Forrest School P&C Association Inc

ABN 45 329 957 782

Financial Statements

For the Year Ended 31 December 2021

Forrest School P&C Association Inc

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For the Year Ended 31 December 2021

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Office Bearer's Report

For the Year Ended 31 December 2021

The office bearer's present their report, together with the financial statements of the Association for the financial year ended 31 December 2021.

General information

Office Bearers

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

Names	Position
Belinda Fitzgerald	President
Jarrod Fitzgerald	Vice President - Business
Zoe Pleasants	Vice President - Community Liaison
Tui Davidson	Treasurer
Perdi Mitchell	Secretary
Skye May	Public Officer

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

Principal activities

The principal activities of the Association during the financial year were:

- To support the operation in Forrest School of a learning environment of the highest quality, recognising the human and educational rights of all children, as well as respecting the cultural values, religious and other beliefs and the democratic rights of all families;

- To encourage the close co-operation and interaction of teaching staff, parents and children;

- To provide a forum in which parents and staff can freely and constructively exchange ideas on any topic related to the functions and operations of the school, its policies and management and its various programs and curriculum; and

- To further the interests of education in Australia and in the ACT, and to affiliate and/or co-operate with any other bodies having similar aims, in particular the ACT Council of Parents' and Citizens' Associations Incorporated.

Significant changes

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

Forrest School P&C Association Inc

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Office Bearer's Report

For the Year Ended 31 December 2021

Operating results

The surplus of the Association for the financial year amounted to $ (9,379)(2020: $ 14,346).

Signed in accordance with a resolution of the Office bearers:

Office bearer: ....

Office bearer: ....

Date...

Forrest School P&C Association Inc

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Note	2021 $	2020 $
Revenue and other income	4	**1,281,787**	1,432,001
Administration and accounting fees		**(47,251)**	(42,003)
Audit fees		**(3,950)**	(6,650)
Bank charges		**(5,647)**	(3,535)
Consumables		**(45,865)**	(42,674)
Depreciation expense	9(a)	**(22,099)**	(21,636)
Depreciation - Right-of-use assets	11	**(9,501)**	(19,002)
Donations and gifts		**(2,090)**	(43,700)
Donation to school		**(29,603)**	-
Equipment		**(25,390)**	(28,091)
Excursions and activities' costs		**(76,586)**	(46,478)
Finance costs		**(3,050)**	(854)
Food costs		**(64,277)**	(53,007)
Insurance		**(21,436)**	(16,324)
Other expenses		**(4,271)**	(7,799)
Provision for leave		**(12,954)**	(25,857)
Repairs and maintenance		**(16,998)**	(16,481)
Salaries & wages		**(772,340)**	(919,034)
Staff expenses		**(19,965)**	(18,758)
Subscriptions		**(9,237)**	(6,549)
Superannuation contributions		**(72,628)**	(69,798)
Telephone and internet		**(3,253)**	(3,342)
Uniforms		**(22,775)**	(26,083)
(Deficit) / Surplus before income tax		**(9,379)**	14,346
Income tax expense		**-**	-
(Deficit) / Surplus for the year		**(9,379)**	14,346
Other comprehensive income			
Total comprehensive income for the year		**(9,379)**	14,346

Forrest School P&C Association Inc

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Statement of Financial Position

As At 31 December 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**258,864**	395,254
Trade and other receivables	6	**812**	4,885
Inventories	7	**26,413**	29,097
Other financial assets	8	**250,000**	146,534
Other assets	10	**8,930**	7,519
TOTAL CURRENT ASSETS		**545,019**	583,289
NON-CURRENT ASSETS			
Plant and equipment	9	**98,584**	115,343
Right-of-use assets	11	**-**	9,501
TOTAL NON-CURRENT ASSETS		**98,584**	124,844
TOTAL ASSETS		**643,603**	708,133
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**24,922**	58,616
Lease liabilities	11	**-**	33,144
Employee benefits	13	**37,305**	34,692
Income in advance	14	**14,899**	5,825
TOTAL CURRENT LIABILITIES		**77,126**	132,277
TOTAL LIABILITIES		**77,126**	132,277
NET ASSETS		**566,477**	575,856
EQUITY			
Retained earnings		**566,477**	575,856
TOTAL EQUITY		**566,477**	575,856

The accompanying notes form part of these financial statements.

