

APPLES AND HONEY PRESCHOOL INCORPORATED

(Incorporated under the Association Incorporations Act 2009, NSW, INC 9874702)

**ANNUAL SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019**

Prepared By

Continuum Accounting
CPA

*Level 1 54 Neridah St
Chatswood, New South Wales, 2067
Telephone: 9413 1056
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APPLES AND HONEY PRESCHOOL INCORPORATED

Director and President Declaration

The directors of the Incorporated declare that:

1. The financial statements and notes are in accordance with the Associations Incorporation Act (AIA) 2009 and Associations Incorporation Regulation (AIR) 2010:

(a) Comply with Accounting Standards and the AIA 2009 and AIR 2010; and

(b) Give a true and fair view of the financial position as at 31st December 2019 and of the performance for the year ended on that date of the Incorporated and economic entity

2. In the directors' opinion, there are reasonable grounds to believe that the Incorporated will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors at Chatswood on 18th May 2020

MARK GINSBURG

PETER SHELDON

Director –

President –

Sydney,

19th

day of May, 2020

Independent Auditor's Report to the Members of

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
APPLES AND HONEY PRESCHOOL INCORPORATED**

We have audited the accompanying financial report of Apples and Honey Preschool, which comprises the statement of financial position as at 31st December 2019, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the board of management.

Associations Responsibility for the Financial Report

The board of management of the association are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standard – Reduced Disclosure Requirements and the *Association Incorporation Act 2009 (NSW)* and for such internal control as the board members' determine is necessary to enable the preparation of the financial report that gives a true and fair view and it free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independent requirements of the Australian professional ethical pronouncements and if any requirements under the *Associations Incorporation Act 2009 (NSW)*. We confirm that the audit independence declaration, which has been given to the board members of Apples and Honey Preschool Incorporated, would be in the same terms if given to board members as at the time of this auditor's report.

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Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the financial report of Apples and Honey Preschool Incorporated is in accordance with *Associations Incorporated Act 2009 (NSW)*, including:

- i) Giving a true and fair value of the association's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- ii) Complied with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Association Incorporation Act 2009 (NSW)*.

Continuum Accounting Pty Ltd
Certified Practising Accountants



Edward Angyalosy C.A. C.P.A.
Principal
Registered Company Auditor
Chatswood

Chatswood, 19th day of May 2020

APPLES AND HONEY PRESCHOOL INCORPORATED

Auditor Independence Declaration
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE BOARD MEMBERS OF
APPLES AND HONEY PRESCHOOL INCORPORATED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

1. no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: Continuum Accounting Pty Limited

Name of Principal: Edward George Angyalosy

Date: 19th day of May, 2020

Address: Level 1, 54 Neridah Street, Chatswood NSW 2067



Edward Angyalosy C.A. C.P.A.
Principal
Registered Company Auditor
Chatswood

APPLES AND HONEY PRESCHOOL INCORPORATED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
Accumulated Surplus/(Deficit) at beginning of the year	(12,032)	162,891
Add:		
Operating Surplus/(Deficit) for the year transferred from Income and Expenditure Account	(147,114)	(174,923)
Accumulated Surplus/(Deficit) at end of the year	<u>(159,146)</u>	<u>(12,032)</u>

APPLES AND HONEY PRESCHOOL INCORPORATED

DETAILED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
INCOME		
Fees Received	315,594	417,888
Childcare Benefit and Grant Received	191,656	197,802
Interest Received	73	504
TOTAL INCOME	507,323	616,194
LESS: EXPENSES		
Advertising and Marketing	13,089	-
Auditing Fees	2,000	1,500
Bank Charges	572	532
Cleaning and Consumables	16,807	21,812
Contractors	-	21,294
Depreciation	4,138	36,064
Insurance	1,387	6,807
Management and Service Fee	144,996	144,996
Printing, Postage and Stationery	2,331	2,841
Provision for Long Service Leave	(1,579)	1,579
Provision for Personal Leave & Annual Leave	(19,661)	5,340
Repairs and Maintenance	2,258	3,087
Salaries and Wages	393,024	442,253
Staff Costs	13,185	19,177
Subscriptions, License and Permits	4,967	5,743
Sundry Expenses	5,999	25,271
Superannuation & Workers Compensation	36,576	46,673
Teaching Aids, Books and Toys	12,139	6,148
Child Meals and Refreshment	22,209	-
TOTAL EXPENSES	654,437	791,117
OPERATING SURPLUS/(DEFICIT)	(147,114)	(174,923)

APPLES AND HONEY PRESCHOOL INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash at Bank – Grants		312,270	-
Cash at Bank		76,015	71,198
GST Receivable		-	8,013
TOTAL CURRENT ASSETS		<u>388,285</u>	<u>79,211</u>
NON-CURRENT ASSETS			
Furniture & Equipment	2	<u>1,359</u>	<u>5,497</u>
TOTAL NON-CURRENT ASSETS		<u>1,359</u>	<u>5,497</u>
TOTAL ASSETS		<u>389,644</u>	<u>84,708</u>
CURRENT LIABILITIES			
Creditors and Deposits	3	78,500	96,740
Deferred Grant Income		283,647	-
TOTAL CURRENT LIABILITIES		<u>362,147</u>	<u>96,740</u>
NON-CURRENT LIABILITIES			
Creditor and Loans	4	<u>186,643</u>	-
TOTAL NON-CURRENT LIABILITIES		<u>186,643</u>	-
TOTAL LIABILITIES		<u>548,790</u>	<u>96,740</u>
NET SURPLUS /(DEFICIT)		<u>(159,146)</u>	<u>(12,032)</u>
ACCUMULATED SURPLUS/(DEFICIT) FUNDS		<u>(159,146)</u>	<u>(12,032)</u>

