



ACN 004 275 709

ANNUAL REPORT 2019

THE ASSOCIATION OF GRADUATES IN EARLY CHILDHOOD STUDIES

Level 5, 100 Leicester Street, The University of Melbourne, VIC 3010

PO Box 12163 A'Beckett Street Melbourne VIC 8006

COUNCIL MEMBERS

| | |
|---------------------------|--|
| President | Maree Wiggins |
| Vice-President | Alannah Dore |
| Honorary Treasurer | Avril McHugh |
| Honorary Secretary | Helen Holden |
| General Members | Tess Brooks Dorothy Connop Sue Emmett Wendy Grenfell (Editor of AUDAX) Candy Koch Sue Lopez-Atkinson Sandra McCarthy-Wilson Sarah O'Donnell Sophie Patitsas Annette Sax |

| | |
|------------------|--|
| DIRECTORS | Avril McHugh Sophia Patitsas Maree Wiggins |
|------------------|--|

FINANCE SUB-COMMITTEE 2018/2019

Trevor Jewell
Avril McHugh
Sophia Patitsas
Maree Wiggins

| | |
|--------------------------|------------|
| FINANCIAL ADVISOR | Ray Bullen |
|--------------------------|------------|

| | |
|-----------------|-------------------------------|
| AUDITORS | Nexia Melbourne Audit Pty Ltd |
|-----------------|-------------------------------|

| | |
|--|---------------|
| COMPANY SECRETARY & BOOK KEEPER | Trevor Jewell |
|--|---------------|

| | |
|-------------|---|
| BANK | Australia and New Zealand Banking Group (ANZ) |
|-------------|---|

| | |
|----------------------------------|--------------|
| PROJECT ADMINISTRATOR | Kay Margetts |
|----------------------------------|--------------|

ANNUAL REPORT FROM THE PRESIDENT OF THE ASSOCIATION OF GRADUATES IN EARLY CHILDHOOD STUDIES (AGECS)

AGECS inspiring, respecting and challenging Early Childhood Professionals

It gives me great pleasure to present the Association of Graduates in Early Childhood Studies Annual General Report, 2019. This Association is a strong group of volunteers who demonstrate leadership and innovation towards high quality Care and Education for all children in the Early Years. To achieve this objective AGECS provides numerous, free events, activities and grants throughout the year, to Early Childhood professionals across Victoria. AGECS Council has also increased its membership and this has provided capacity to increase our activities across regional and rural Victoria. Membership to AGECS has been increasing steadily and this is a clear indication that AGECS is achieving its aims.

AGECS Events

Think Equal: Empowering Change Through Education. An evening with internationally acclaimed UK filmmaker turned education system changer: Leslee Udwin Melbourne University

Intentional Teaching, two workshops presented by Professor Bridie Raban at Mildura

Loose Parts in Outdoor Spaces presented by Dr Coral Campbell at Torquay

Rhythm and Movement for Self-Regulation workshops presented by Dr Kate Williams and Sally Savage at the Melbourne Graduate School of Education, Federation University at Churchill and LaTrobe University at Bendigo

Loose Parts workshop at Federation University, Ballarat by Carolyn Lunt

Robotics in Early Childhood at Deakin University, Werribee with Chris Speldewinde

A SECRET Workshops in Swan Hill by Andrea Broughton

Research and Fellowship Day; presentations from AGECS Fellowship recipients

Out and About with Kulin Seasons presented by Catherine Hamm at Gowrie Clare Court Early Learning Centre.

Project Administrator

AGECS has increased its support to Early Childhood professionals through additional forums/workshops in Victoria and projects. This has been achieved with the assistance of a paid Project Administrator, Kay Margetts. Kay supports the Council in organising speakers, venues, registration, advertising, catering, posting activities on email and the AGECS website to all Early Childhood professionals. Kay has provided expertise in this position and we thank her for her professional implementation of assisting AGECS to be a valuable resource for Early Childhood professionals.

AGECS Finance

AGECS is guided by good governance from the constant work of the Treasurer Avril McHugh and the Bookkeeper Trevor Jewell. The AGECS Finance Sub – Committee, chaired by Ray Bullen, maintains a steady review of investments and our Association's finances. Ray has been key in advising and supporting the capacity of AGECS through strong financial and investment management.

Foundation of Graduates in Early Childhood Studies

AGECS values the role of the Foundation of Graduates in Early Childhood Studies and continues to strengthen this link. AGECS welcomes Marina Paleologoudias and her legal expertise to the Foundation. Our gratitude is extended to the Trustees of the Foundation and the members of the Warrawong and Forest Hills Advisory Committees for their untiring work with grant applications.

It is through these grants that AGECS can provide resources and training to early childhood services and educators, particularly those in disadvantaged situations.

The AGECS Fellowship Programme for Leadership and Change

The Fellowship Advisory Committee have provided their time and support to assess and guide fellowship applicants; and giving positive feedback to encourage applicants to meet the expectations of the Fellowship grant.

