

SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036

ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2016

**SYDNEY COLLEGE OF DIVINITY LTD
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**SYDNEY COLLEGE OF DIVINITY LTD
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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Your Directors submit the annual financial report of Sydney College of Divinity Ltd ("the College") for the year ended 31 December 2016.

Directors

The names of Directors in office at any time during or since the end of the year are:

Mr Peter King (Chairperson)
Prof Gerard Kelly (Deputy Chairperson)
Prof Anne Cummins
Prof Jack Flanagan
Prof Angelo Karantonis
Dr Phillip Kariatlis
Dr Tim O Hearn
Dr Leonard Smith
Dr Stephen Smith
Mr Richard Wheeler
Mr James Bunn
Major Peter Farthing
Mr John Ryan
Dr Paul Chesterton (resigned February 2016)
Mr Chris Baghos (appointed February 2016)
Rev Robbie Fringer (appointed February 2016)

Audit Committee

The following people meet regularly to discuss financial results, information and policies:

Mr Richard Wheeler
Prof Jack Flanagan
Mr John Ryan
Mr Michael Duffy

Principal Activities

The principal activity of the College during the course of the year was the facilitation of tertiary education for Christian ministry.

Review of Operations

The surplus for the year was \$471,583 (2015: \$392,387).

As the College is precluded from distributing its surplus and property as dividends, no dividends were paid during the year.

The results during the year included:

- The College earned revenue from fees during the year ended 2016 of \$1,984,505 (2015: \$1,836,276). Total revenue was \$6,763,7432 (2015: \$6,150,301) with the Fee-Help program contributing \$4,688,732 (2015: \$4,206,939).
- Expenditure of \$6,292,160 was incurred during the year (2015: \$5,757,914) .
- The changes in revenue and expenditure reflect the increase in prices of course fee with additional students joining through the Members.

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Significant Changes in the State of Affairs

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

Events Subsequent to Year End

No other circumstances have arisen during the year which have or may significantly affect:

- the operations of the College;
- the results of those operations; or
- the state of affairs of the College, in subsequent years.

Future Developments

There are no other likely developments that the Directors are aware of that may adversely impact or significantly change the future operations of the College.

Information on Directors

<u>Name</u>	<u>Qualifications and Experience</u>	<u>Period as Director</u>
Mr Peter King	BA (Hons) <i>Sydney</i> MA <i>Oxford</i> (Rhodes Scholar) Barrister Chair of Council	7 years and 9 months
Mr James Bunn	BSc <i>Portsmouth UK</i> FAICD MICE MIEAust MIWEM MInstD	1 year and 6 months
Dr Paul Chesterton	MEc DipEd <i>Sydney</i> MA PhD <i>Macquarie</i>	2 years and 10 months
Prof Anne Cummins	BEd <i>Canberra</i> CAE MA <i>Macquarie</i> GradDipEd (Religious Studies) <i>Catholic</i> <i>College Edn Sydney</i> MEdLeadership <i>ACU</i> , Deputy Vice-Chancellor, Australian Catholic	3 years and 4 months
Major Peter Farthing	BSocSt (Hons) <i>Sydney</i> DMin <i>Eastern Baptist</i> (<i>now Palmer</i>) <i>Theological Seminary USA</i> Principal Booth College	1 year and 11 months
Prof Jack Flanagan	BCom (Hons) <i>Leeds</i> MBA <i>Sydney</i> GradDipPractHigherEd <i>Surrey</i> FCPA Chair, Trustee of Catholic Healthcare	6 years and 6 months
Prof Angelo Karantonis	BEc <i>UNE</i> MCom <i>UNSW</i> BTh <i>SCD</i> FAPI Prof <i>CQU</i>	5 years and 2 months
Dr Phillip Kariatlis	BA <i>Sydney</i> BTh MTh ThD <i>SCD</i> Academic Secretary and Senior Lecturer <i>St</i> <i>Andrews</i> Greek Orthodox Theological	6 years and 6 months
Prof. Gerard Kelly	STB STL CIS PhD STD <i>College universitaire</i> <i>dominicain Ottawa</i> Principal, Catholic Institute of Sydney.	13 years

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Information on Directors (Continued)

<u>Name</u>	<u>Qualifications and Experience</u>	<u>Period as Director</u>
Dr Timothy O'Hearn	BA <i>Monash</i> DipEd BEd <i>Melbourne</i> MA <i>Sydney</i> MA <i>Macquarie</i> PhD <i>Macquarie</i> Educator	9 years
Mr John Ryan	BBus <i>UTS</i> CPA	1 year and 6 months
Dr Leonard Smith	DipTeach CCE <i>Sydney</i> BEd <i>South Australia</i> MEd <i>Wollongong</i> EdD <i>UNSW</i> MA <i>SCD</i> Principal, Emmaus Bible College	6 years and 6 months
Dr Stephen Smith	PhD <i>Sydney</i> DMgt <i>SCU</i> MBA <i>UWS</i> DipProfCouns <i>Aust Inst Prof Counsellors</i> DipFrontline Mgt <i>CLD</i> DipBibSt <i>MSBS</i> Principal, Australian College of Ministries	4 years and 10 months
Richard Wheeler	BBusStud <i>UTS</i> FCPA FAICD Accountant	10 years
Rev Robbie Fringer	BA <i>Point Loma Nazarene Uni</i> MA (Theol) <i>Nazarene Theol Seminary</i>	10 Months
Mr Chris Baghos	DipInfoTech <i>Tafe</i> BScIT <i>UTS</i> DipLangStud <i>Sydney</i> MA (Res) <i>Sydney</i> Student Representative	10 Months

Audit Committee

Meets regularly to discuss financial results, information and policies.

