Australian Government
Registered Organisations Commission

2 August 2019

Mr Kristian Downing
Chair
Association of Independent Schools of South Australia

cc. Mr Grant Martinella, Auditor

Dear Mr Downing

Re: – Association of Independent Schools of South Australia - financial report for year ending 31 December 2018 (FR2018/364)

I refer to the financial report of the Association of Independent Schools of South Australia. The documents were lodged with the Registered Organisations Commission (**ROC**) on 17 June 2019. An amended audit report was lodged today.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (**RO Act**) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note the report for year ending 31 December 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. However I make the following comments to assist when preparing the next report.

Disclosure of payables in respect of legal costs

Reporting guideline 16(b) requires a payable in relation to legal costs to be disclosed by 'litigation' and by 'other legal costs'. Note 11(b) disclosed an amount but did not distinguish based on the categories indicated above.

Nil activity disclosures

Item 21 of the reporting guidelines (RGs) states that if any activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. The notes included all relevant nil activity disclosures except:

- RG14(j)(i) – legal costs by litigation;
- RG17(a),(b) - have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch;
- RG17(c) - transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity;
- RG19 - have another entity administer the financial affairs of the reporting unit
- RG20 - make a payment to a former related party of the reporting unit

Depending on whether the legal costs payable figure at Note 11(b) was for litigation or for other legal costs, a nil activity disclosure would appear to have been appropriate for the alternative respective category, in accordance with RG16(b).

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via this link.

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

Stephen Kellett
Financial Reporting
Registered Organisations Commission

William Buck

Association of Independent Schools of South Australia

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Association of Independent Schools of South Australia (the Association), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, committee of management statement and the subsection 255(2A) report.

In our opinion the financial report of Association of Independent Schools of South Australia has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

a) Giving a true and fair view of the Association's financial position as at 31 December 2018 and of its financial performance for the year then ended; and

b) Complying with Australian Accounting Standards, Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 and all requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

I declare that management's use of the going concern basis in the preparation of the financial statements of the Association is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Association's operating report for the year ended 31 December 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

CHARTERED ACCOUNTANTS & ADVISORS

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

The members of the Committee of Management are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Fair Work (Registered Organisations) Act 2009, the Fair Work (Registered Organisations) Regulations 2009 and the Australian Charities and Not-for-profits Commission Act 2012. The committee of management's responsibility also includes such internal control as the committee of management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The committee of management is responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.

— Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

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

— Obtain sufficient appropriate audit evidence regarding the financial information of business activities within the Association to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

I declare that I am an auditor registered under the RO Act.

William Buck

William Buck
ABN 38 280 203 274

Grant Martinella
Partner
Registration Number AA2018/6

Dated this 28th day of March, 2019.

ASSOCIATION OF INDEPENDENT SCHOOLS OF SOUTH AUSTRALIA

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Association of Independent Schools of South Australia

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For the Year Ended 31 December 2018

Association of Independent Schools of South Australia

S.268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 31 December 2018

I, Kristian Downing, being the Chair of the Association of Independent Schools of South Australia certify:

- that the documents lodged herewith are copies of the full report for the Association of Independent Schools of South Australia for the year ended 31 December 2018 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009;and
- that the full report was provided to members of the reporting unit on 20 May 2019; and
- that the full report was presented to a general meeting of members of the reporting unit on 13 June 2019 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:	....
Name of prescribed designated officer:	Kristian Downing
Title of prescribed designated officer:	AISSA Board Chair
Dated:	13 June 2019

Association of Independent Schools of South Australia

REPORT REQUIRED UNDER SUBSECTION 255(2A)
For the year ended 31 December 2018

The committee presents the expenditure report as required under subsection 255(2A) on the reporting unit for the financial year ended 31 December 2018.

Categories of expenditures	2018 $	2017 $
Remuneration and other employment-related costs and expenses - employees	3,455,237	3,629,698
Advertising	1,100	2,847
Operating costs	2,411,277	2,301,338
Donations to political parties	-	-
Legal costs	24,015	24,215

Signature of prescribed designated officer: KD ....

Name of prescribed designated officer: Kristian Downing

Title of prescribed designated officer: AISSA Board Chair

Dated: 28 March 2019

Association of Independent Schools of South Australia

OPERATING REPORT
For the year ended 31 December 2018

The committee presents the operating report on the reporting unit for the financial year ended 31 December 2018.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Association of Independent Schools of South Australia (AISSA) is recognised as the peak body for the Independent school sector in South Australia. The principal activities of the Association are:

- Provision of education services to member schools
- Representation of sector to the community and governments
- Provision of governance advice
- Provision of human resource management advice to members
- Provision of advice on administration to members
- Management of externally funded programs

The Association's principal activities have not changed during the year.