We congratulate the following successful Fellowship recipients –

1. Lydia Buston who will be attending the Reggio Emilia study tour in April and spend time visiting some services – both nationally and some internationally. Lydia 's aim is to transform pedagogy and practice at her centre through a Reggio-inspired lens. Lydia wants to gain a deeper understanding of the Reggio Emilia Educational Project; to gain a deeper awareness of the teacher and child as researchers; to gain a deeper understanding of inquiry-based projects and how these are formed and structured to involve and include all stakeholders – children, teachers, parents and the broader community; to delve deeper into thinking towards transformative possibilities; To be a role-model and gain strategies for mentoring and inspiring other teachers.
2. Linda Price who will attend a study tour to develop and enhance her skills in understanding how to combine nature pedagogy, brain science and power equity relationships to build resilience in young children; empowering them with strong mental health foundations for life. Linda has presented her Bush kinder program at the Melbourne Inclusion Expo, and has been approached to set up a mentoring group to assist other services in their journey 'beyond the gate'. The service that Linda works at in Kinglake, is one of three national finalists for the HESTA awards for Advancing Pedagogy and Practice for a Bush Kindergarten program.

Linda has enrolled into two courses - International Play Iceland and Level 3 Forest School Leader certification. Linda will share her learnings from this study tour and training through presentations and a written article.

We would like to thank Gowrie Clare Court for their support to host the AGM event; it is always a pleasure to visit other Early Childhood services.

AGECS is a charitable organisation which supports high standards of Early Childhood professionals to provide quality care and education for all children. Our Mission Statement – Inspiring, Respecting, Challenging Early Childhood professionals', reflects their motivation to seek out self-improvement and knowledge.

Maree Wiggins
AGECS President

October 2019

**ANNUAL REPORT FROM THE TRUSTEES OF THE FOUNDATION OF GRADUATES IN
EARLY CHILDHOOD STUDIES
YEAR ENDED JUNE 30, 2019**

The year 2020 will represent 25 years since the Foundation was established, initially on the Forest Hill side in March 1995, and 15 years since the additional \$2 Million was added to the Foundation on the Warrawong side in September 2005. In the past year we have given thought to the progress of the Foundation over this period and areas where there could be improvements. As a part of this, and reported elsewhere, the Graduates Association have agreed to some minor modifications in our trust deed in relation to the rules around granting which we believe will enable us to be more responsive to changes in the areas of identified need over time. No organisation can remain static in this fast-changing world, and while there have been some changes to the rules under which we operate, the last significant one was now almost 15 years ago with the creation of the Warrawong part of the Foundation.

This report recognises those two milestones in addition to commentary on the activities for the past year by updating some of our historical information.

Firstly, however we want to acknowledge another “milestone”. David Thwaites has stepped down from being a trustee after being involved with both the Graduates Association since the early 2000’s, including being an integral part of the team who grafted the Warrawong part onto the then existing Forest Hill Foundation to make it the entity we have today, and being a trustee on the Foundation for almost 16 years. We are also very pleased to have Marina Paleologoudias join as a trustee replacing David. Her legal background has already proved very useful in helping with the updating of our trust deed.

The Foundation’s investments have had an excellent year despite quite volatile investment markets, especially in the latter part of 2018. The Foundation was sitting at just under \$8.5M as at June 30, 2019, up from just over \$8M at June 30, 2018, and after paying out just over \$455,000 in grants and other expenses over the year.

The Foundation’s portfolio earned a total of \$455,827 on a cash received basis and with cash expenses of only \$17,285, earned a net amount of almost \$440,000 available for granting in the 2019 year. Over the 2018/19 year as a whole we actually granted a total of just over \$440,000: \$222,441 on the Forest Hill side and \$217,716 on the Warrawong side.

The reason for the extremely low operating cost of the Foundation is that all trustees and all committee members voluntarily give their time to ensure the valuable work of the Foundation continues. One of the challenges facing trustees, and anyone reading the official audited accounts prepared each year, is to reconcile the income shown in those accounts to the excellent set of cash flow figures prepared by our book keeper Dianne Burgess. Dianne’s figures are produced to show trustees how much income we earn from interest, rents and dividends on a cash flow basis, which is how we work out what to grant each year. The figures in the accounts are based on global accounting standards which are not really that relevant to how we operate but we must use them to achieve a “clean” audit. For example, the accounting standards deem that all changes in market value (from the inception of the Foundation) on a year to year basis are “income”. One reason we don’t use this measure is that if the market value of our assets fell temporarily from one year to the next by not much more than 5% the accounts would show we had no income to distribute. This would mean that we could never be confident of how much we could grant in any year and in some years, we would not be able to make any grants.

Due to the changes in timing of the grant rounds we are now deciding the amounts to give (for all except some grants like the AGECS Fellowship grants or some one-off grants the trustees make directly during the year) either just before or just after the financial year begins, using estimates of the income we expect to earn. Therefore, we have already decided and distributed most of the grants for the current year. These total, at this stage, \$191,832 on the Forest Hill side and \$251,568 on the Warrawong side.

