

Country Education Foundation of Australia Ltd

ACN 103 889 452

Financial Statements

For the Year Ended 30 June 2014

Country Education Foundation of Australia Ltd

ACN 103 889 452

For the Year Ended 30 June 2014

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Country Education Foundation of Australia Ltd

ACN 103 889 452

Chairman's Report

30 June 2014

Chairman's Address for Country Education Foundation of Australia for the year ending June 2014

Last evening I attended the Boorowa Education Foundation committee meeting. The meeting was held in preparation for interviews from students leaving school and embarking on their studies and careers next year. The conversation by committee members around the table roamed from the difficulties young people were now facing in the tertiary education sector, the increased costs being faced by country students and the increased responsibilities being transferred to the individual.

The combination of these enhanced pressures has confronted a lot of young people in taking the next step into the world of further education and leaving the family protections and local comfort zone that they have developed in their lives so far. It was interesting to reflect on our own committee's conclusion regarding the importance of the work we do. This, simply put, was that we provide encouragement and endorsement for a young person to make the decision to take the next step in starting a career beyond school.

It is to this purpose that the Country Education Foundation (CEF), and the communities that work within it, has dedicated itself. The case for our involvement has never been more compelling.

On the back of this reaffirmation of purpose I reflected on the endeavours and achievements of the CEF for the last year under review. In essence the focus of the past year can be covered by three broad themes: sustainability, consolidation and efficiency.

The appointment of Sarah Taylor as our CEO has been one of the milestones in securing the future of our organisation to pursue our ambitions. While this may be a lofty claim the leadership of Sarah has been focused on creating a sustainable organisation that supports and develops our local communities, enhances the opportunities for students and at the same time broadens the funding base to be able to do so.

After a hectic period of growth this has involved a period of consolidation. The aim to lever off our improving results in delivering to students from the existing community corpus that we have in place.

A natural adjunct to the consolidation has been to focus on our own efficiency and this has involved a significant investment in technology and capacity to streamline all aspects of our operations, including financial reporting. The obligations on charitable organisations, such as us, in statutory reporting and compliance with the Australian Tax Office is considerable and the forensic capacity of Katie Walker to ensure this is done properly is appreciated with gratitude. I hope to be reporting next year on further plans to adapt our website into a more interactive mechanism for all our communities so as to diminish their workload which is always limited by the voluntary nature of those who work within our organisation.

Having said that our year has been one of consolidation tends to disguise the fact that the value of our local grant giving has risen 29% on the previous year and records seven consecutive years of strong growth, in both numbers and the value of the grants given to young students. This result has been enhanced by the joining of new communities namely Shoalhaven, Gwydir, Hastings and Macleay Valley.

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Chairman's Report

30 June 2014

The growth over the last year has been further enhanced by our new partnership with the Loder Foundation that is providing scholarships at Narrabri and Moree. Further, the support of the Eureka Foundation with its focus on Broken Hill has been another example of us as an organisation linking to like-minded philanthropic organisations with ambitions to provide educational scholarships to aspirants in regional Australia. The fact that we have our feet on the ground, combined with a deep knowledge of local communities, puts us in an absolutely unique position to judge worthy candidates. This connection from philanthropic minded families to the grass roots is a key attribute of the CEF.

Sarah Taylor, in her CEO's report to stakeholders at the AGM, will give more detail of the particular support that we have received during this year. I must confess that at times it is challenging to gain financial support and commitment when so many other demands are being made on both individuals and families, thus it was a rejuvenating affair earlier this year to have the CEF Friends' lunch in Sydney and the opportunity to hear from Tim Fischer on his time in The Vatican. The event which was most kindly sponsored by Boyce Accountants was one of those warm and reinforcing experiences that keep the batteries charged for a prolonged period. We have developed a wonderful group of Friends with a common spirit to work to redress some of the disadvantages suffered by regional students in Australia.

Such support is headed by the continuing engagement that we find with The Origin Foundation. They retain a partnership commitment to our success that has been both financially generous and morally supportive. During the year their Grants Program Manager, Tom Keenan, committed himself to travelling around Southern NSW with Sarah Taylor, visiting our communities. This was enormously appreciated by these communities and is to be replicated in a similar journey scheduled for later this year around the key Queensland communities working with us.