The profit from activities of the Association for the financial year amounted to $1,027,829 (2017: $1,440,211).

Significant changes in financial affairs

No significant changes in the Association's financial affairs occurred during the financial year.

Right of members to resign

A Member may resign Membership of the Association by providing written notice to the Chief Executive.

A notice of resignation takes effect where the Member ceases to be eligible to be a Member of the Association, on the later of:

(a) the day on which the notice is received by the Association, and

(b) the day specified in the notice, being a day not earlier than the day on which the Member ceases to be eligible;

or in any other case, on the later of:

(a) the expiration of 2 weeks after the notice is received by the Association, and

(b) the day specified in the notice.

All annual subscriptions, fees for services and levies remain payable to the date on which the resignation is to take effect and any amounts outstanding are to be remitted on or before the date such resignation is to take effect.

Association of Independent Schools of South Australia

OPERATING REPORT
For the year ended 31 December 2018

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

To the best of our knowledge and belief, no officer or member of the organisation, by virtue of their office or membership of the Association, is;

(i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or

(ii) A director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme;

where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

Number of members

The Association has 101 members.

Number of employees

The number of persons who were, at the end of the financial year to which the report relates, employees of the entity, where the number of employees includes both full time employees and part time employees was 27 with the full time equivalent being 24.5.

Names of Committee of Management members and period positions held during the financial year

The names of each person who has been a committee member during the year and to the date of this report are:

Don Grimmett
Kym Wallent
Brenton Howell
John Proeve
Rebecca Clarke
Kristian Downing (Chair)
Marcel Rijken
Anne Dunstan (Deputy Chair)
Rainer Mayer (resigned 14/06/2018)
Jason Haseldine (appointed 22/02/2018)
Paul Rogers (appointed 31/05/2018)
Dominic Hopps (appointed 27/09/2018)
Luke Ritchie (appointed 16/08/2018)

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

Signature of prescribed designated officer:	KD ....
Name of prescribed designated officer:	Kristian Downing
Title of prescribed designated officer:	AISSA Board Chair
Dated:	28 March 2019

Association of Independent Schools of South Australia

COMMITTEE OF MANAGEMENT STATEMENT
For the year ended 31 December 2018

On the 28th day of March 2019 the Committee of Management of the Association of Independent Schools of South Australia passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

The Committee of Management declares that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:

(i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

(ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

(iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

(iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

(v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and

(vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

(f) no revenue has been derived from undertaking recovery of wages activity during the reporting period

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of prescribed designated officer:	KD ....
Name of prescribed designated officer:	Kristian Downing
Title of prescribed designated officer:	AISSA Board Chair
Dated:	28 March 2019

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE COMMITTEE OF MANAGEMENT OF ASSOCIATION OF INDEPENDENT SCHOOLS OF SOUTH AUSTRALIA

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck

ABN 38 280 203 274

Grant Martinella

Partner

Dated this 28th day of March, 2019.

CHARTERED ACCOUNTANTS
& ADVISORS

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Association of Independent Schools of South Australia

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended 31 December 2018

	Note	2018 $	2017 $
Revenue			
Membership subscription		**2,591,424**	2,497,852
Capitation fees and other revenue from another reporting unit		**-**	-
Levies		**-**	-
Interest	4	**190,859**	261,908
Sponsorship revenue		**30,000**	28,182
Other revenue		**385,991**	487,103
Program funding		**3,750,227**	3,979,138
Salary reimbursement from related entity		**167,700**	165,000
Total revenue		**7,116,201**	7,419,183
Other Income			
Grants and/or donations		**-**	-
Net gains from sale of assets		**-**	4,568
Gains from sale of investments		**-**	43,158
Total other income		**-**	47,726
Total income		**7,116,201**	7,466,909
Expenses			
Employee expenses	5(a)	**3,455,237**	3,629,698
Capitation fees and other expense to another reporting unit		**-**	-
Affiliation fees		**-**	-
Administration expenses	5(b)	**331,281**	271,152
Grants or donations	5(c)	**-**	-
Subscription expenses		**238,996**	236,340
Depreciation and amortisation	5(d)	**79,121**	48,750
Occupancy expenses		**556,313**	421,179
Legal and professional fees	5(e)	**30,115**	30,165
Audit fees	21	**10,550**	9,752
Advertising and public relations		**4,278**	8,019
Strategic/special projects		**170,296**	236,505
Travel and vehicle expenses		**74,542**	59,966
Net losses from sale of assets	5(f)	**78,255**	-
Direct program expenses		**1,059,388**	1,075,172
Other expenses	5(g)	**-**	-
Total expenses		**6,088,372**	6,026,698
Profit for the year		**1,027,829**	1,440,211
Other comprehensive income			
Items that may be reclassified to profit or loss when specific conditions are met			
Revaluation of available for sale assets		**(182,537)**	112,362
Total comprehensive income for the year		**845,292**	1,552,573