The trustees are very grateful for the time and diligence that both advisory committees put into this important task. The trustees’ decisions on the direct grants, where made, also are informed by members of the appropriate advisory committee where relevant.

In recognition of the impending 25th anniversary of the Forrest Hill side and the 15th anniversary of the Warrawong side, it is timely to update the report on the history of the Foundation given to the Association of Graduates' Council Meeting, in July 2004 prior to the Warrawong part joining the Foundation, and updated in 2015 in our annual report.

In 2004 we reported that the Forest Hill Foundation (as it was then) was established in March 1995 with a capital sum of \$1,600,000. In the 9 years to July 2004 it made 342 grants totalling \$1,166,843 and at that time had a market value of \$2,101,059.

In September 2005 the Foundation received the \$2M from the Warrawong side. From its inception, to June 2015, the time of our last report like this, the Warrawong side had granted \$925,000. Currently, taking into account the 2020-year grants that we have made to date, we have now distributed just under \$2.1M from this side of the Foundation – YES: more than the whole amount initially put into the Foundation on the Warrawong side.

The total amount granted on the Forest Hill side from inception to June 2015 was \$3,190,987, DOUBLE the initial sum invested in the Foundation in 1995. However, that amount distributed on the Forest Hill side has now grown to \$4,229,310 – over \$1Million more than it had granted 5 years ago reflecting our aim to grant at least \$200,000 per year on the Forest Hill side.

Not only that, but the capital value of the Foundation as a whole, as reported above, is now almost \$8.5M compared to the total capital initially put into the Foundation from the two sides of \$3.6M. It is a remarkable testament to those members of the Graduates Council who had the foresight to establish the Foundation from the proceeds of the Forest Hill sale and those members on the council, and their advisors, in the early 2000's who did the same with the Warrawong proceeds.

Outlook for the Investment Portfolio

The past year not only had volatile share markets but we had an election in Australia with the possibility of some investors access to franking credits being restricted if there was a change of Government. The Foundation, as a charity, was never at risk of this. However, most companies listed in the Australian share market took this into account when deciding on dividends or capital management issues. As a result, many paid higher than normal dividends to help clean out their franking credit account before the election “just in case”. Some like BHP and RIO had significant excess capital so engaged in “off market” buybacks of stock which released even more dividends and franking credits. The Foundation took advantage of all of these opportunities but one outcome is that dividends from some companies this year, and possibly the market as a whole, are likely to lower than last year – the first year this has happened in a long time. Regardless of the level of dividends, they will certainly be much higher than if we were invested in bank deposits or similar with rates there at all-time lows and falling. The Foundation's investment portfolio is in good shape, invested in a wide range of companies with exposure to global economies and a wide range of industries. While markets don't go up in a straight line, or always go up, we are confident that the investment portfolio will continue to perform as it has in the past – providing a steadily growing income stream to distribute as well as, over the long term, increased growth in the portfolio to generate that income growth.

Forest Hill Grants 2018/19

The following organizations were recipients of the Forest Hill grants totalling **\$222,441.31**

Act For Kids Limited, Australian Childhood Foundation, Ballarat Toy Library Inc., BPA CS - Taylors Hill Kinder, Caulfield Community Toy Library Inc., Community Kinders Plus Frankston, Community Kinders Plus - Somers Preschool, Community Kinders Plus Banyan Fields, Dolena Young Preschool, Greater Shepparton City Council-Leslie Gribble CC, Kew Toy Library Inc., Kinglake Ranges Children's Centre, Kingston Toy Library Inc., Knitting For The Needy Community Support Group Inc, Laverton P-12 College, Library Board of Victoria, Maroondah Toy Library Inc., Mission Australia, Northern & Inner Multiple Birth Association Inc., Nunawading Toy Library Inc., Pakenham Kindergarten, Port Melbourne Toy Library, Richmond Toy Library Inc., Sunnyside Kindergarten Association Inc., Talbingo Kindergarten, The Moonee Valley Toy Library Inc., The Song Room Limited, The Young Men's Christian Association of Ballarat - Lucas Kinder,

Thomastown West Kindergarten Inc., Toy Libraries Australia Inc, Vision Australia Ltd, Wangaratta District Specialist School, Warrawee Park Preschool, Yarram Early Learning.

Warrawong Grants 2018/19

The following organizations were recipients of the Warrawong grants totalling **\$217,716**

AGECS (fellowship payments), Albert Park Preschool Centre Inc, Annie Galvin Early Learning Centre, Biala Peninsula Inc, Child and Family Care Network (Bestchance), City of Whittlesea, Coburg Children's Centre Inc, Community Kinders Plus, Corio Kindergarten, Dandenong South Preschool Centre, EEEEC, Evesham Road Kindergarten, Fawkner Park Children's Centre, Flemington Childcare Co-operative, Helen Jessen Early Learning Centre, Hughesdale Kindergarten, Kangaroo Ground Preschool, Lake Park Kindergarten, Melbourne City Mission (Braybrook), Merri Community Health Services Limited, Monash Caulfield Child Care, Monbulk Pre School, NewHope Baptist Preschool, Occasional Child Care Centre (Diamond Creek), Skye Children's Co-operative, Sorrento Preschool, South Kingsville Community Centre, Strathmerton Preschool, Syndal Preschool, Tarralla Kindergarten Assoc Inc, The Malpa Project, The Young Men's Christian Assoc. of Ballarat, Thomastown West Kindergarten Inc, Uniting (Vic & Tas), Uniting (Gippsland), Yarram Early Learning.