We could not have made it through the year without our community partners providing pro-bono assistance and this particularly applies to Matt Wilson and Stephen Godbold who advised us on technology strategy along with funding from Origin and Macquarie University to get our website rebuilt. These contributions have been supplemented by a wonderful team of volunteers and young interns who are regularly in our larger Orange office, helping on a myriad of tasks.

This year we farewelled most sadly Quentin Bryce, when she stepped down as both our Patron and Governor General of Australia. Her commitment to regional Australia is profound and her clarity of thought and passion comes through clearly when she speaks to our cause. I enjoyed the opportunity during the year of being with her to present the awards at the Temora and District Education Foundation where all those qualities were on display. She will be genuinely and sadly missed by us along with many others.

Thankfully after Quentin Bryce's retirement we were lucky enough to be able welcome back Tim Fischer after his sojourn to the Vatican. He assumes the role of Patron with the frenetic energy and commitment which he has become renowned for. His passion for the task of education and providing opportunity for young people to enjoy its benefits remains undiminished and if anything enhanced by his experiences overseas. He is an extraordinary Australian and we are privileged to have his support.

The organisation led by Sarah Taylor is one that features a committed and highly professional team.

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Chairman's Report

30 June 2014

Katie Walker, who has announced her retirement from the organisation, has been with us since the beginning and without doubt her role in the founding years had much to do with gaining sufficient traction to see us emerge successfully. We thank her most profoundly.

The rest of the team have risen to the challenges and opportunities of the past year with great professionalism. Henrietta Hood, Jane McKenzie Hollows and Kate Staniforth show a level of commitment that is rare and a privilege to lead. They, along with our diligent pro-bono financial team at Boyce Chartered Accountants, have been integral to the success of the organisation.

Nicholas Burton Taylor AM
Boorowa
September 2014

Country Education Foundation of Australia Ltd

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Directors' Report

30 June 2014

Your directors present their report on the company for the financial year ended 30 June 2014.

1. Directors

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

| Names | Appointed/Resigned |
|---|---------------------------|
| Mr Nicholas Burton Taylor AM FCA (Chairman) | |
| Mrs Julia Burton Taylor (Secretary) | |
| Mrs Catherine Walker | |
| Mr David Smithers AM FCA | |
| Mr Stuart Black AM FCA | |
| Mr Guy Milson (Treasurer) | |
| Mr Michael Boyce FCA | |

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

2. Principal Activities

The principal activities of Country Education Foundation of Australia Ltd during the financial year were:

1. To improve the education and career prospects of younger members of regional Australia by providing financial assistance, encouragement and support.
2. To facilitate the formation and operation of community based education foundations with the purpose of advancing the aims of the foundation.

No significant change in the nature of these activities occurred during the year.

3. Business review

(a) Operating Results

The profit for the year amounted to \$ 161,964 (2013 loss: \$ 169,169).

(b) Review of operations

A review of the operations of company during the financial year and the results of those operations show continuing strong support by universities and donors. Where there is no requirements to give back unexpended funds, donations are considered income in the year of receipt. This factor has contributed to the strong profit in the current year with large donations being received throughout the period for use in ensuing years. Despite tough economic times donations have increased and the company has continued to support all continuing programs in the current year.

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Directors' Report

30 June 2014

4. Other items

(a) Significant Changes in State of Affairs

No significant changes in Country Education Foundation of Australia Ltd's state of affairs occurred during the financial year.

(b) After balance day events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Country Education Foundation of Australia Ltd, the results of those operations or the state of affairs of Country Education Foundation of Australia Ltd in future financial years.

(c) Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 28.