<u>Name</u>	<u>Qualifications</u>	<u>Period as Member</u>	<u>Meetings</u>	<u>Attendances</u>
Mr Richard Wheeler	BBusStud. FCPA, FAICD, Accountant	10 years	5	5
Prof Jack Flanagan	B.Com(Hons), MBA, Grad Dip Pract Higher Ed, FCPA	6 years and 6 months	5	4
Mr John Ryan	BBus <i>UTS</i> CPA	1 year and 6 months	5	5
Mr Michael Duffy	BBus (Accounting and Law) CPA External Independent Member	5 years and 6 months	4	4

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Meetings of Directors

During the year, five meetings of directors were held. Attendances were:-

	<u>No. Eligible to Attend</u>	<u>No. Attended</u>
Mr Peter King (Chairperson)	5	4
Prof Gerard Kelly (Deputy Chairperson)	5	5
Dr Paul Chesterton	1	1
Mr James Bunn	5	2
Prof Anne Cummins	5	1
Major Peter Farthing	5	1
Prof Jack Flanagan	5	5
Rev Robbie Fringer	4	3
Prof Angelo Karantonis	5	3
Dr Phillip Kariatlis	5	3
Dr Tim O Hearn	5	5
Mr John Ryan	5	4
Dr Leonard Smith	5	4
Dr Stephen Smith	5	3
Mr Chris Baghos	4	3
Mr Richard Wheeler	5	5

Proceedings on Behalf of the College

No persons have applied for leave of Court to bring proceedings on behalf of the College or intervene in any proceedings to which the College is a party for the purpose of taking responsibility of behalf of the College for all or any part of those proceedings.

The College was not a party to any such proceedings during the year.

Indemnifying Officer or Auditor

During the year, the College paid a premium of \$3,785 for Directors and Officers Insurance. Otherwise, the College has not, during or since the year, in respect of any person who is or has been an officer or auditor of the College or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 5.

Signed in accordance with a resolution of the Board of Directors.

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Director

Dated this 1st day of March 2017

**INDEPENDENCE DECLARATION
TO BE PROVIDED BY PP**

**SYDNEY COLLEGE OF DIVINITY LTD
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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
REVENUE:			
Revenue from Student and Membership Fees	2(a)	1,984,505	1,836,276
Fee Help Revenue	2(b)	4,688,732	4,206,939
Other Revenue	2(c)	90,506	107,086
TOTAL REVENUE		<u>6,763,743</u>	<u>6,150,301</u>
EXPENSES:			
Employee Benefits Expenses	3(a)	1,996,967	1,709,334
Depreciation and Amortisation Expenses	3(b)	79,287	88,262
Finance Costs - Other	3(c)	5,422	10,680
Office Expenses		421,668	423,717
Fee Help - Member Institutions	23	2,934,171	2,633,514
Student Related Expenses		90,746	98,102
Administrative and Other Expenses		763,899	794,305
TOTAL EXPENSES		<u>6,292,160</u>	<u>5,757,914</u>
NET SURPLUS FOR THE YEAR		<u><u>471,583</u></u>	<u><u>392,387</u></u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>471,583</u></u>	<u><u>392,387</u></u>

The accompanying notes form part of these financial statements.

**SYDNEY COLLEGE OF DIVINITY LTD
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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 \$	2015 \$
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents - Available	4a	1,462,403	1,252,101
Cash and Cash Equivalents - Special Purpose Funds	4b	45,465	45,465
Receivables	5	241,771	170,920
Inventories	6	7,447	6,219
TOTAL CURRENT ASSETS		<u>1,757,086</u>	<u>1,474,705</u>
<u>NON-CURRENT ASSETS</u>			
Property, Plant and Equipment	8	907,572	850,730
Intangible Assets	7	117,898	122,929
TOTAL NON-CURRENT ASSETS		<u>1,025,470</u>	<u>973,659</u>
TOTAL ASSETS		<u>2,782,556</u>	<u>2,448,364</u>
<u>CURRENT LIABILITIES</u>			
Payables	9	371,615	245,662
Borrowings	10	10,174	42,455
Employee Benefits	11	102,430	75,293
Other Liabilities	12	339,289	624,833
TOTAL CURRENT LIABILITIES		<u>823,508</u>	<u>988,243</u>
<u>NON-CURRENT LIABILITIES</u>			
Borrowings	10	-	106,675
Employee Benefits	11	69,019	-
TOTAL NON-CURRENT LIABILITIES		<u>69,019</u>	<u>106,675</u>
TOTAL LIABILITIES		<u>892,527</u>	<u>1,094,918</u>
NET ASSETS		<u>1,890,029</u>	<u>1,353,446</u>
<u>EQUITY</u>			
Reserves	13	387,500	322,500
Accumulated Surplus		1,502,529	1,030,946
TOTAL EQUITY		<u>1,890,029</u>	<u>1,353,446</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note	Reserves				Accumulated Surplus	Total Equity
	Asset Revaluation Reserve	Accreditation Reserve	Future Reserve	Gift Fund		
	\$	\$	\$	\$	\$	\$
At 31 December 2014	-	2,500	100,000	65,785	792,774	961,059
Comprehensive income:						
Surplus for the year	-	-	-	-	392,387	392,387
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	392,387	392,387
Transfers:						
Transfer to/(from) Reserves	1(p)(q)	-	100,000	120,000	(65,785)	(154,215)
		-	100,000	120,000	(65,785)	(154,215)
At 31 December 2015		-	102,500	220,000	-	1,030,946
Comprehensive income:						
Surplus for the year	-	-	-	-	471,583	471,583
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	471,583	471,583
Transfers:						
Transfer to/(from) Reserves	1(p)(q)(r)	65,000	(102,500)	102,500	-	-
		65,000	(102,500)	102,500	-	-
At 31 December 2016		65,000	-	322,500	-	1,502,529