Finally, I cannot end this report without recognising all of the hard work that Kevin Fell in particular does in the secretarial role for the Foundation, along with all of the other trustees, both present and past, as well as advisory committees who have contributed to this great result.

Hugh Hodges

Chair of the Foundation

On behalf of the Trustees

October 2019



The Association of Graduates in Early Childhood Studies
ACN 004 275 709

Financial Statements

For the Year Ended 30 June 2019

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

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For the Year Ended 30 June 2019

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The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Directors' Report

30 June 2019

The directors present their report on The Association of Graduates in Early Childhood Studies for the financial year ended 30 June 2019.

General information

Directors

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

| Names | Position |
|--------------------|-----------------|
| Ms Maree Wiggins | President |
| Mrs Avril McHugh | Treasurer |
| Ms Sophie Patitsas | |

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

Company secretary

Trevor Jewell has been the company secretary since 2012.

Principal activities

The principal activity of The Association of Graduates in Early Childhood Studies during the financial year was to act as an advocate for the profession of early childhood education. The company derived significant revenue from its investment activities which enabled the funding of a number of programs in pursuit of this principal activity.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term objectives

The Company's short term objectives are to:

- Ensure financial sustainability so that long term objectives can be met.

Long term objectives

The Company's long term objectives are to:

- AGECS supports the Early Childhood profession through a number of professional learning opportunities to further understanding and knowledge of child development and learning so that all children have access to high standards of care and education in Early Childhood settings
- AGECS leads the provision of innovative and challenging learning to Early Childhood professionals to develop quality early childhood settings. These settings enhance learning and developmental achievements for all children with the most significant impact being on the outcomes of children experiencing vulnerability.

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Directors' Report

30 June 2019

General information (continued)

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Regular council meetings where quarterly financial reports are presented showing month to date, year to date and budgeted information. The reports also show the current values of cash on hand, term deposits, hybrid/fixed interest securities and shares. A report of transaction activity is also presented.
- The company has a finance sub-committee that reviews the investment strategy to determine the degree of diversification, risk and likely returns from investments, liquidity of assets and the ability to pay costs as they occur.

Performance measures

The Company measures its own performance through the use of quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long term objectives are being achieved.

The Company has set in place an annual review of the Mission Statement and the short and long term objectives set for the year. The aim of the review is to ascertain if the objectives support the Mission Statement.

Operating results and review of operations for the year

Operating results

The profit of the Company amounted to \$ 98,334 (2018: \$ 42,430).

Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events 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 Company, the results of those operations or the state of affairs of the Company in future financial years.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Auditors independence declaration

The lead auditors independence declaration for the year ended 30 June 2019 has been received and can be found on page 6 of the financial report.

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Directors' Report

30 June 2019

Other items (continued)

Future developments

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Options

No options over issued shares or interests in the entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Information on directors

Ms Maree Wiggins

President, Council member since 2012

Qualifications

Master of Education (LaTrobe University), Bachelor of Education (LaTrobe University), Graduate Diploma of Special Education (Melbourne State College), Diploma of Teaching (Early Childhood) Institute of Early Childhood Education, Learning Language and Loving it. Hanen Program trainer 2012, Advanced Diploma in Group Facilitation, Groupwork Institute 2011-2012

Experience

Maree taught at:

Dunkeld Preschool, 1979, St Joseph's Kindergarten, Fitzroy from 1980 – 1992
Yappera Children's Centre, Thornbury from 1993 – 1995

Participated in research projects with the Education Department and LaTrobe University.

Preschool Field Officer with Brimbank City Council.

Maree is now retired and continues her interest in Early Childhood through a range of voluntary activities.

Mrs Avril McHugh

Treasurer, Council member since 2010

Qualifications

Diploma of Kindergarten Teaching (Melbourne)

Experience

Avril has had experience in both rural and urban kindergartens in Victoria and interstate as listed below:

Dalton Preschool, Lalor 1973 -77

Maldon Preschool 1978

Moriarty Primary, Tasmania 1990

Ulverstone Primary School, Tasmania 1991

Vista Valley Preschool, Bulleen 1995-96

From 1997 to 2015 Avril worked in various roles as Co -Director and Teacher of Three and Four Year olds at Yarralea Children's Centre, a multi-purpose early childhood education and care centre.

Avril is now retired from teaching but continues her interest in the Early Childhood Education by being on the AGECS Council.