5. Director Information

(a) Information on directors

| | |
|---------------------------|---|
| Mr Nicholas Burton Taylor | Chairman |
| Qualifications | AM, FCA |
| Experience | Founding Chairman of Country Education Foundation of Australia, Boorowa Education Foundation; Principal of Hillgrove Pastoral, Founder and former Managing Director of Hays Personnel (Australia); Chancellor Southern Cross University September 2014, Chairman Delta Agribusiness; Past Chairman of Australian Agricultural Company, Airservices Australia, Australian Topmaking Services; Past Director of CSR Limited, Hazelton Airlines, Rural Press, Sydney Airport Corporation, Meat Research Corporation; Past President of the Institute of Chartered Accountants. |
| Mrs Julia Burton Taylor | Secretary |
| Experience | Founding member of Country Education Foundation of Australia; Committee member of Boorowa Education Foundation; Management Committee of Hillgrove Pastoral |

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Directors' Report

30 June 2014

5. Director Information continued

(a) Information on directors continued

Mrs Catherine Walker

Experience

Member of Yass District Education Foundation; Executive Officer, Country Education Foundation of Australia; Partner of Ledgworth Partnership grazing property in the Yass district; Deputy Chair of Yass Aged Care Foundation; Past President of the Ski Club of Australia and Ascham Parents Association.

Mr David Smithers

Qualifications

AM, FCA

Experience

Director of James N Kirby Foundation Pty Limited; Director of Genea Limited; Former Chairman of PwC Australia and Member of PwC Global Board; Fellow of the Institute of Chartered Accountants, past President; Fellow of the Australian Institute of Company Directors; Former Director of Sydney Olympics 2000 Bid Limited, and chairman of its Finance Commission.

Mr Stuart Black

Qualifications

AM, FCA

Experience

Non-Executive Director of Australian Agricultural Company Limited, Non-Executive Director of NetComm Wireless Limited, Non-Executive Director of Coffey International Limited; Board Member of the Accounting Professional and Ethical Standards Board; Chairman of the Chartered Accountants Benevolent Fund; Fellow of the Institute of Chartered Accountants and past President; Fellow of the Tax Institute of Australia; Fellow of the Australian Institute of Company Directors; Former Managing Partner of Chapman Eastway Chartered Accountants; Former Chair of the ICAA Rural and Regional Issues Group.

Mr Guy Milson

Qualifications

Treasurer

B. Economics, University of Sydney

Experience

Chair of Goulburn and District Education Fund; Principal of Cardross Goulburn and other agricultural properties; Management of private family investment companies.

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Directors' Report

30 June 2014

5. Director Information continued

(a) Information on directors continued

Mr Michael Boyce

Qualifications

FCA, FAICD; B. Com

Experience

Founder of BOYCE Chartered Accountants; Fellow of the Institute of Chartered Accountants, Fellow of the Institute of Company Directors; Director of Namoi Cotton Co-Operative Ltd; Director of Monbeef Pty Limited; Director of Hazeldean Pty Limited; Management Committee of Monaro Early Intervention Service Inc; Chair of Fugen Hardware Group Pty Limited; Past Chair of the Board of Governors Winifred West Schools Ltd.

(b) Meetings of directors

During the financial year, 4 meetings of directors (including committees of directors) was held. Attendances by each director during the year were as follows:

| | Directors' Meetings | |
|---|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Mr Nicholas Burton Taylor AM (Chairman) | 4 | 4 |
| Mrs Julia Burton Taylor (Secretary) | 4 | 4 |
| Mrs Catherine Walker | 4 | 3 |
| Mr David Smithers AM | 4 | 4 |
| Mr Stuart Black AM FCA | 4 | 3 |
| Mr Guy Milson | 4 | 3 |
| Mr Michael Boyce FCA | 4 | 4 |

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

Director:

Mr Stuart Black

Director:

Mrs Catherine Walker

Dated 30 October 2014

Country Education Foundation of Australia Ltd

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Independent Audit Report to the members of Country Education Foundation of Australia Ltd

Report on the Financial Report

We have audited the accompanying financial report of Country Education Foundation of Australia Ltd, which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss, statement of changes in equity and cash flow statement for the year ended that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Knowledge. Insight. Experience.