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Cash Flow from Operating Activities			
Receipts from Fees and Other Income		1,984,972	1,983,323
Receipts from Fee-Help Government Assistance		4,430,708	4,416,044
Fee-Help Payments to Member Institutions		(2,934,171)	(2,633,514)
Payments to Suppliers and Employees		(3,073,951)	(3,092,053)
Interest Received		13,220	11,702
Finance Costs Paid		(5,422)	(10,680)
Net Cash Provided by Operating Activities	14(b)	<u>415,356</u>	<u>674,822</u>
Cash Flow from Investing Activities			
Disposal of Property, Plant and Equipment		196	-
Purchase of Property, Plant and Equipment		(66,294)	(10,373)
Net Cash (Used in) Investing Activities		<u>(66,098)</u>	<u>(10,373)</u>
Cash Flow from Financing Activities			
Receipts from Bank Overdraft		10,174	-
Repayment of Borrowings		(149,130)	(40,834)
Net Cash (Used in) Financing Activities		<u>(138,956)</u>	<u>(40,834)</u>
Net Increase in Cash held		210,302	623,615
Cash at the beginning of the year		1,297,566	673,951
Cash at the end of the year	14(a)	<u><u>1,507,868</u></u>	<u><u>1,297,566</u></u>

The accompanying notes form part of these financial statements.

**SYDNEY COLLEGE OF DIVINITY LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Sydney College of Divinity Ltd ("the College") as an individual entity, incorporated and domiciled in Australia. The College is a company limited by guarantee.

a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with 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-profits Commission Act 2012*. The College is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements 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.

The financial report was authorised by the Directors on 1 March 2017.

b) Taxation

The College is exempt from income tax under the current provisions of the *Income Tax Assessment Act 1997*. Accordingly, there is no income tax expense or income tax payable.

c) Fair Value of Assets

The College measures some of its assets at fair value. Fair value is the price the College would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue

Fee revenue from the rendering of services is recognised upon delivery of service to the customers.

Fee-Help Government Assistance revenue is recognised when the company becomes entitled to receive this amount.

Interest revenue is recognised taking into account the interest rates applicable to the financial assets.

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

e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

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

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

g) Inventories

Inventories are recorded at the lower of cost and net realisable value.

h) Property, Plant and Equipment

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

Property

Freehold buildings are shown at their fair value based on periodic, but at least triennial, valuations by independent valuers. Buildings are not depreciated.

There was an independent valuation performed on the strata properties during the year ended 31 December 2016. The directors believe the carrying value of the property correctly reflects the fair value less cost to sell at 31 December 2016.

In periods when the freehold buildings are not subject to an independent valuation, the directors conduct their own valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Property, Plant and Equipment (continued)

Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets excluding buildings, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Office Fit-outs	20%
Office Equipment & Furniture	20 - 40%
Other Assets	20 - 40%
Library	20%

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

i) Impairment of Assets

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

Recoverable amount is the greater of fair value less costs to sell and value in use. In respect to assets in use within the College's educational services, where relevant the best estimate of value in use is taken as the depreciated replacement cost of the asset.

j) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade data accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial Instruments (continued)

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

(i) *Loans and Receivables*

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments.

Impairment

At each reporting date, the College assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

k) Intangible Assets

Costs incurred for accreditation purposes are recognised as an intangible asset and amortised on a straight line basis over the period to which the accreditation relates.

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

l) Borrowings

Borrowings are recognised at their principal amount. Interest expense is accrued at the contracted rate. Borrowings not due for repayment in the next twelve months are classified as non-current.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Employee Benefits

Short-term employee benefits

A provision has been made for the College's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The College's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Long-term employee benefits

A provision has been made for employee benefits, based on current award entitlements for all staff employed by the College. All provisions are measured at their discounted amounts, including on-costs, expected to apply at time of settlement. In respect of those expected to be settled beyond 12 months, it is assumed that at the date of this report future increases in remuneration rates which would be required to be applied to amounts expected to be settled beyond 12 months would be approximately equal with no material impact arising from any difference that may exist between these two aspects.

The College's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the College does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

n) Provisions

Provisions are recognised when the College has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised is the best estimate of the consideration required to settle the present obligation at balance date, taking into account the risks and uncertainties surrounding the obligation.

o) Fee-Help Funding

Advances received from the Department of Education and Training in respect of Fee-Help Government Assistance are recognised as a liability on an accruals basis until such time as an amount is paid to a Member Institution in respect to tuition fees. To the extent that these amounts are income to the College they are recognised as revenue on entitlement.