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Directors' Report

30 June 2019

Information on directors (continued)

Ms Sophie Patitsas

Council member since 2009

Qualifications

Master of Education,
Graduate Diploma of Special Education,
Diploma of Teaching (Early Childhood),

Experience

Sophie taught at:
Renown Kindergarten- South Yarra 1987 (temp)
Dobson Kindergarten – Maidstone 1987-1993
Sunshine Kindergarten – Sunshine 1993.
Early Intervention Teacher at:
Uncle Bob's Child Development Centre – Royal Children's Hospital (1993-1998).

Consultant at:
Playworks Resource Unit for Children With Disabilities.

Sophie is currently working as a Preschool Field Officer – Moreland City Council 1998

Meetings of directors

During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

| | Directors' Meetings | |
|--------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Ms Maree Wiggins | 6 | 6 |
| Mrs Avril McHugh | 6 | 5 |
| Ms Sophie Patitsas | 6 | 6 |

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of The Association of Graduates in Early Childhood Studies.

During the year the entity has paid premiums to insure directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in the capacity of officer of the entity, other than conduct involving a wilful breach of duty in relation to the company.

The amount of the premium was \$1,257 (2018: \$1,258).

Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Directors' Report

30 June 2019

Auditor's independence declaration

The auditor's independence declaration in accordance with Subsection 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2019 has been received and can be found on page 6 of the financial report.

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

Director:


Mrs Avril McHugh

Dated this day of 2019

22nd

October

The Association of Graduates in Early Childhood Studies
ACN 004 275 709

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-40 OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO
THE DIRECTORS OF THE ASSOCIATION OF GRADUATES IN EARLY CHILDHOOD
STUDIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.



Nexia Melbourne Audit Pty Ltd
Melbourne



Andrew S. Wehrens
Director

Dated: this 23rd day of October 2019

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

| | | 2019 | 2018 |
|---|------|---------------|---------------|
| | Note | \$ | \$ |
| Revenue | 4 | 143,893 | 93,242 |
| Other revenue | 4 | (12,396) | 3,760 |
| Administrative, conference and program expenses | | (110,750) | (80,144) |
| Fair value remeasurement gains / (losses) on financial assets | | 77,587 | 25,572 |
| Profit before income tax | | 98,334 | 42,430 |
| Income tax expense | | - | - |
| Profit for the year | | 98,334 | 42,430 |
| Other comprehensive income, net of income tax | | | |
| Total comprehensive income for the year | | 98,334 | 42,430 |

The accompanying notes form part of these financial statements.

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Statement of Financial Position

As At 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|-----------------------------|------|------------|------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 136,498 | 265,385 |
| Trade and other receivables | 6 | 33,780 | 24,855 |
| Financial assets | 7 | 1,438,856 | 1,220,252 |
| Prepaid assets | | 1,538 | 1,521 |
| TOTAL CURRENT ASSETS | | 1,610,672 | 1,512,013 |
| TOTAL ASSETS | | 1,610,672 | 1,512,013 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 6,650 | 6,325 |
| TOTAL CURRENT LIABILITIES | | 6,650 | 6,325 |
| TOTAL LIABILITIES | | 6,650 | 6,325 |
| NET ASSETS | | 1,604,022 | 1,505,688 |
| EQUITY | | | |
| Retained earnings | | 1,604,022 | 1,505,688 |
| TOTAL EQUITY | | 1,604,022 | 1,505,688 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

| | Retained Earnings |
|---|----------------------|
| | \$ |
| Balance at 1 July 2018 | 1,505,688 |
| Profit for the year | 20,747 |
| Total other comprehensive income for the year | 77,587 |
| Balance at 30 June 2019 | 1,604,022 |

2018

| | |
|---|------------------|
| Balance at 1 July 2017 | 1,463,258 |
| Profit for the year | 16,858 |
| Total other comprehensive income for the year | 25,572 |
| Balance at 30 June 2018 | 1,505,688 |

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Statement of Cash Flows For the Year Ended 30 June 2019

| | 2019 | 2018 |
|---|------------------|-----------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from members and customers | 134,968 | 90,512 |
| Payments to suppliers, employees and contractors | (110,442) | (79,897) |
| Interest received | 2,589 | 5,047 |
| Net cash provided by operating activities | 27,115 | 15,662 |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of available-for-sale investments | 77,467 | 48,000 |
| Purchase of investments | (233,469) | (212,860) |
| Net cash provided by / (used in) investing activities | (156,002) | (164,860) |
| | | |
| Net increase/(decrease) in cash and cash equivalents held | (128,887) | (149,198) |
| Cash and cash equivalents at beginning of year | 265,385 | 414,583 |
| Cash and cash equivalents at end of financial year | 136,498 | 265,385 |

The accompanying notes form part of these financial statements.

The Association of Graduates in Early Childhood Studies

ACN 004 275 709

Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial report covers The Association of Graduates in Early Childhood Studies as an individual entity. The Association of Graduates in Early Childhood Studies is a not-for-profit Company limited by guarantee, registered and domiciled in Australia.