Country Education Foundation of Australia Ltd

ACN 103 889 452

Independent Audit Report to the members of Country Education Foundation of Australia Ltd

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Country Education Foundation of Australia Ltd on the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Country Education Foundation of Australia Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

30 October 2014

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Country Education Foundation of Australia Ltd

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Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 27, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Mr Stuart Black

Director
Mrs Catherine Walker

Dated 30 October 2014

Country Education Foundation of Australia Ltd

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Statement of Profit / Loss and other Comprehensive Income

For the Year Ended 30 June 2014

| | Note | 2014 \$ | 2013 \$ |
|---|------|------------------|------------------|
| Revenue | | | |
| Donations - Education partners | | 175,800 | 197,540 |
| Donations - General | | 601,632 | 361,974 |
| Donations - Administration | | 47,469 | 28,905 |
| Donations - Projects | | 227,400 | 72,000 |
| Investment income | | 34,375 | 40,950 |
| Services revenue | | 38,539 | 26,591 |
| Total revenue | | 1,125,215 | 727,978 |
| Expenditure | | | |
| Funding - Regional foundations | | (503,032) | (543,829) |
| Funding - Projects | | (53,956) | (44,640) |
| Community education | | (65,790) | (24,227) |
| Program support | | (138,054) | (115,150) |
| Fundraising | | (47,907) | (50,829) |
| Accountability and administration | | (136,651) | (116,544) |
| Depreciation, amortisation and impairments | 2 | (17,861) | (1,909) |
| Total expenditure | | (963,251) | (897,127) |
| Surplus/(deficit) for the year before income tax | | 161,964 | (169,169) |
| Income tax expense | | - | - |
| Surplus/(deficit) for the year | | 161,964 | (169,169) |
| Other comprehensive income | | 37,050 | 59,175 |
| Total comprehensive income for the year | | 199,014 | (109,993) |

The accompanying notes form part of these financial statements.

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Statement of Financial Position

30 June 2014

ASSETS

Current assets

| | | | |
|-----------------------------|---|----------------|---------|
| Cash and cash equivalents | 4 | 526,956 | 426,085 |
| Trade and other receivables | 5 | 14,812 | 11,946 |
| Other current assets | 6 | 5,925 | 1,478 |

Total current assets

547,693 439,509

Non-current assets

| | | | |
|-------------------------------|---|----------------|---------|
| Financial assets | 7 | 323,925 | 292,895 |
| Property, plant and equipment | 8 | 5,734 | 4,110 |
| Intangible assets | 9 | 36,010 | 5,524 |

Total non-current assets

365,669 302,529

TOTAL ASSETS

913,362 742,038

LIABILITIES

Current liabilities

| | | | |
|---------------------------|----|---------------|--------|
| Trade and other payables | 10 | 22,339 | 21,209 |
| Other current liabilities | 11 | 9,675 | 38,495 |

Total current liabilities

32,014 59,704

TOTAL LIABILITIES

32,014 59,704

NET ASSETS

881,348 682,334

EQUITY

| | | | |
|-------------------|--|----------------|---------|
| Reserves | | 108,220 | 71,170 |
| Retained earnings | | 773,128 | 611,164 |

TOTAL EQUITY

881,348 682,334

The accompanying notes form part of these financial statements.

Country Education Foundation of Australia Ltd

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Statement of Changes in Equity

For the Year Ended 30 June 2014

| 2014 | | Retained Earnings | Asset Revaluation Reserve | Total |
|---|--|--------------------------|----------------------------------|------------------|
| | | \$ | \$ | \$ |
| Balance at 1 July 2013 | | 611,164 | 71,170 | 682,334 |
| Surplus/(deficit) attributable to members | | 161,964 | - | 161,964 |
| Revaluation increment/(decrement) in financial assets | | - | 37,050 | 37,050 |
| | | 161,964 | 37,050 | 199,014 |
| Balance at 30 June 2014 | | 773,128 | 108,220 | 881,348 |
| 2013 | | Retained Earnings | Asset Revaluation Reserve | Total |
| | | \$ | \$ | \$ |
| Balance at 1 July 2012 | | 780,332 | 11,995 | 792,327 |
| Surplus/(deficit) attributable to members | | (169,168) | - | (169,168) |
| Revaluation increment/(decrement) in financial assets | | - | 59,175 | 59,175 |
| | | (169,168) | 59,175 | (109,993) |
| Balance at 30 June 2013 | | 611,164 | 71,170 | 682,334 |

The accompanying notes form part of these financial statements.