Forrest School P&C Association Inc

ABN 45 329 957 782

Statement of Changes in Equity
For the Year Ended 31 December 2021

2021

	Retained Earnings	Total
	$	**$**
Balance at 1 January 2021	**575,856**	**575,856**
(Deficit) for the year	**(9,379)**	**(9,379)**
Balance at 31 December 2021	**566,477**	**566,477**

2020

	Retained Earnings	Total
	$	**$**
Balance at 1 January 2020	561,510	561,510
Surplus for the year	14,346	14,346
Balance at 31 December 2020	575,856	575,856

The accompanying notes form part of these financial statements.

Forrest School P&C Association Inc

ABN 45 329 957 782

Statement of Cash Flows

For the Year Ended 31 December 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**1,295,933**	1,460,792
Payments to suppliers and employees		**(1,316,129)**	(1,373,050)
Interest received		**1,088**	2,495
Net cash (used in) / provided by operating activities	18	**(19,108)**	90,237
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment	9(a)	**(5,340)**	(35,323)
Investment in term deposit		**(103,466)**	-
Net cash (used in) investing activities		**(108,806)**	(35,323)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		**(8,476)**	(1,860)
Net cash (used in) financing activities		**(8,476)**	(1,860)
Net increase in cash and cash equivalents held		**(136,390)**	53,054
Cash and cash equivalents at beginning of year		**395,254**	342,200
Cash and cash equivalents at end of financial year	5	**258,864**	395,254

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers Forrest School P&C Association Inc ('the Association'). Forrest School P&C Association Inc is a not-for-profit Association, registered and domiciled in Australia.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012.*

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

2 Summary of Significant Accounting Policies

(d) Inventories

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

(e) Plant and equipment

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

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment is depreciated on a reducing balance basis over the assets useful life to the Association, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Equipment	10 Years
Office renovation	10 Years
Office equipment	10 Years
Kitchen renovation	10 Years
Kitchen equipment	5 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.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets
measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

*Fair value through other comprehensive income*inancial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Equity instruments

The Association has a number of strategic investments in listed and unlisted entities over which are they do not have significant influence nor control. The Association has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

2 **Summary of Significant Accounting Policies**

(f) Financial instruments

Financial assets

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Association holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

The Association's financial assets measured at FVTPL comprise derivatives [insert details of other financial assets carried at FVTPL] in the statement of financial position.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise of trade payables.

(g) Cash and cash equivalents

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

(h) Leases

At inception of a contract, the Association assesses whether a lease exists.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

2 Summary of Significant Accounting Policies

(h) Leases

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) 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 .

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.

(j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Association where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current	1 January 2022	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as noncurrent if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	Minor impact expected but entities should consider the appropriate classification of liabilities as current or non-current.

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments - COVID-19

The COVID-19 outbreak has impacted the way of life in Australia. This has affected the ability of the Association to continue operations as usual and has impacted on its operating results. In accordance with national guidelines, the Association has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors.

The Association has determined that there are no going concern risks arising from the impact of the COVID-19 outbreak. The Board Members have determined that the Association remains in a healthy cash position and retained stable funding, donations and fees for the 2022 financial year.