The College relies on the Department of Education and Training's ongoing reconciliations as and when they are available to make the relevant adjustments to its liability balance.

p) Reserve for Future Accreditation and TESQA Requirements

Prior to 2016, the College transferred directly through equity on an annual basis (where a profit has occurred) amounts into a special purpose reserve representing the amount expected to be required for reaccreditation purposes at the end of the five year period. This reserve was closed during the year ended 31 December 2016 as the College became self-accrediting and such costs will not be incurred in future periods

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Future Reserve Fund

The College has set aside an amount to a reserve to provide for the risk of future revenue stream

r) Asset Revaluation Reserve

This reserve records increases and decreases in carrying amounts arising from revaluation of land and buildings.

s) Comparatives

Where necessary, comparative information has been reclassified in order to comply with the current years presentation of financial information.

t) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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

u) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The College has decided against early adoption of these standards.

The director's assessment of the impact of the new standards and interpretations is that they will not affect any of the amounts recognised in the financial statements.

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
2. REVENUE			
<i>From Operations</i>			
(a) Revenue from Student and Membership Fees			
- Student and Course Fees		1,904,070	1,766,446
- Membership Fees		80,435	69,830
		<u>1,984,505</u>	<u>1,836,276</u>
(b) Fee-Help Revenue			
- Government Financial Assistance - current year	23	4,449,841	4,206,939
- Government Financial Assistance - prior years		238,891	-
		<u>4,688,732</u>	<u>4,206,939</u>
<i>From Non - Operating Activities</i>			
(c) Other Revenue			
- Interest Received		13,220	11,702
- Gift Fund Donations		-	5,300
- Other		77,286	90,084
		<u>90,506</u>	<u>107,086</u>
Total Revenue		<u>6,763,743</u>	<u>6,150,301</u>
3. EXPENSES			
(a) Employee Benefits Expenses:			
- Salaries		1,639,695	1,503,763
- Superannuation		169,588	129,885
- Leave Entitlement Expense		96,156	16,250
- Other		91,528	59,436
		<u>1,996,967</u>	<u>1,709,334</u>
(b) Depreciation, Amortisation and Impairment Expenses			
- Depreciation Expenses:		52,256	64,894
- Amortisation Expenses		27,031	23,368
		<u>79,287</u>	<u>88,262</u>
(c) Finance Costs:			
- Loan Interest Expense		<u>5,422</u>	<u>10,680</u>
(d) Auditors Remuneration for:			
- Audit of the Annual Financial Report		18,000	17,500
- Other Services		2,600	2,500
		<u>20,600</u>	<u>20,000</u>

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
4. CASH AND CASH EQUIVALENTS		
(a) AVAILABLE		
Cash at Bank - General Account	-	20,092
Cash at Bank - Korean Program	24,974	266,920
Term Deposit	400,000	-
Cash on Deposit - at Call - Cash Management Account	1,037,429	964,839
Petty Cash	-	250
	<u>1,462,403</u>	<u>1,252,101</u>
The General Account went into overdraft as at 31 December 2016. Please refer to Note 10.		
(b) SPECIAL PURPOSE FUNDS		
Cash at Bank - Gift Fund	<u>45,465</u>	<u>45,465</u>
	<u>45,465</u>	<u>45,465</u>
5. RECEIVABLES		
CURRENT:		
Other Debtors	162,421	68,719
Deposits Paid	10,000	46,568
Prepayments	69,350	55,633
	<u>241,771</u>	<u>170,920</u>
6. INVENTORIES		
Regalia, at cost	<u>7,447</u>	<u>6,219</u>
7. INTANGIBLE ASSETS		
(a) Accreditation		
Accreditation Expenses, at cost	196,913	174,913
Less Accumulated Amortisation	<u>(79,015)</u>	<u>(51,984)</u>
	<u>117,898</u>	<u>122,929</u>
(b) eMinerva Licences		
Computer Software, at cost	53,840	53,840
Less Accumulated Amortisation	<u>(53,840)</u>	<u>(53,840)</u>
	<u>-</u>	<u>-</u>
	<u>117,898</u>	<u>122,929</u>

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 \$	2015 \$
8. PROPERTY, PLANT AND EQUIPMENT		
Strata Property,		
At cost	-	735,000
At independent Valuation	800,000	-
	800,000	735,000
 Office Fit Outs		
At cost	88,614	88,614
Less: Accumulated Depreciation	(83,219)	(78,924)
	5,395	9,690
 Furniture, Fixtures and Equipment		
At cost	267,550	241,476
Less: Accumulated Depreciation	(223,166)	(202,874)
	44,384	38,602
 Office Equipment		
At cost	40,618	51,343
Less: Accumulated Depreciation	(35,037)	(39,685)
	5,581	11,658
 Korean Library		
At cost	126,536	126,017
Less: Accumulated Depreciation	(91,525)	(70,237)
	35,011	55,780
 Web Site		
At cost	24,524	6,823
Less: Accumulated Depreciation	(7,323)	(6,823)
	17,201	-
	907,572	850,730

(a) Movement Summary

	Strata Property \$	Plant and Equipment \$	Total \$
At beginning of the year	735,000	115,730	850,730
Revaluations	65,000	-	65,000
Additions	-	44,294	44,294
Disposal (net of accumulated depreciation)	-	(196)	(196)
Depreciation charge for the year	-	(52,256)	(52,256)
	800,000	107,572	907,572