The accompanying notes form part of these financial statements.

Association of Independent Schools of South Australia

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	**2018** $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**2,114,176**	2,494,789
Trade and other receivables	7	**48,837**	215,764
Other current assets	8(a)	**351,401**	92,396
TOTAL CURRENT ASSETS		**2,514,414**	2,802,949
NON-CURRENT ASSETS			
Plant and equipment	9	**1,498,366**	213,138
Other investments	10	**14,099,795**	14,829,980
Other non-current assets	8(b)	**621,348**	-
TOTAL NON-CURRENT ASSETS		**16,219,509**	15,043,118
TOTAL ASSETS		**18,733,923**	17,846,067
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	11(a)	**633,761**	164,658
Other payables	11(b)	**59,361**	56,305
Short term provisions	12(c)	**452,269**	604,583
Grants received in advance	13	**2,657,202**	3,854,839
Other income in advance		**-**	10,000
Other current liabilities	14	**95,592**	-
TOTAL CURRENT LIABILITIES		**3,898,185**	4,690,385
NON-CURRENT LIABILITIES			
Long term provisions	12(c)	**179,242**	133,112
Other non-current liabilities	14	**788,634**	-
TOTAL NON-CURRENT LIABILITIES		**967,876**	133,112
TOTAL LIABILITIES		**4,866,061**	4,823,497
NET ASSETS		**13,867,862**	13,022,570
EQUITY			
Reserves	15	**(214,851)**	2,529,146
Retained earnings		**14,082,713**	10,493,424
TOTAL EQUITY		**13,867,862**	13,022,570

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2018

2018

	Retained Earnings	Contributed Assets Reserve	Financial Assets Reserve	Total
	$	$	$	$
Balance at 1 January 2018	**10,493,424**	**2,561,460**	**(32,314)**	**13,022,570**
Profit for the year	**1,027,829**	**-**	**-**	**1,027,829**
Other comprehensive income for the year	**-**	**-**	**(182,537)**	**(182,537)**
Transfer to/from contributed assets reserve	**2,561,460**	**(2,561,460)**	**-**	**-**
Balance at 31 December 2018	**14,082,713**	**-**	**(214,851)**	**13,867,862**

2017

	Retained Earnings	Contributed Assets Reserve	Financial Assets Reserve	Total
	$	$	$	$
Balance at 1 January 2017	9,053,213	2,561,460	(144,676)	11,469,997
Profit for the year	1,440,211	-	-	1,440,211
Other comprehensive income for the year	-	-	112,362	112,362
Balance at 31 December 2017	10,493,424	2,561,460	(32,314)	13,022,570

The accompanying notes form part of these financial statements.

Association of Independent Schools of South Australia

STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received			
Receipts from other reporting units/controlled entity(s)	16(b)	**-**	-
Interest		**192,518**	318,199
Administration		**3,202,368**	3,204,956
Managed grants/programs		**2,797,990**	2,596,925
Cash used			
Payment to other reporting units/controlled entity(s)	16(b)	**-**	-
Administration		**(1,998,717)**	(2,005,805)
Managed grants/programs		**(3,906,246)**	(4,205,943)
Net cash from (used in)/provided by operating activities	16(a)	**287,913**	(91,668)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received			
Proceeds from sale of plant and equipment		**24,241**	3,273
Proceeds from maturity of investments		**-**	-
Proceeds from sale of managed investments		**550,000**	7,178,234
Cash used			
Purchase of plant and equipment		**(1,466,846)**	(90,219)
Payments for managed investments		**(861,945)**	(12,298,658)
Purchase of long term deposits		**-**	(105,148)
Net cash provided by/(used in) investing activities		**(1,754,550)**	(5,312,518)
Net increase/(decrease) in cash held		**(1,466,637)**	(5,404,186)
Cash and cash equivalents at beginning of year		**2,494,789**	7,098,975
Deposits classified as short term deposits in current year (PY - long term)		**1,086,024**	800,000
Cash and cash equivalents at end of financial year	6	**2,114,176**	2,494,789

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

1 Basis of preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the Association of Independent Schools of South Australia is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

2 Summary of significant accounting policies

(a) Comparative amounts

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

(b) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates. Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

(c) Government grants

Government grants are not recognised until there is reasonable assurance that the Association will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Association should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised in profit or loss in the period in which they become receivable.