Country Education Foundation of Australia Ltd

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Cash Flow Statement

For the Year Ended 30 June 2014

| | Note | 2014 \$ | 2013 \$ |
|---|------|-----------------|------------------|
| Cash from operating activities: | | | |
| Receipts from donations and customers | | 1,086,916 | 685,955 |
| Payments to suppliers and employees | | (976,471) | (891,713) |
| Dividends received | | 23,773 | 20,788 |
| Interest received | | 10,602 | 20,162 |
| Net cash provided by (used in) operating activities | 13 | <u>144,820</u> | <u>(164,808)</u> |
| Cash flows from investing activities: | | | |
| Purchase of property, plant and equipment | 8(a) | (3,999) | (792) |
| Payment for intangible assets | 9(a) | (39,950) | - |
| Net cash used by investing activities | | <u>(43,949)</u> | <u>(792)</u> |
| Net cash increase (decreases) in cash and cash equivalents | | 100,871 | (165,600) |
| Cash and cash equivalents at beginning of year | | <u>426,085</u> | <u>591,685</u> |
| Cash and cash equivalents at end of year | 4(a) | <u>526,956</u> | <u>426,085</u> |

The accompanying notes form part of these financial statements.

Country Education Foundation of Australia Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies

(a) General information

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the entity of Country Education Foundation of Australia Ltd as an individual entity. Country Education Foundation of Australia Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report of Country Education Foundation of Australia Ltd as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The directors have chosen to change the format of the Statement of Profit and Loss and other Comprehensive Income to provide more relevant descriptions of the donations received and the expenditure in line with its function. The comparatives have been adjusted accordingly.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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.

Country Education Foundation of Australia Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies continued

(c) Comparative Figures

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

(d) 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 which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

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. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

The depreciable amount of all plant and equipment, is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

| Class of Plant and Equipment | Depreciation Rate |
|-------------------------------------|--------------------------|
| Furniture and fittings | 10% |

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies continued

(e) Property, plant and equipment continued

| | |
|---------------------|------------|
| Office Equipment | 50%-66.67% |
| Plant and equipment | 20% |

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(f) Investments (financial assets)

Available-for-sale financial assets

All investments are classified as available-for-sale financial assets. Available-for-sale financial assets are reflected at fair value unless their fair value cannot be reliably measured. Unrealised gains arising from changes in fair value are taken directly to equity and are recorded in the asset revaluation reserve. Unrealised losses, unless they represent a reversal of amounts previously taken to the asset revaluation reserve, are shown as an impairment in the income statement.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

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

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies continued

(g) Financial Instruments continued

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(h) Intangibles

DVD development costs

DVD development costs are capitalised only where the project will deliver future economic benefits and these benefits can be measured reliably.

The DVD has a finite life and is amortised on a systematic basis matched to the future economic benefits over the useful life.

Website development costs

Website development costs are capitalised only where the project will deliver future economic benefits and these benefits can be measured reliably.

The website is expected to have a four year lifespan before major refresh is necessary, and is amortised on a systematic basis matched to the future economic benefits over the useful life.

(i) Impairment of assets

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

Country Education Foundation of Australia Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies continued

(j) Employee Benefits

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

(k) Income Tax

The Country Education Foundation of Australia Ltd has been granted income tax exempt status under s 50-5 of the Income Tax Assessment Act 1997. As a result of its income tax exempt status no income tax is payable by the company.

(l) Revenue

Donations are considered as income upon receipt.

Contributions from educational institutions and co funders are recognised in the income statement when it is controlled. Where there are conditions attached to the contributions requiring them to be used for specific purposes, the unexpended amounts are recognised in the statement of financial position as a liability until such conditions are met or services provided.

Dividend income is recognised based on the expected payment date. Franking credits relating to dividends are considered to be additional revenue as the company is entitled to apply for a refund of these franking credits. The income from the franking credits is regarded as income in line with the related dividends expected payment date.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of the amount of GST as the company is registered for GST. Receivables and payables in the statement of financial position are shown net of GST.