The functional and presentation currency of The Association of Graduates in Early Childhood Studies is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the Directors opinion the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Corporations Act 2001 and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation of Standards* and AASB 1054 *Australian Additional Disclosures*.

The financial statements, except for the cash flow statement, 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

2.1. Income Tax

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

2.2. Revenue and other income

Income from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue and imputation credits refundable are recognised and recorded on an accruals basis. Dividend revenue is recognised when dividend is received.

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

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

2.3. 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 payable are stated inclusive of GST.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

2.3. Goods and services tax (GST) (continued)

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

2.4. Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value. Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

2.5. Financial instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company 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).

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

2.5. Financial instruments (continued)

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;
- available-for-sale financial assets; and
- held-to-maturity investments.

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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

2.5. Financial instruments (continued)

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 Company'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 Company's available-for-sale financial assets comprise listed securities.

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

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

The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

2.5. Financial instruments (continued)

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.

For current year

Financial instruments are recognised initially on the date that the Company 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 Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

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

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

2.5. Financial instruments (continued)

Financial assets (continued)

The Company'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

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company 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.

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 asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward looking information.

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

2.5. Financial instruments (continued)

Financial assets (continued)

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

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company 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 Company 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 Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

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 Company 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 Company 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 Company comprise trade payables, bank and other loans and finance lease liabilities.

2.6. 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

2.7. Employee benefits

Provision is made for the Company'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 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.

2.8. Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

2.9. 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 Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

| Standard Name | Effective date for entity | Requirements | Impact |
|---|---------------------------|---|--|
| AASB 15 Revenue from contracts with customers | 30 June 2020 | <p>AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.</p> <p>Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.</p> <p>AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple element arrangements.</p> | The impact on the reported financial position and performance has not yet been determined. |

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

2.9. New Accounting Standards and Interpretations (continued)

| Standard Name | Effective date for entity | Requirements | Impact |
|----------------|---------------------------|---|---|
| AASB 16 Leases | 30 June 2020 | <p>AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.</p> <p>The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.</p> <p>A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.</p> | <p>The impact on the reported financial position and performance has not yet been determined.</p> |

3 Critical Accounting Estimates and Judgments

The Directors 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 - Impairment

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

The Association of Graduates in Early Childhood Studies

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Notes to the Financial Statements For the Year Ended 30 June 2019

4 Revenue and Other Income

| | 2019 \$ | 2018 \$ |
|--|-----------------|---------------|
| Revenue | | |
| - Dividend and distribution income | 110,465 | 72,737 |
| - Memberships, programs, other revenue | | |
| Memberships | 1,727 | 2,045 |
| Professional Development Sessions - Grant Income | 31,701 | 18,460 |
| | <u>143,893</u> | <u>93,242</u> |
| Other revenue | | |
| - Gain/(Loss) on sale of investments | (14,985) | (1,392) |
| - Interest income | 2,589 | 5,047 |
| - Other income | - | 105 |
| | <u>(12,396)</u> | <u>3,760</u> |
| | <u>131,497</u> | <u>97,002</u> |

5 Cash and Cash Equivalents

| | | |
|---------------------|----------------|----------------|
| Cash at bank | 54,377 | 59,754 |
| Cash trust accounts | 82,121 | 205,631 |
| | <u>136,498</u> | <u>265,385</u> |

6 Trade and Other Receivables

| | | |
|-------------------------------|---------------|---------------|
| CURRENT | | |
| GST receivable | 1,147 | 3,067 |
| Imputation credits receivable | 32,272 | 20,735 |
| Interest receivable | 361 | 1,053 |
| | <u>33,780</u> | <u>24,855</u> |

7 Financial Assets

Financial assets

| | | |
|--|------------------|------------------|
| CURRENT | | |
| Shares in listed entities - fair value | 1,438,856 | 1,220,252 |
| | <u>1,438,856</u> | <u>1,220,252</u> |