APPLES AND HONEY PRESCHOOL INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Apples and Honey Preschool Incorporated has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*. Accordingly, the association has also early adopted AASB 2011-2 *Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project – Reduced Disclosure Requirements* and AASB 2012-7: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements in respect of AASB 2010-6: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*.

The financial report covers the economic entity of Apples and Honey Preschool Incorporated. Apples and Honey Preschool Incorporated of North Shore Temple Emanuel is incorporated and domiciled in Australia.

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

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented. The financial statements are special purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements for the Australia Accounting Standards Board (AASB) and the requirements for the *Association Incorporation Act 2009 (NSW)*. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Basis of Accounting

The financial statements are prepared in accordance with conventional historical cost principles and are not adjusted to take account of either changes in the general purchasing power of the dollar or changes in the price of specific assets, other than those mentioned in Note 1(b).

(b) Valuation & Depreciation of Fixed Assets

Property, Plant and Equipment are brought to account at cost or at independent or directors' valuation, less where applicable, any accumulated depreciation or amortisation. The carrying amount of Buildings on Freehold Land is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount. The Directors have determined the valuation in the accounts is in accordance with the current market value in this calendar year.

(c) Depreciation

The depreciation amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for furniture and fitting is 13%-27%.

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The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

(d) Employee Benefits

Provision is made for the liability of employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their normal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

(e) Income Tax

This association is exempt from Income Tax under Section 50-5 of the Income Tax Assessment Act 1997.

(f) Provisions

Provisions are recognised when the group 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.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the financial position statement are shown inclusive of GST

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

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. There may have been changes to the income and expenditure comparatives for North Shore Temple Emanuel to keep in line with current year presentation of income and expenditure figures.

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(j) Critical accounting estimates and judgments

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

The group assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

	<u>31 December</u>	
	2019	2018
	\$	\$
2. FURNITURE AND EQUIPMENT		
Furniture and Equipment - at Cost	239,473	239,473
Accumulated Depreciation	<u>(238,114)</u>	<u>(233,976)</u>
	<u>1,359</u>	<u>5,497</u>
3. CREDITORS AND DEPOSITS – CURRENT LIABILITIES		
PAYG Withholding Payable	7,989	8,185
GST Liability	12,846	-
Employment Entitlements	22,355	46,519
Enrolment Bonds	29,383	20,756
Sundry Creditors	4,540	6,705
Accrued Expenses	1,387	-
Loan - NSTE	-	14,575
	<u>78,500</u>	<u>96,740</u>
4. CREDITORS AND DEPOSITS – CURRENT LIABILITIES		
Sundry Creditors	146,601	-
Loan – Other	25,000	-
Loan – NSTE	<u>15,042</u>	<u>-</u>
	<u>186,643</u>	<u>-</u>

The entity has received letters from NSTE and other lenders confirming they will not call on payment of the amounts owing for 12 months or more.

5. REGISTERED OFFICE ADDRESS

The association registered office is 28 Chatswood Avenue, Chatswood NSW 2067.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>2019</u>	<u>2018</u>
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Childcare Benefit, Grants and Others	790,970	616,194
Payments to Suppliers and Employees	(499,423)	(797,796)
Interest Received	73	504
Interest and Other Costs of Finance Paid	-	-
Net Cash from Operating Activities	291,620	(181,098)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment/Receipts for Investment	-	-
Payment/Sale for Property, Plant and Equipment	-	-
Net Cash used in Investing Activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Borrowings	25,467	14,575
Net Cash provided by/ (applied to) Financing Activities	25,467	14,575
Net Increase/(Decrease) in Cash Held	317,087	(166,523)
Cash at 1 January	71,198	237,721
CASH AT 31 December 2019	388,285	71,198

RECONCILIATION OF CASH

For the purposes of this Statement of Cash Flows, cash includes: -

- (i) Cash on hand and in at call deposits with banks or financial institutions, net of bank overdrafts; and
- (ii) Investments in money market instruments that are readily convertible to cash.

Cash at the end of the Year is shown in the Balance Sheet as: -

<u>NET CASH FROM OPERATING ACTIVITIES</u>		
Operating Surplus/(Deficit) after Income Tax	(147,114)	(174,923)
<u>Non-Cash Flows in Operating Surplus/(Deficit)</u>		
Depreciation	4,138	36,064
<u>Changes in Assets and Liabilities</u>		
(Increase)/Decrease in Trade (Net) and Other Debtors	8,013	7,229
Increase/(Decrease) in Trade Creditors and Other Creditors	426,583	(49,468)
Cash Flow from Operations	291,620	(181,098)