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
9. PAYABLES		
CURRENT		
Trade Creditors	10,610	23,615
Accruals and other creditors	205,483	106,050
GST, PAYG, Superannuation and Payroll Tax Payable	129,839	90,014
Scholarship Funds:		
- Dianne Feeney Memorial Graduate	7,646	7,746
- Beth Blackall	764	864
- Brian Murray	17,273	17,373
	<u>371,615</u>	<u>245,662</u>

10. BORROWINGS

CURRENT

Bank overdrafts	10,174	-
Loan - secured	-	42,455
	<u>10,174</u>	<u>42,455</u>

NON-CURRENT

Loan - secured	-	<u>106,675</u>
----------------	---	----------------

The loans totalling \$149,130 as at 31 December 2015 have been repaid in full during the year.

11. EMPLOYEE BENEFITS

CURRENT

Provision for Annual Leave	<u>102,430</u>	<u>75,293</u>
----------------------------	----------------	---------------

NON-CURRENT

Provision for Long Service Leave	<u>69,019</u>	<u>-</u>
----------------------------------	---------------	----------

Reconciliation of Leave Balances

	Annual Leave \$	Long Service Leave \$	Total Employee Benefits \$
Opening Balance	75,293	-	75,293
Entitlements for the year	27,137	69,019	96,156
Balance at 31 December 2016	<u>102,430</u>	<u>69,019</u>	<u>171,449</u>

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
12. OTHER LIABILITIES			
CURRENT			
Fees Received in Advance		26,550	54,070
Fee-Help Government Assistance Advance		312,739	570,763
		<u>339,289</u>	<u>624,833</u>
13. RESERVES			
Reserve for Accreditation Expenses	1(p)	-	102,500
Reserve for Future Fund	1(q)	322,500	220,000
Asset revaluation reserve	1(r)	65,000	-
		<u>387,500</u>	<u>322,500</u>

Nature and Purpose of Reserves

(a) Costs are incurred for registration, accreditation and approval, every five years to enable the ongoing offers of awards and degrees. A reserve is maintained in respect to such costs on an annual basis so as to enable the company to ensure funds required are separately identifiable to meet these ongoing requirements. Adequate funds are maintained in a bank account to match this accumulating reserve.

14. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in the bank, net of outstanding bank overdraft. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2016 \$	2015 \$
Cash and Cash Equivalents - Available	4(a)	1,462,403	1,252,101
Cash and Cash Equivalents - Special Purpose Funds	4(b)	45,465	45,465
		<u>1,507,868</u>	<u>1,297,566</u>

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
14. NOTES TO STATEMENT OF CASH FLOWS (CONTINUED)		
(b) Reconciliation of Net Cash from Operating Activities to Net Surplus for the Year:		
Surplus for the year	471,583	392,387
Add Non-Cash Flows		
- Depreciation and Amortisation	79,287	88,262
Changes in assets and liabilities during the year:		
- (Increase)/Decrease in Debtors	(70,851)	7,965
- (Increase)/Decrease in Inventories	(1,228)	818
- Increase in Payables	125,953	6,211
- Increase in Employee Benefits	96,156	16,249
- Increase in Other Liabilities	(285,544)	162,930
	<u>415,356</u>	<u>674,822</u>

15. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and loans.

The main purpose of non-derivative financial instruments is to raise finance for the operations.

The College does not have any derivative instruments at 31 December 2016.

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies, liquidity risk policies and future cash flow requirements.

The directors' overall risk management strategy seeks to assist the College in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are;

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
15. FINANCIAL RISK MANAGEMENT (CONTINUED)			
<i>Financial Assets</i>			
Cash and Cash Equivalents - Available	4(a)	1,462,403	1,252,101
Cash and Cash Equivalents - Special Purpose Funds	4(b)	45,465	45,465
Receivables	5	241,771	170,920
Total Financial Assets		1,749,639	1,468,486
<i>Financial Liabilities, at Amortised Cost</i>			
Payables	9	371,615	245,662
Borrowings	10	10,174	149,130
Other Liabilities	12	339,289	624,833
Total Financial Liabilities		721,078	1,019,625

16. CAPITAL COMMITMENTS

Operating Lease Commitments

Non-cancellable operating lease contracted but not capitalised:

Payable			
- not later than one year		252,225	251,348
- later than one year and not later than five years		21,087	292,284
		273,312	543,632

General description of leasing arrangement

Operating leases consist primarily of office premises rent expiring in five years. All leases are non-cancellable leases, with rent payable monthly in advance.

In February 2013, the College transferred to a office premises by signing a new lease agreement for Unit 6B, 5 Talavera Road to expire on 31 January 2018.

Contingent rental provisions within the lease agreement of the office premises require that the minimum lease payments shall be increased by 3.75% per annum.

17. EVENTS SUBSEQUENT TO YEAR END

No other matters or circumstances have arisen since the end of the year which may have or may significantly affect:

- the operations of the College;
- the results of those operations; or
- the state of affairs of the College, in subsequent years.

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

18. CONTINGENT LIABILITIES

The College has a bank guarantee of \$85,880 as at 31 December 2016. There are no other contingent liabilities to be disclosed in this financial report.