4 Revenue and Other Income

Revenue from continuing operations

	2021 $	2020 $
Revenue and other income		
- Activities fees	**66,800**	25,935
- Child care fees	**961,193**	714,545
- Grant income	**20,000**	227,834
- Uniform sales	**43,283**	45,195
- Trivia night, fundraising and donations	**8,075**	-
- Other income	**30,248**	3,622
- Canteen sales	**55,806**	36,819
- Cashflow boost - COVID-19 stimulus package	**-**	100,000
- Business viability support payments	**95,294**	-
- Jobkeeper - COVID-19 stimulus package	**-**	276,000
- Interest received	**1,088**	2,052
Total Revenue and other income	**1,281,787**	1,432,002

Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Cash and Cash Equivalents

	Note	2021 $	2020 $
Cash at bank and in hand	15	**258,864**	395,254
		258,864	395,254

6 Trade and Other Receivables

	Note	2021 $	2020 $
CURRENT			
Trade receivables	15	**812**	4,885
Total current trade and other receivables		**812**	4,885

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

7 Inventories

	2021 $	2020 $
At cost:		
Stock on hand - Uniforms	**26,413**	29,097
	26,413	29,097

8 Other financial assets

	2021 $	2020 $
Term deposit	**250,000**	146,534
	250,000	146,534

Notes to the Financial Statements

For the Year Ended 31 December 2021

9 Plant and equipment

	2021 $	2020 $
PLANT AND EQUIPMENT		
Office equipment		
At cost	**79,310**	73,970
Accumulated depreciation	**(47,861)**	(40,427)
Total office equipment	**31,449**	33,543
Office renovation		
At cost	**83,425**	83,425
Accumulated depreciation	**(47,756)**	(41,183)
Total office renovation	**35,669**	42,242
Kitchen renovation		
At cost	**71,616**	71,616
Accumulated depreciation	**(40,150)**	(32,058)
Total kitchen renovation	**31,466**	39,558
Total property, plant and equipment	**98,584**	115,343

(a) Movements in carrying amounts of plant and equipment

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

	Equipment $	Office Renovation $	Kitchen Renovation $	Total $
Year ended 31 December 2021				
Balance at the beginning of year	**33,543**	**42,242**	**39,558**	**115,343**
Additions	**5,340**	**-**	**-**	**5,340**
Depreciation expense	**(7,434)**	**(6,573)**	**(8,092)**	**(22,099)**
Balance at the end of the year	**31,449**	**35,669**	**31,466**	**98,584**

	Equipment $	Office Renovation $	Kitchen Renovation $	Total $
Year ended 31 December 2020				
Balance at the beginning of year	33,543	42,242	39,558	115,343
Additions	12,883	3,235	19,205	35,323
Depreciation expense	(5,790)	(7,430)	(8,416)	(21,636)
Balance at the end of the year	40,636	38,047	50,347	129,030

Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Other Assets

	2021 $	2020 $
CURRENT		
Prepayments	**8,930**	7,519
	8,930	7,519

11 Leases

The Association as a lessee

The Association leases the premises for operating after and before school care and vacation care. The lease has expired on 30 June 2021. Currently, the Association is leasing the premises on month to month basis untill the new lease agreements are finalised.

Right-of-use assets

	Buildings $	Total $
Year ended 31 December 2021		
Balance at beginning of year	**9,501**	**9,501**
Depreciation charge	**(9,501)**	**(9,501)**
Balance at end of year	**-**	**-**

	Buildings $	Total $
Year ended 31 December 2020		
Balance at beginning of year	47,504	47,504
Depreciation charge	(38,003)	(38,003)
Balance at end of year	9,501	9,501

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year $	Lease liabilities included in this Statement Of Financial Position $
2021		
Lease liabilities	-	-
2020		
Lease liabilities	33,144	33,144

Notes to the Financial Statements

For the Year Ended 31 December 2021

12 Trade and Other Payables

	Note	2021 $	2020 $
Current liabilities			
Trade payables	15	**5,003**	12,547
GST payable		**6,320**	11,528
Accrued expense		**13,999**	10,095
Other payables		**(400)**	24,446
		24,922	58,616

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13 Employee Benefits

	2021 $	2020 $
Current liabilities		
Provision for employee benefits	**37,305**	34,692
	37,305	34,692

14 Other Liabilities

	2021 $	2020 $
Current liabilities		
Income received in advance	**14,899**	5,825
	14,899	5,825

Notes to the Financial Statements

For the Year Ended 31 December 2021

15 Financial Risk Management

The Association is exposed to a variety of financial risks through its use of financial instruments.