2 Summary of Significant Accounting Policies

(d) Gains/ losses on sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

(e) Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

(f) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The reporting unit recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(h) Cash and cash equivalents

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

2 Summary of Significant Accounting Policies

(i) Financial instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an ‘expected credit loss’ model for impairment of financial assets.

At the date of initial application, existing financial assets and liabilities of the Association were assessed in terms of the requirements of AASB9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard the Association has determined that the adoption of AASB9 has impacted the classification of financial instruments as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB139 (i.e. prior to 1 July 2018)	New measurement category under AASB9 (i.e. from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Other investments	Held to maturity investments (long term); and Available for sale financial investments	Equity instruments at fair value through other comprehensive income
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost

Adoption of AASB 9, has not resulted in any material changes to the classification and measurement of financial instruments.

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

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

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

Classifications are determined by both:

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

2 Summary of Significant Accounting Policies

(i) Financial instruments

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

Subsequent measurement financial assets

Financial assets at amortised cost

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

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

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

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.
The Association considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

2 Summary of Significant Accounting Policies

(i) Financial instruments

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date. ‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

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

Trade and other receivables and contract assets

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

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Association’s financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Association’s financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within administration expenses or other revenue/interest income.

Accounting policies applicable to comparative period (31 December 2017)

Financial assets and financial liabilities are recognised when an Association of Independent Schools of South Australia entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2 Summary of Significant Accounting Policies

(i) Financial instruments

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Association's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Association renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Association does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists. The Association measures financial instruments, such as, financial assets at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 22.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2 Summary of Significant Accounting Policies

(i) Financial instruments

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Association's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Association's available-for-sale financial assets comprise listed securities.

The investment in Colonial First State is reported at cost less any impairment charges, as its fair value cannot currently be reliably estimated.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

2 Summary of Significant Accounting Policies

(i) Financial instruments

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired. Although the Association uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Association ‘s financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

Impairment of financial assets

At the end of the reporting period the Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

2 Summary of significant accounting policies

(j) Plant and equipment

Purchases of plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful life. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives (2018 and 2017):

Fixed asset class	
Plant and equipment (diminishing value)	3-20 years
Motor vehicles (diminishing value)	8 years
Leasehold improvements (prime cost)	80 years

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

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

(k) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

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

2 Summary of significant accounting policies

(k) Impairment of non-financial assets

Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(l) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

(m) Taxation

The Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(n) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(o) Going concern

The Association is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis. The Association has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

2 Summary of significant accounting policies

(p) New Australian Accounting Standards and interpretations

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The Association has decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as 'peppercorn leases') principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset / right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058;

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

2 Summary of significant accounting policies

(p) New Australian Accounting Standards and interpretations

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Association anticipate that the adoption of AASB 16 will impact the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019)

This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related amount being contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.

- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions.

Although the Association anticipate that the adoption of AASB 1058 may have an impact on the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

AASB 2016-8 (issued December 2016) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9: Financial Instruments and AASB 15: Revenue from Contracts with Customers as a consequence of AASB 1058: Income of Not-for-Profit Entities (refer to [1-0900]).

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

3 Critical accounting estimates and judgments

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Key estimates - impairment

The entity assesses impairment at each reporting date by evaluation of conditions and events specific to the entity that may be indicative of impairment triggers. The committee evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained externally and within the entity.