19. ECONOMIC DEPENDENCY

The College depends on grants received from the Commonwealth Government to fund its operation 68.20% (2015: 68.40%) of the total revenue from operations derived from this source.

21. RELATED PARTY TRANSACTIONS

The directors of the College during the year were Mr Peter King, Rev Dr Gerard Kelly, Dr Stephen Smith, Richard Wheeler, Dr Timothy O'Hearn, Dr Phillip Kariatlis, Prof Jack Flanagan, Dr Leonard Smith, Prof Angelo Karantonis, Dr Paul Chesterton and Prof Anne Cummins, James Bunn, Major Peter Farthing and John Ryan.

No remuneration was paid or payable to directors in respect to or during the year.

All members of the board acted in an honorary capacity throughout the year and there were no related party transactions with any of the honorary directors during the year. Transactions have occurred during the year of a fee revenue and expense nature, including Fee-Help payments, on normal commercial terms and conditions with Member Institutions of which the directors are involved in the management thereof. Total fees received from these Member Institutions during the year was \$1,023,425 (2015: \$966,026) and Fee-Help payments made to such Member Institutions during the year was \$2,934,171 (2015: \$2,633,514).

The compensation of the key management personnel for the year was \$162,779 (2015: \$131,204). The whole of this compensation was in respect to wages, salaries and superannuation contributions and all short-term employment benefits.

22. COLLEGE DETAILS

The College's registered office and principal place of business is:

6B/5 Talavera Road
Macquarie Park, NSW 2113

23. LIABILITIES OF MEMBERS

The College is a company limited by guarantee, incorporated and operating in Australia. If it is wound up, the Articles of Association state that each member, or within one year after the member ceases to be a member, is required to contribute a maximum of \$50 towards meeting any outstanding obligations

At 31 December 2016 there were 9 members (2015: 8).

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

23. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

	FEE-HELP	
	2016	2015
	\$	\$
Financial Assistance received during the year	4,870,000	4,535,698
Financial Assistance repaid relating to prior year adjustments	<u>(360,630)</u>	<u>(119,653)</u>
	4,509,370	4,416,045
Net accrual adjustments	<u>(59,529)</u>	<u>(209,106)</u>
Total revenue for current year	4,449,841	4,206,939
Less: Expenses including accrued expenses		
- payments to Member Institutions	2,934,171	2,633,514
- payment to Sydney College of Divinity	<u>1,515,670</u>	<u>1,573,425</u>
	<u>4,449,841</u>	<u>4,206,939</u>
Fee-Help surplus / (deficit) for the year	<u><u>-</u></u>	<u><u>-</u></u>

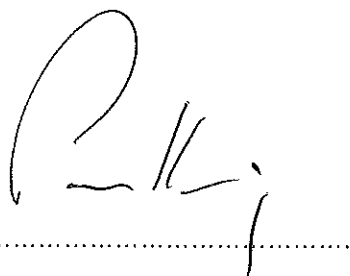
**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

RESPONSIBLE ENTITIES' DECLARATION

The Responsible Entities declare that in the Responsible Entities' opinion:

- (a) there are reasonable grounds to believe that the Sydney College of Divinity LTD is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

A handwritten signature in black ink, appearing to be 'R. K. J.', is written over a horizontal dotted line.

Director

Dated this 1st day of March 2017.

**AUDITOR'S REPORT
TO BE PROVIDED BY PPS**

**AUDITOR'S REPORT
TO BE PROVIDED BY PPS**

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

DETAILED STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
<u>REVENUE</u>		
From Operations		
Student and Course Fees:		
- Student Fees	942,990	898,196
- Course Fees	961,080	868,250
	1,904,070	1,766,446
 Membership Fees	 80,435	 69,830
Fee-Help Revenue:		
- Government Financial Assistance - current year	4,449,841	4,206,939
- Government Financial Assistance - prior years	238,891	-
	4,688,732	4,206,939
 From Non-Operating Activities		
Interest Income	13,220	11,702
Gift Fund Donations	-	5,300
Other:		
- Graduation Income	6,640	4,908
- Graduation Expenses	(7,957)	(6,555)
Graduation deficit	(1,317)	(1,647)
- Sundry	78,603	91,731
	77,286	90,084
 TOTAL REVENUE	 6,763,743	 6,150,301
 <u>EXPENDITURE</u>		
Staff Costs		
Salaries	1,639,695	1,503,763
Superannuation expense	169,588	129,885
Leave entitlements	96,156	16,250
Other		
- Contractors	16,655	350
- Payroll Tax	50,916	41,679
- Professional Development	2,137	978
- Workers Compensation	10,788	15,812
- Other	11,032	617
	91,528	59,436
	1,996,967	1,709,334
 Expenses Carried forward	 1,996,967	 1,709,334