The Association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Association is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Association are:

- Trade receivables
- Cash at bank
- Trade and other payables

	Note	2021 $	2020 $
Financial assets			
Held at amortised cost			
Cash and cash equivalents	5	**258,864**	395,254
Trade and other receivables	6	**812**	4,885
Total financial assets		**259,676**	400,139
Financial liabilities			
Financial liabilities at fair value			
Trade payables	12	**5,003**	12,547
Total financial liabilities		**29,925**	71,163

15 Financial Risk Management

Objectives, policies and processes

Those charged with governance have overall responsibility for the establishment of the Association's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities.

The day-to-day risk management is carried out by the Association's finance function under policies and objectives which have been approved by those charged with governance.

Those charged with governance receive monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Association's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Association will encounter difficulty in meeting its financial obligations as they fall due.

The Association's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Association expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

15 Financial Risk Management

Credit risk

Credit risk

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Association has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Association's standard payment and delivery terms and conditions are offered. The Association review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Those charged with governance receive monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Association's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that expose the Association to interest rate risk are limited to held-to-maturity investments and cash on hand.

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Auditors' Remuneration

	2021	2020
	$	$
Remuneration of the auditor Hardwickes, for:		
- Hardwickes Audit	**3,950**	3,850
Total	**3,950**	3,850

17 Contingencies

In the opinion of those charged with governance, the Association did not have any contingencies at 31 December 2021 (31 December 2020:None).

18 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	$	$
(Deficit) / Surplus for the year	**(9,379)**	14,346
Cash flows excluded from profit attributable to operating activities	**-**	-
- Finance costs on lease liability	**3,050**	854
Non-cash flows in profit:	**-**	-
- depreciation	**22,099**	21,636
- depreciation - right of use assets	**9,501**	19,002
- lease liability write-off	**(27,719)**	-
Changes in assets and liabilities:	**-**	-
- (increase) in trade and other receivables	**4,073**	(2,534)
- (increase)/decrease in other assets	**(1,411)**	(983)
- decrease/(increase) in inventories	**2,684**	(5,384)
- (decrease) in income in advance	**9,074**	5,155
- increase in trade and other payables	**(33,693)**	21,121
- increase/(decrease) in employee benefits	**2,613**	17,024
Cashflows from operations	**(19,108)**	90,237

19 Events after the end of the Reporting Period

COVID-19

The COVID-19 outbreak has impacted the way of life in Australia. This has affected the ability of the Association to continue operations as usual and has impacted on its operating results. In accordance with national guidelines, the Association has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors.

The Association has determined that there are no going concern risks arising from the impact of the COVID-19 outbreak. The Board Members have determined that the Association remains in a healthy cash position and retained stable funding, donations and fees for the 2022 financial year.

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

20 Statutory Information

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

Forrest School P&C Association Inc
9 Hobart Avenue
FORREST ACT 2603

Forrest School P&C Association Inc

ABN 45 329 957 782

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

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

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

Responsible person .... Responsible person ....

Dated

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Hardwickes
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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Independent Auditor's Report to the members of Forrest School P&C Association Inc

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Forrest School P&C Association Inc (the Association), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion the financial report of Forrest School P&C Association Inc has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the Association's financial position as at 31 December 2021 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 201*3.

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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible persons 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 responsible entities either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

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Independent Auditor's Report to the members of Forrest School P&C Association Inc

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

Hardwickes
Chartered Accountants

Bhaumik Bumia CA
Partner

Canberra
21 March 2022