(n) Adoption of New and Revised Accounting Standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Company:

Country Education Foundation of Australia Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies continued

(n) Adoption of New and Revised Accounting Standards continued

AASB 119 Employee Benefits

AASB 119 *Employee Benefits* changes the basis for determining the income of expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Company reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefit for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

In accordance with the transition provisions in the standard, the comparative figures have been restated.

2 Depreciation, amortisation and impairments

| | | |
|---|---------------|---------|
| Impairment/(Reversal of impairment) of financial assets to recoverable amount | 6,020 | (4,195) |
| Depreciation | 2,376 | 1,633 |
| Amortisation of intangible assets | 9,465 | 4,471 |
| Total depreciation, amortisation and impairments | 17,861 | 1,909 |

3 Auditors' Remuneration

Remuneration of the auditor of the company for:

| | | |
|--|---------------|--------|
| - Auditing or reviewing the financial report | 9,210 | 9,030 |
| - Other services | 38,259 | 19,875 |
| | 47,469 | 28,905 |

The total remuneration of the auditor, including other services, has been offset by a donation received from Boyce Chartered Accountants.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

4 Cash and Cash Equivalents

| | 2014 | 2013 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Cash at bank | 212,374 | 67,531 |
| Short-term bank deposits | 314,582 | 358,554 |
| | <u>526,956</u> | <u>426,085</u> |

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

| | | |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 526,956 | 426,085 |
| | <u>526,956</u> | <u>426,085</u> |

5 Trade and Other Receivables

| | | |
|--------------------|---------------|---------------|
| CURRENT | | |
| Sundry receivables | 10,568 | 6,644 |
| Deposits | 642 | - |
| GST refund due | 3,602 | 5,302 |
| | <u>14,812</u> | <u>11,946</u> |

6 Other Assets

| | | |
|-------------|--------------|--------------|
| CURRENT | | |
| Prepayments | 5,925 | 1,478 |
| | <u>5,925</u> | <u>1,478</u> |

7 Other financial assets designated at fair value

| | | |
|-------------------------------------|----------------|----------------|
| Available for sale financial assets | <u>323,925</u> | <u>292,895</u> |
|-------------------------------------|----------------|----------------|

Investments are recorded at their net market value at year end. Shares in listed companies are valued based on cum dividend market amounts. Available for sale financial assets comprise fully of listed Australian company shares.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

8 Property, Plant and Equipment

PLANT AND EQUIPMENT

| | | |
|--|---------------------|---------------------|
| At cost | 792 | 792 |
| Accumulated depreciation | (190) | (40) |
| Total plant and equipment | <u>602</u> | <u>752</u> |
| Furniture, fixture and fittings | | |
| At cost | 2,417 | 2,417 |
| Accumulated depreciation | (630) | (431) |
| Total furniture, fixture and fittings | <u>1,787</u> | <u>1,986</u> |
| Office equipment | | |
| At cost | 7,178 | 3,178 |
| Accumulated depreciation | (3,833) | (1,806) |
| Total office equipment | <u>3,345</u> | <u>1,372</u> |
| Total plant and equipment | <u>5,734</u> | <u>4,110</u> |
| Total property, plant and equipment | <u>5,734</u> | <u>4,110</u> |

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Notes to the Financial Statements

For the Year Ended 30 June 2014

8 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| | Plant and Equipment \$ | Furniture, Fixtures and Fittings \$ | Office Equipment \$ | Total \$ |
|----------------------------------|------------------------------|--|---------------------------|--------------|
| Current year | | | | |
| Balance at the beginning of year | 752 | 1,986 | 1,372 | 4,110 |
| Additions | - | - | 3,999 | 3,999 |
| Depreciation expense | (150) | (199) | (2,026) | (2,375) |
| Balance at 30 June 2014 | 602 | 1,787 | 3,345 | 5,734 |
| Prior year | | | | |
| Balance at the beginning of year | 792 | - | - | 792 |
| Additions | - | 2,417 | 3,178 | 5,595 |
| Depreciation expense | (40) | (431) | (1,806) | (2,277) |
| Balance at 30 June 2013 | 752 | 1,986 | 1,372 | 4,110 |

