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 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.

## *Responsibilities of the Responsible Entities for the Financial Report*

The Responsible Entities of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act and for such internal control as Responsible Entities determine 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, Responsible Entities are responsible for assessing the ability of the Group 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 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Responsible Entities.
- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance 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.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Gaile Timperley".

Gaile Timperley  
Partner  
Chartered Accountants  
Sydney, 24 September 2020