This Statement has not been audited

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

DETAILED STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
EXPENDITURE (Continued)		
Carried forward balance	<u>1,996,967</u>	<u>1,709,334</u>
Depreciation, Amortisation and Impairment Expenses		
Depreciation	52,256	64,894
Amortisation	<u>27,031</u>	<u>23,368</u>
	<u>79,287</u>	<u>88,262</u>
Finance Costs		
Interest Paid on Property Loan	<u>5,422</u>	<u>10,680</u>
Office Expenses		
Cleaning	18,991	21,315
Electricity	14,961	15,355
General Expenses	138	1,091
Insurance	8,962	1,690
IT and Computer Costs	28,810	22,327
Maintenance Levies	73,132	66,736
Office Expenses	2,582	358
Postage	3,173	4,509
Printing and Stationery	24,722	21,655
Publications	802	666
Rates	136	613
Rent	225,995	252,467
Security	2,495	-
Telephone and Internet	<u>16,769</u>	<u>14,935</u>
	<u>421,668</u>	<u>423,717</u>
Fee-Help - Member Institutions		
Fee-Help Distributed	<u>2,934,171</u>	<u>2,633,514</u>
Student Related Expenses		
Advertising and Marketing	420	2,500
Committees	76	1,284
Conference & Seminars	7,318	5,253
Memberships	15,359	18,293
Postgraduate Supervisors & Examiners	44,145	51,230
Research & Surveys	17,541	17,868
Sundries	<u>5,887</u>	<u>1,674</u>
	<u>90,746</u>	<u>98,102</u>
Expenses Carried forward	5,528,261	4,963,609

This Statement has not been audited

**SYDNEY COLLEGE OF DIVINITY LTD
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036**

DETAILED STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
EXPENDITURE (Continued)		
Carried forward balance	<u>5,528,261</u>	<u>4,963,609</u>
Administrative and Other Expenses		
<i>Administrative</i>		
Audit and Accountancy	20,600	30,927
Bad debts expense	15,455	34,562
Bank Charges	4,664	4,960
Compliance Expenses	18,982	12,300
Consultants fees	12,490	-
Council Expenses	2,080	1,226
Donations	-	-
Entertainment	4,261	4,526
ESOS	15,524	15,858
Fares & Travel	507	762
Legal Expenses	13,808	-
Motor Vehicle Expenses	-	-
Strategic planning	1,139	90
Other	27,184	44,198
	<u>136,694</u>	<u>149,409</u>
<i>Korean Program</i>		
Advertising and Marketing	20,823	22,279
Rent	110,944	105,320
Contractors and Recruitment Costs	50,107	-
Course Fee	42,449	15,686
Travel and Accommodation	364,956	459,461
Other Expenses	37,926	42,150
	<u>627,205</u>	<u>644,896</u>
Total administrative and other expenses	<u>763,899</u>	<u>794,305</u>
TOTAL EXPENDITURE	<u>6,292,160</u>	<u>5,757,914</u>
NET SURPLUS FOR THE YEAR	<u>471,583</u>	<u>392,387</u>

This Statement has not been audited



SYDNEY COLLEGE OF DIVINITY
Excellence in theological education

1 March 2017

Mr Spiro Tzannes
Pitcher Partners
Level 22 MLC Centre
19 Martin Place
SYDNEY NSW 2000

Dear Sir,

In connection with your audit examination of the financial report of Sydney College of Divinity Limited (“the Company”) for the year ended 31 December 2016, we hereby confirm, at your request, that to the best of our knowledge and belief, the following representations relating to the accounts are correct.

Financial Report

The financial report of the Company has been drawn up so as to give a true and fair view of the Company’s financial position as at 31 December 2016 and performance for the year ended on that date.

The accounting records of the Company were maintained in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the financial report was prepared in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional requirements in Australia and Statutory requirements as detailed in note 1 to the financial report.

Assets

Receivables

Debts due that are known to be uncollectible have been written off and the provision for impairment of receivables is sufficient to cover allowances, discounts and losses that may be sustained in collection of the debts.

Other Current Assets

We expect to realise all other current assets at least at the amounts at which they are stated in the financial report.

Property, Plant & Equipment

- (1) The additions to property, plant and equipment accounts, as recorded in the books, represent the cost of additions or improvements to existing facilities or replacements thereof. All units of

property, plant and equipment which have been replaced, sold, dismantled or otherwise disposed of, or which are permanently unusable, have been removed from the fixed asset register. Adequate provision determined in a manner consistent with that of the preceding year, has been made to write off depreciable assets over their useful lives.

- (2) No circumstances have arisen which render adherence to the existing basis of depreciation misleading or inappropriate.
- (3) Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
- (4) Depreciation rates have been reviewed against asset usage and the rate of technical and commercial obsolescence. Any adjustment to reflect the most recent assessment of the useful lives of all non-current assets has been recognised and disclosed in the financial report.
- (5) All additions to property, plant and equipment represent actual additions or improvements of a capital nature. No items of repairs and maintenance have been carried forward as property, plant and equipment and no capital additions or improvements were charged to expenses.
- (6) Where the recorded value of any item of property, plant and equipment exceeds its recoverable amount, the asset's recorded value has been written down to its recoverable amount. We have considered the requirements of *AASB 136 Impairment of Assets* when assessing the carrying value of non-current assets and in ensuring that no non-current assets are stated in excess of their recoverable amount.

In respect to the value of the company's property ownerships interest, we confirm that this is based on market research with local real estate agents as to current rate being achieved per square meter for similar strata title properties within the same area. Accordingly, we are satisfied that the calculations and resulting adjustments are appropriate and in line with this market evidence.

- (7) The Company has satisfactory title to all assets and there are no deficiencies or encumbrances attaching to the title of the assets of the company at 31 December 2016 other than those reflected in the financial report and these are not greater than the value of the asset.
- (8) No operating or finance lease commitments exist that have not been included in the financial report.