Notes to the Financial Statements

For the Year Ended 30 June 2019

Assets available for sale

| | 2019 Market Value \$ | 2019 Cost \$ | 2018 Market Value \$ | 2018 Cost \$ |
|--|----------------------------|------------------|----------------------------|------------------|
| ANZ Capital Notes 1 | 51,960 | 50,745 | 51,500 | 50,745 |
| ANZ Capital Notes 1 | 20,784 | 20,450 | 20,600 | 20,450 |
| Argo Investments | 43,036 | 40,506 | 42,241 | 40,506 |
| ASX Limited | 116,965 | 49,970 | 91,434 | 49,970 |
| Australian Foundation Investment Company | 30,125 | 22,060 | 29,691 | 22,060 |
| Australian Foundation Investment Company | 21,250 | 20,944 | 20,944 | 20,944 |
| Australian Foundation Investment Company | 50,000 | 45,040 | 49,280 | 45,040 |
| Australian Foundation Investment Company | 73,725 | 60,000 | 72,663 | 60,000 |
| Australia and New Zealand Banking Group | 23,132 | 25,030 | 23,157 | 25,030 |
| Coles Group | 25,926 | - | - | - |
| Commonwealth Bank of Australia - PERLS VII | 90,675 | 90,000 | 86,850 | 90,000 |
| Commonwealth Bank of Australia | 57,532 | 25,585 | 50,645 | 25,585 |
| IAG Finance | 50,690 | 50,000 | 51,330 | 50,000 |
| Macquarie Group | 52,950 | 50,000 | 50,600 | 50,000 |
| MFF Capital Investments Ltd | 103,820 | 69,810 | 95,586 | 69,810 |
| Milton Corporation | 51,951 | 49,765 | 50,848 | 49,765 |
| Milton Corporation | 16,904 | 15,000 | 16,545 | 15,000 |
| National Australia Bank - Convertible Preference Shares (NABPA) | - | - | 40,253 | 40,000 |
| National Australia Bank - Convertible Preference Shares (NABPA) | - | - | 20,126 | 20,202 |
| NAB Convertible Pref Shares (NABPF) | 51,330 | 50,100 | - | - |
| NAB Convertibel Pref Shares (NABPF) | 30,798 | 30,270 | - | - |
| National Australia Bank | 95,355 | 90,000 | 51,500 | 50,100 |
| National Australia Bank | 56,112 | 69,759 | 57,561 | 69,759 |
| National Australia Bank | 40,935 | 50,020 | 41,992 | 50,020 |
| Origin Energy | - | - | 26,276 | 34,716 |
| Telstra Corporation Ltd | 38,612 | 34,716 | 95,857 | 41,301 |
| Stockland | 29,836 | 29,979 | - | - |
| Transurban Group | 39,356 | 29,984 | - | - |
| Woolworths Group Ltd | 24,757 | 21,039 | - | - |
| Wesfarmers Ltd | 70,223 | 41,301 | 58,249 | 44,415 |
| Westpac Banking Corporation | 2,467 | 2,219 | 2,549 | 2,219 |
| Westpac Banking Corporation | 21,270 | 25,009 | 21,975 | 25,009 |
| Westpac Banking Corporation | 56,380 | 44,415 | - | - |
| Total | 1,438,856 | 1,203,716 | 1,220,252 | 1,062,646 |

Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Trade and Other Payables

| | 2019 | 2018 |
|------------------|--------------|--------------|
| | \$ | \$ |
| Accrued expenses | <u>6,650</u> | <u>6,325</u> |

9 Financial Risk Management

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

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

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

The Company does not have any derivative instruments as at 30 June 2019.

Specific risks

- *Interest rate risk*
The company has no debt instruments in place which are subject to fluctuations in interest rates.
- *Foreign currency risk*
The company is not exposed to fluctuations in foreign currencies
- *Liquidity risk*
The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained.
- *Credit risk*
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Financial instruments used

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

- Trade receivables
- Cash at bank
- Investments in listed shares

The Association of Graduates in Early Childhood Studies

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Notes to the Financial Statements **For the Year Ended 30 June 2019**

9 Financial Risk Management (continued)

- Trade and other payables
- Term deposits

Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Financial Risk Management (continued)

(i) - Interest rate risk

Financial instrument composition and maturity analysis

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

| | Weighted Average Effective Interest Rate | | Floating Interest Rate | | Non-interest Bearing | | Total | |
|------------------------------------|--|----------|---------------------------|----------------|-------------------------|--------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | % | % | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial Assets: | | | | | | | | |
| Cash and cash equivalents | 1.55 | 0.37 | 136,497 | 265,385 | - | - | 136,497 | 265,385 |
| Total Financial Assets | | | 136,497 | 265,385 | - | - | 136,497 | 265,385 |
| Financial Liabilities: | | | | | | | | |
| Accruals | - | - | - | - | 6,650 | 6,325 | 6,650 | 6,325 |
| Total Financial Liabilities | - | - | - | - | 6,650 | 6,325 | 6,650 | 6,325 |

9.1. Net fair values

For all assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements. Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

| | 2019 Carrying Amount \$ | 2019 Net Fair Value \$ | 2018 Carrying Amount \$ | 2018 Net Fair Value \$ |
|-------------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| Financial assets | | | | |
| Available-for-sale financial assets | 1,438,856 | 1,438,856 | 1,220,252 | 1,220,252 |
| | 1,438,856 | 1,438,856 | 1,220,252 | 1,220,252 |

The Association of Graduates in Early Childhood Studies

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Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstandings and obligations of the Company. At 30 June 2019 the number of members was 652 (2018: 612).

11 Auditors' Remuneration

| | 2019 | 2018 |
|---|--------------|--------------|
| | \$ | \$ |
| Remuneration of the auditor Nexia Melbourne Audit Pty Ltd, for: | | |
| - auditing the financial report for the year | 5,350 | 5,050 |
| - other services - preparation of financial report | 1,300 | 1,275 |
| Total | 6,650 | 6,325 |

12 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018: None).