Association of Independent Schools of South Australia

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

	2018 $	2017 $
4 Income		
Interest on deposits	**190,859**	261,908
5 Expenses		
(a) Employee expenses		
Holders of office:		
Wages and salaries	**-**	-
Superannuation	**-**	-
Leave and other entitlements	**-**	-
Separation and redundancies	**-**	-
Other employee expenses	**-**	-
Employee expenses holders of office	**-**	-
Employees other than office holders:		
Wages and salaries	**2,736,392**	3,100,396
Superannuation	**280,771**	289,370
Leave and other entitlements	**302,647**	156,252
Separation and redundancies	**92,227**	16,491
Other employee expenses	**43,200**	67,189
Employee expenses employees other than office holders	**3,455,237**	3,629,698
(b) Administration expenses		
Total paid to employers for payroll deductions of membership subscriptions	**-**	-
Compulsory levies	**-**	-
Fees/allowances - meeting and conferences	**-**	-
Conference and meeting expenses	**49,401**	40,210
Office expenses	**92,985**	88,452
Information communications technology	**137,360**	109,357
Other	**51,535**	33,133
Total administration expenses	**331,281**	271,152
Operating lease rentals:		
Minimum lease payments	**475,127**	353,852
(c) Grants or donations		
Grants:		
Total paid that were $1,000 or less	**-**	-
Total paid that exceeded $1,000	**-**	-
Donations:		
Total paid that were $1,000 or less	**-**	-
Total paid that exceeded $1,000	**-**	-
Total grants or donations	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

	2018 $	2017 $
5 Expenses		
(d) Depreciation and amortisation		
Depreciation		
Buildings and improvements	**12,920**	98
Plant and equipment	**66,201**	48,652
Total depreciation	**79,121**	48,750
(e) Legal costs		
Other legal matters	**24,015**	24,215
Other professional fees	**6,100**	5,950
Total legal costs	**30,115**	30,165
(f) Net losses from sale of assets		
Plant and equipment	**78,255**	-
(g) Other expenses		
Penalties - via RO Act or Fair Work Act 2009	**-**	-
Total other expenses	**-**	-

	2018 $	2017 $
6 Cash and cash equivalents		
Cash at bank	**1,027,506**	1,693,076
Cash on hand	**646**	1,713
Short term deposits	**1,086,024**	800,000
Total cash and cash equivalents	**2,114,176**	2,494,789

An amount of $105,148 from the short term deposits has been pledged as security for acquiring the lease of 128 Greenhill Road office.

	2018 $	2017 $
7 Trade and other receivables		
Trade receivables		
Receivable from other reporting units	**-**	-
Other trade receivables	**16,974**	183,484
Total trade receivables	**16,974**	183,484
Other receivables		
Deposits	**31,863**	31,863
GST receivable	**-**	417
Total other receivables	**31,863**	32,280
Total trade and other receivables	**48,837**	215,764

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

	2018 $	2017 $
8 Other assets		
(a) Current		
Accrued income	**79,355**	8,314
Prepayments	**80,862**	84,082
Lease incentive asset	**191,184**	-
	351,401	92,396
(b) Non-current		
Lease incentive asset	**621,348**	-

	2018 $	2017 $
9 Plant and equipment		
Furniture and equipment		
At cost	**467,683**	502,817
Accumulated depreciation	**(55,589)**	(399,419)
Total furniture and equipment	**412,094**	103,398
Motor vehicles		
At cost	**75,319**	102,832
Accumulated depreciation	**(22,099)**	(33,316)
Total motor vehicles	**53,220**	69,516
Leasehold improvements		
At cost	**1,045,924**	315,799
Accumulated amortisation	**(12,872)**	(314,921)
Total leasehold improvements	**1,033,052**	878
Capital works in progress		
At cost	**-**	39,346
Total plant and equipment	**1,498,366**	213,138

(a) Movements in carrying amounts of non-current assets

Movement in the carrying amounts for each class of non-current assets between the beginning and the end of the current financial year:

2018	Furniture and equipment $	Motor vehicles $	Leasehold improvements $	Capital works in progress $	Total $
Opening balance	**103,398**	**69,516**	**878**	**39,346**	**213,138**
Additions	**435,088**	**25,179**	**1,006,578**	**-**	**1,466,845**
Transfers	**-**	**-**	**39,346**	**(39,346)**	**-**
Disposals	**(75,237)**	**(26,429)**	**(830)**	**-**	**(102,496)**
Depreciation expense	**(51,155)**	**(15,046)**	**(12,920)**	**-**	**(79,121)**
Net book value 31 December	**412,094**	**53,220**	**1,033,052**	**-**	**1,498,366**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