Intangible Assets

The amounts recognised and recorded as intangible assets at 31 December 2016 by the Company meet the requirements of *AASB 138 Intangible Assets* and create a right in relation to future operation.

Liabilities

- (1) All liabilities, which have arisen or which will arise out of the activities of the company to the end of the financial year have been recorded and/or disclosed in the financial report, including adequate provision for existing uninsured claims arising from past actions.
- (2) We have recognised an appropriate level of income in respect to Fee Help in the financial year, inclusive of overseas trips, in accordance with government guidelines. The amounts recorded for Fee Help in respect of member organisations reflects reporting from those organisations, we understand that any erroneous information provided is at the risk of the member organisation and not the



Company. Further, the amount recorded as a liability at 31 December 2016 reflects the amount that the college believes is unearned funds received from the government in respect to Fee Help.

- (3) Adequate provision has been made in the financial report at 31 December 2016 for the entitlements of all employees of the Company.
- (4) The College has a bank guarantee of \$85,880 as at 31 December 2016.
- (5) There were no other provisions or contingent liabilities including:
 - (a) Bills and accounts receivable discounted, assigned or sold and which are subject to recourse;
 - (b) Endorsements; or
 - (c) Pending law suits, unsatisfied judgements or claims;which are not shown in the notes to the financial report.

Commitments

- (1) There are no material commitments for construction or acquisition of property, plant & equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
- (2) There were no commitments for purchase or sale of assets.

Related party transactions

- (1) We have made available to you all information regarding the identification of related party relationships and transactions.
- (2) We have made available to you details and records relating to:
 - (a) Any agreements or transactions between employee controlled entities and this entity.
 - (b) Any equity interests or directorships held by employees in other entities, which are party to, directly or indirectly, any agreements or transactions with this organisation and/or any controlled entity or related party of this organisation.
 - (c) Any external accounting advice received on these agreements, transactions or interests.
- (3) All details concerning related party transactions and related amounts receivable or payable (including sales, purchases, loans and guarantees) have been correctly recorded in the accounting records and have been properly disclosed in the company's financial report or the notes thereto, either where required by statute or where such disclosure is necessary for the fair presentation of the company's financial report.

Taxation

- (1) The company is a not for profit organisation and is exempt from income tax including capital gains tax in accordance with the provisions of the Income Tax Assessment Act.

- (2) The calculation and recognition of any taxes applicable to the entity comply with the relevant tax legislation.
- (3) There are no activities that invoke the anti-avoidance provisions of any applicable tax legislation.
- (4) Records maintained during the period were in accordance with the Australian Taxation Office requirements.

Accounting misstatements detected by audit

All identified adjustments during the audit were processed in the financial statements, there were no unadjusted errors.

Insurance

The company has an established procedure whereby an officer reviews at least annually the adequacy of insurance cover on all assets and insurable risks. This review has been performed, and where it is considered appropriate, assets and insurable risks of the company's members are adequately covered by insurance.

Litigation and claims

We have provided to you all information regarding material outstanding legal matters.

Accounting estimates

We confirm the significant assumptions used in making accounting estimates are reasonable and have been disclosed in the financial report.

Fair value measurements and disclosures

We confirm the significant assumptions used in fair value measurements and disclosures are reasonable, and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the company.

Going concern

In the opinion of the directors of the company, there are reasonable grounds to believe that the company will be able to:

- Pay its debts as and when they fall due.
- Continue as a going concern for the foreseeable future.

We, therefore, confirm that the going concern basis is appropriate for the financial report.

Subsequent Events

We are not aware of any events that have occurred between the financial reporting date to the date of this letter that we need to disclose or recognise in the financial report.

Fraud and error

- (1) We are not aware of any:
 - (a) Fraud, error, or non-compliance with laws and regulations involving management or employees who have a significant role in the internal control structure.
 - (b) Fraud, error, or non-compliance with laws and regulations that could have a material effect on the financial report.
 - (c) Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.
- (2) The company has disclosed to the auditor all significant facts relating to any frauds or suspected frauds known to management that may have affected the entity.
- (3) The company has disclosed to the auditor the results of its assessment of the risk that the financial report may be materially misstated as a result of fraud.

General

- (1) We have made available to you:
 - (a) All financial records and related data, other information, explanations and assistance necessary for the conduct of the review.
 - (b) Minutes of meetings of members, directors, committees of directors and audit committee.
- (2) Neither the company nor any directors have any plans or intentions that may materially affect the book value or classification of assets and liabilities at reporting date.
- (3) The company accepts responsibility for the implementation and operations of accounting and internal control systems that are designed to prevent and detect fraud and error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
- (4) The following have been properly recorded or disclosed in the financial report:
 - (a) Arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements.
 - (b) Agreements to repurchase assets previously sold.
 - (c) Unasserted claims or assessments that our lawyer has advised us are probable of assertion.
- (5) The minutes of meetings of members, directors, committees of directors and audit committee made available to you are complete and authentic records of all such meetings held during the year.



All other statutory records were properly kept during the period.

- (6) There are no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.
- (7) The company has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the company taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

A handwritten signature in cursive script, appearing to read "D Speed".

Prof Diane Speed
Dean

A handwritten signature in cursive script, appearing to read "K Haggart".

Kerry Haggart
Chief Operating Officer

Dated this 1st day of March 2017