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Notes to the Financial Statements

For the Year Ended 30 June 2014

9 Intangible Assets

| | 2014 | 2013 |
|--------------------------------|----------------------|---------------------|
| | \$ | \$ |
| DVD development costs | | |
| Cost | 22,354 | 22,354 |
| Less: Accumulated amortisation | (21,301) | (16,830) |
| Net carrying value | <u>1,053</u> | <u>5,524</u> |
| Website | | |
| Cost | 39,950 | - |
| Less: Accumulated amortisation | (4,994) | - |
| Net carrying value | <u>34,956</u> | <u>-</u> |
| Total Intangibles | <u><u>36,009</u></u> | <u><u>5,524</u></u> |

(a) Movements in carrying amounts

| | Website | DVD | Total |
|--------------------------------------|----------------------|---------------------|----------------------|
| | \$ | \$ | \$ |
| Year ended 30 June 2014 | | | |
| Opening balance | - | 5,524 | 5,524 |
| Additions | 39,950 | - | 39,950 |
| Amortisation | (4,994) | (4,471) | (9,465) |
| Closing value at 30 June 2014 | <u><u>34,956</u></u> | <u><u>1,053</u></u> | <u><u>36,009</u></u> |

Country Education Foundation of Australia Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2014

10 Trade and Other Payables

| | 2014 | 2013 |
|--------------------------------------|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Unsecured liabilities | | |
| Accrued employee entitlements | 14,988 | 9,063 |
| Sundry payables and accrued expenses | 3,366 | - |
| PAYG withholding payable | 3,984 | 12,147 |
| | <u>22,338</u> | <u>21,210</u> |

11 Other Liabilities

| | | |
|---|--------------|---------------|
| CURRENT | | |
| Unexpended monies from funding partners | <u>9,675</u> | <u>38,495</u> |

12 Financial instruments

Financial Risk Management Policies

The company's financial instruments consist mainly of deposits with banks and payables. The main purpose for non-derivative financial instruments is to raise finance for company operations.

The company does not believe it faces major risks from interest rates, credit, liquidity and foreign exchange risks and accordingly no further disclosures regarding financial risk management policies are required under AASB107.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

13 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

| | 2014 | 2013 |
|--|----------------|------------------|
| | \$ | \$ |
| Net income/(loss) for the period | 161,964 | (169,168) |
| Amortisation | 9,465 | 4,471 |
| Depreciation and impairments | 8,396 | (2,562) |
| Changes in assets and liabilities: | | |
| (Increase)/decrease in trade and term receivables | (2,866) | (2,593) |
| (Increase)/decrease in prepayments | (4,447) | 94 |
| Increase/(decrease) in trade payables and accruals | 1,128 | 5,115 |
| Increase/(decrease) in other liabilities | (28,820) | (165) |
| Cashflow from/(used in) operations | <u>144,820</u> | <u>(164,808)</u> |

14 Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$1 each towards any outstanding obligations of the company.

15 Company Details

Registered office

The registered office of the company is:

"Hillgrove"

Boorowa NSW 2586

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Notes to the Financial Statements

For the Year Ended 30 June 2014

16 Funds for future operations

Where there is no specific performance requirements attached to a donation (that would require repayment to the donor if not met) the income is recognised immediately via the Statement of Profit and Loss.

However, the Directors recognise the original intent of these donations, and accordingly wish to show the funds available for future operations.

| | 2014 | 2013 |
|-------------------------|----------------|---------|
| | \$ | \$ |
| Loder Foundation | | |
| On deposit with CBA | 57,500 | - |
| Eureka | | |
| 2015 Scholarships | 20,000 | - |
| 2015 Administration | 5,000 | - |
| Origin | | |
| 2015 Administration | 25,000 | 25,000 |
| 2015 Regional funding | 75,000 | - |
| 2014 Regional funding | 42,000 | 75,000 |
| Total | 224,500 | 100,000 |

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

30 October 2014

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