	2018 $	2017 $
9 Plant and equipment		
(a) Movements in carrying amounts of non-current assets		
2017		
Opening balance		170,372
Additions		109,311
Disposals		(17,795)
Depreciation expense		(48,750)
Net book value 31 December		213,138
10 Other investments		
Held to maturity investments (long term)	**1,245,219**	2,331,242
Available for sale financial investments	**12,854,576**	12,498,738
Total other investments	**14,099,795**	14,829,980
11 Trade and Other Payables		
(a) Trade payables		
Trade creditors - other reporting units	**-**	-
Other trade creditors and accruals	**633,761**	164,658
Total trade payables	**633,761**	164,658
Settlement is usually made within 30 days.		
(b) Other payables		
Superannuation	**29,049**	32,877
Payable to employers for making payroll deductions of membership subscriptions	**-**	-
Legal costs	**1,309**	9,207
Other	**29,003**	14,221
Total other payables	**59,361**	56,305
Total other payables are expected to be settled in:		
Not more than 12 months	**59,361**	56,305
More than 12 months	**-**	-
Total other payables	**59,361**	56,305
12 Provisions		
(a) Employee provisions		
Office holders		
Annual leave	**-**	-
Long service leave	**-**	-
Separations and redundancies	**-**	-
Other	**-**	-
Total employee provisions - office holders	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

12 Provisions

(a) Employee provisions

	2018 $	2017 $
Employees other than office holders:		
Annual leave	**246,827**	290,204
Long service leave	**348,768**	380,341
Separations and redundancies	**-**	-
Other	**35,916**	35,150
Total employee provisions - employees other than office holders	**631,511**	705,695

(b) Other provisions

	2018 $	2017 $
Other provisions	**-**	32,000

(c) Provisions

	2018 $	2017 $
Current	**452,269**	604,583
Non-current	**179,242**	133,112
Total provisions	**631,511**	737,695

13 Grants received in advance

	2018 $	2017 $
Allied Health	**29,653**	159,836
Smarter Schools National Partnership	**2,613,488**	3,693,197
Indigenous Student Mentor Program	**14,061**	1,806
Total grants received in advance	**2,657,202**	3,854,839

14 Lease incentive liability

	2018 $	2017 $
Current	**95,592**	-
Non-current	**788,634**	-
Total lease incentive liability	**884,226**	-

During 2018, the Association negotiated its long-term property lease, as further discussed in Note 17(a). As part of the agreement, the Association received an incentive $15,931.58 per month for a term of 5 years. The lease incentive received by the Association has been recognised as a reduction of rental expense over the lease term on a straight-line basis with a corresponding lease asset incentive and lease liability incentive recorded. This treatment is in accordance with Accounting Standard 117 – Leases.

15 Reserves

(a) Contributed assets reserve

The contributed assets reserve records the fair value of land and buildings situated at 301 and 303, Unley road contributed by Independent Schools Association Pty Ltd in 2011. The Board is of the opinion that the purpose for which the contributed assets reserve was created is no longer relevant given the Association's long term commitment to the property at 128 Greenhill Road, Unley.

(b) Financial asset reserve

The financial assets reserve records the unrealised loss or gain of available for sale financial assets.

16 Cash flow information

(a) Reconciliation of profit to net cash from operating activities:

	2018 $	2017 $
Profit for the year	**1,027,829**	1,440,211
Non-cash flows in profit:		
- depreciation/amortisation	**79,121**	48,750
- income from investments	**(226,432)**	(290,043)
- gain on disposal of investments	**-**	(43,158)
- gain on disposal of assets	**78,255**	(4,568)
- lease incentive	**71,694**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**166,927**	32,053
- (increase)/decrease in prepayments and accrued interest	**(67,820)**	84,036
- (increase)/decrease in deposits	**-**	(31,863)
- increase/(decrease) in trade and other payables	**472,159**	131,777
- increase/(decrease) in grants received in advance	**(106,184)**	(1,618,297)
- increase/(decrease) in provisions	**(1,197,636)**	156,252
- increase/(decrease) in income in advance	**(10,000)**	3,182
Cashflows from operations	**287,913**	(91,668)

(b) Cash flow information

	2018 $	2017 $
Cash inflows from reporting units	**-**	-
Cash inflows other	**6,767,118**	13,301,588
Total cash inflows	**6,767,118**	13,301,588
Cash outflows from reporting units	**-**	-
Cash outflows other	**(8,233,755)**	(18,705,773)
Total cash outflows	**(8,233,755)**	(18,705,773)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

17 Commitments

	2018 $	2017 $
(a) Operating leases		
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**227,758**	283,746
- between one year and five years	**1,183,923**	1,416,112
- later than five years	**2,165,478**	1,728,062
	3,577,159	3,427,920

The 2018 operating lease commitment represents the rent payable for premises at 128 Greenhill Road, Unley.

The lease property at 128 Greenhill Road, Unley has a 10-year term commencing from 1 April 2018. Contingent rental provisions with the lease agreement require that the minimum lease payments shall be increased by CPI per annum.

The 2017 operating lease commitment represents the rent payable for premises at 128 Greenhill Road, Unley, 301-303 Unley Road and 277 Unley Road.

Lease commitments for the first five years for the lease at 128 Greenhill Road have been calculated after factoring a monthly incentive from lessor for $15,931.58 per month.

	2018 $	2017 $
(b) Capital commitments		
Lease fitouts	**-**	74,304

18 Contingencies

In the opinion of the management, the Association did not have any contingencies at 31 December 2018 (31 December 2017: None).

19 Related parties

The related parties of the Association are:

1. The members of the Committee of Management and their related entities

2. SA Independent Schools Block Grant Authority Inc due to contractual and constitutional relationships

Key management personnel - refer to Note 20.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2018 $	2017 $
Revenue received from SA Independent Schools Block Grant Authority Inc includes the following:		
Salary and management fees	**167,700**	165,000
Amounts owed by SA Independent Schools Block Grant Authority Inc include the following:		
Trade receivable	-	-

19 Related parties

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, the Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2017: $Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

20 Key management personnel remuneration

The totals of remuneration paid to the key management personnel of the Association during the year are as follows:

	2018	2017
	$	$
Short-term employee benefits		
Salary (including annual leave taken)	**275,865**	269,179
Annual leave accrued	**21,254**	20,800
Total short-term employee benefits	**297,119**	289,979
Post-employment benefits:		
Superannuation	**24,093**	24,774
Total post-employment benefits	**24,093**	24,774
Other long-term benefits:		
Long service leave	**7,534**	7,431
Total other long-term benefits	**7,534**	7,431
Total	**328,746**	322,184

21 Remuneration of auditors

Value of the services provided		
Financial statement audit services	**10,550**	10,250
Adjustments from prior year	**-**	(498)
Total audit fees	**10,550**	9,752
Other services	**6,100**	-
Total remuneration of auditors	**16,650**	9,752

Other services provided during 2018 relate to the preparation of the 2017 financial statements, data mining services and payroll advice.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

22 Financial instruments

(a) Categories of financial instruments

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	**2,114,176**	2,494,789
Held-to-maturity investments - long term deposits	**1,245,219**	2,331,242
Available-for-sale assets - managed portfolio of investments	**12,854,577**	12,498,738
Loans and receivables - trade and other receivables	**48,837**	215,764
Carrying amount of financial assets	**16,262,809**	17,540,533
Financial liabilities		
Trade and other payables	**693,122**	220,963
Carrying amount of financial liabilities	**693,122**	220,963

(b) Net income and expense from financial assets

The net income/expense from financial assets not at fair value from profit and loss is $NIL (2017: $NIL).

	2018 $	2017 $
Cash and cash equivalents		
Interest revenue - short term deposits	**28,689**	26,524
Interest revenue - other	**28,441**	156,064
Net gain/(loss) cash and cash equivalents	**57,130**	182,588
Held-to-maturity		
Interest revenue - long term deposits	**54,000**	66,846
Net gain/(loss) held-to-maturity	**54,000**	66,846
Loans and receivables		
Interest revenue	**-**	-
Net gain/(loss) from loans and receivables	**-**	-
Available for sale		
Interest revenue – cash management fund	**79,729**	12,474
Investment revenue	**255,799**	304,114
Fees and expenses	**(39,367)**	(14,540)
Gain/loss recognised in equity	**-**	43,158
Net gain/(loss) from available for sale assets	**296,161**	345,206
Net gain/(loss) from financial assets	**407,291**	594,640

22 Financial instruments

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the entity. Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties transactions are of sound credit worthiness. Risk is also minimised through investing surplus finds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2018	2017
	$	$
Financial assets		
Cash and cash equivalents	**2,114,176**	2,494,789
Held-to-maturity financial assets	**1,245,218**	2,331,242
Available-for-sale assets	**12,854,577**	12,498,738
Trade receivables	**16,974**	183,484
Other receivables	**31,863**	32,280
Total	**16,262,808**	17,540,533
Financial liabilities		
Trade and other payables	**693,122**	220,963
Total	**693,122**	220,963

Credit quality of financial instruments not past due or individually determined as impaired.

	Not past due nor impaired 2018	**Past due or impaired 2018**	**Not past due nor impaired 2017**	**Past due or impaired 2017**
	$	**$**	**$**	**$**
Trade receivables	**16,519**	**455**	167,045	16,439

Ageing of financial assets for 2018

	Not past due	**Past due but not impaired**	**Past due but not impaired**	**Past due but not impaired**	
Days	**0-30**	**31-60**	**61-90**	**90+**	**Total**
	$	**$**	**$**	**$**	**$**
Trade receivables	**16,519**	**20**	**-**	**435**	**16,974**

Ageing of financial assets for 2017

	Not past due	**Past due but not impaired**	**Past due but not impaired**	**Past due but not impaired**	
Days	**0-30**	**31-60**	**61-90**	**90+**	**Total**
	$	**$**	**$**	**$**	**$**
Trade receivables	167,045	11,334	1,105	4,000	183,484

None of the listed assets have been individually assessed as impaired.

22 Financial instruments

(d) Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through only investing surplus cash with major financial institutions.

Contractual maturities for financial liabilities 2018

	On demand		1 to 3 months		3 months to 1 year		1 to 5 years	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	**693,122**	220,963	**-**	-	**-**	-	**-**	-

(e) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows. A combination of fixed and floating rate term deposits are maintained to manage interest rate risk. In 2018 management considered that the change in risk variable of 1% is reasonably possible.

Sensitivity analysis of the risk that the entity is exposed to is provided below:

	2018		2017	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
	$	**$**	**$**	**$**
Profit or loss	**59,947**	**(59,947)**	75,304	(75,304)
Equity	**59,947**	**(59,947)**	75,304	(75,304)

23 Fair value measurement

(a) Financial assets and liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

The following table contains the carrying amounts and related fair values for the Association’s financial assets and liabilities:

23 Fair value measurement

(a) Financial assets and liabilities

	Carrying amount 2018	Fair value 2018	Carrying amount 2017	Fair value 2017
Financial assets	**$**	**$**	**$**	**$**
Cash and cash equivalents	**2,114,176**	**2,114,176**	2,494,789	2,494,789
Held-to-maturity investments	**1,245,219**	**1,245,219**	2,331,242	2,331,242
Available-for-sale assets	**12,854,577**	**12,854,577**	12,498,738	12,498,738
Loans and receivables	**16,974**	**16,974**	215,764	215,764
Total	**16,230,946**	**16,230,945**	17,540,533	17,540,533
Financial liabilities				
Trade and other payables	**693,122**	**693,122**	220,963	220,963
Total	**693,122**	**693,122**	220,963	220,963

(b) Fair value hierarchy

The table below shows the assigned level for each asset and liability held at fair value by the Association:

2018	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets measured at fair value				
Available for sale investments (valuation date 31/12/2018)	**12,854,577**	**-**	**-**	**12,854,577**

2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets measured at fair value				
Available for sale investments (valuation date 31/12/2017)	12,498,738	-	-	12,498,738

24 Events occurring after the reporting date

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

25 Business combinations

The reporting unit has not acquired an asset or a liability during the financial year as a result of:

(1) An amalgamation under Part 2 of Chapter 3, of the Fair Work (Registered Organisations) Act 2009 in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or

(2) A restructure of the branches of the organisation; or

(3) A determination by the General Manager under subsection 245(1) of the Fair Work (Registered Organisations) Act 2009 of an alternative reporting structure for the organisation; or

(4) A revocation by the General Manager under subsection 249(1) of the Fair Work (Registered Organisations) Act 2009 of a certificate issued to an organisation under subsection 245(1).

26 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

(1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

27 Financial support

The Association does not receive financial support from another reporting unit.

William Buck

Association of Independent Schools of South Australia

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Association of Independent Schools of South Australia (the Association), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and committee of management statement.

In our opinion the financial report of Association of Independent Schools of South Australia has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

a) Giving a true and fair view of the Association's financial position as at 31 December 2018 and of its financial performance for the year then ended; and

b) Complying with Australian Accounting Standards, Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 and all requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 31 December 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

CHARTERED ACCOUNTANTS & ADVISORS

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

The members of the Committee of Management are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Fair Work (Registered Organisations) Act 2009, the Fair Work (Registered Organisations) Regulations 2009 and the Australian Charities and Not-for-profits Commission Act 2012. The members' responsibility also includes such internal control as the members determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The members are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of business activities within the Association to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

William Buck
ABN 38 280 203 274

Grant Martinella
Partner

Dated this 28th day of March, 2019.