13 Cash Flow Information

13.1. Reconciliation of profit for the year to cashflows from operating activities

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

| | 2019 | 2018 |
|--|---------------|---------------|
| | \$ | \$ |
| Profit for the year | 98,334 | 42,430 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - fair value loss/(gain) on available for sale financial assets | (77,587) | (25,573) |
| - net (gain)/loss on disposal of investments | 14,985 | 1,392 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | (8,925) | (2,835) |
| - (increase)/decrease in prepayments | (17) | (62) |
| - increase/(decrease) in trade and other payables | 325 | 310 |
| Cashflows from operating activities | 27,115 | 15,662 |

14 Statutory Information

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

The Association of Graduates in Early Childhood Studies
Level 4, 100 Leicester Street
Carlton VIC 3053

The Association of Graduates in Early Childhood Studies

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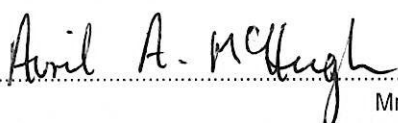
Directors' Declaration

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors declare that, in their 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 attached financial statements and notes thereto satisfy the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including giving a true and fair view of the financial position and performance of the registered entity in accordance with the accounting policies described in Note 1 to the financial statements.

Signed in accordance with a resolution of the Directors pursuant to Regulation 60-15 of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director 
Mrs Avril McHugh

Dated this 22nd day of October 2019

Independent Auditor's Report To the Members of the Association of Graduates in Early Childhood Studies

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of the Association of Graduates in Early Childhood Studies (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of 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 the directors' declaration.

In our opinion, the accompanying financial report of the Association of Graduates in Early Childhood Studies, is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Company in accordance with 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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter regarding basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Independent Auditor's Report To the Members of the Association of Graduates in Early Childhood Studies

Report on the Audit of the Financial Report

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the directors' 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 Company'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 Company to cease to continue as a going concern.

Independent Auditor's Report

To the Members of the Association of Graduates in Early Childhood Studies

Report on the Audit of the Financial Report

Auditor's responsibility for the audit of the financial report continued...

- 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.

We communicate with those charged with governance 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 directors 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.



**Nexia Melbourne Audit Pty Ltd
Melbourne**



**Andrew S. Wehrens
Director**

Dated: this 23rd day of October 2019

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Financial Statements

For the Year Ended 30 June 2019

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

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For the Year Ended 30 June 2019

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-40 OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE TRUSTEES OF THE FOUNDATION OF GRADUATES IN EARLY CHILDHOOD
STUDIES.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.



**Nexia Melbourne Audit Pty Ltd
Melbourne**



**Andrew S. Wehrens
Director**

Dated: this 24th day of October 2019

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|--|------|-----------------------|-----------------------|
| Revenue | | | |
| Distributions received | | 546,835 | 357,879 |
| Imputation credits | | 176,615 | 103,425 |
| Interest income | | 10,805 | 12,266 |
| Movement in Fair Value of Financial Assets | | 210,968 | 557,009 |
| Loss on sale of investments | | (48,725) | (50,191) |
| | | <u>896,498</u> | <u>980,388</u> |
| Expenses | | | |
| Audit fees | 6 | (6,500) | (6,250) |
| Bookkeeping fees | | (5,000) | (5,000) |
| Insurance | | (170) | (1,974) |
| Other expenses | | (8,033) | (3,944) |
| | | <u>(19,703)</u> | <u>(17,168)</u> |
| Distributions made during the year | 9 | <u>(440,157)</u> | <u>(492,743)</u> |
| Profit / (Loss) for the year | | <u><u>436,638</u></u> | <u><u>470,477</u></u> |

The accompanying notes form part of these financial statements.

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Statement of Financial Position

As At 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|-----------------------------|------|------------|------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 537,866 | 772,794 |
| Trade and other receivables | 4 | 179,329 | 106,859 |
| Other financial assets | 5 | 7,769,659 | 7,172,180 |
| Other assets | | 1,867 | - |
| TOTAL CURRENT ASSETS | | 8,488,721 | 8,051,833 |
| TOTAL ASSETS | | 8,488,721 | 8,051,833 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 6,500 | 6,250 |
| TOTAL CURRENT LIABILITIES | | 6,500 | 6,250 |
| TOTAL LIABILITIES | | 6,500 | 6,250 |
| NET ASSETS | | 8,482,221 | 8,045,583 |
| EQUITY | | | |
| Trust capital | 8 | 3,500,000 | 3,500,000 |
| Retained earnings | | 4,982,221 | 4,545,583 |
| TOTAL EQUITY | | 8,482,221 | 8,045,583 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

| | Retained Earnings | Trust Capital | Total |
|-------------------------|----------------------|---------------|-----------|
| | \$ | \$ | \$ |
| Balance at 1 July 2018 | 4,545,583 | 3,500,000 | 8,045,583 |
| Profit for the year | 436,638 | - | 436,638 |
| Balance at 30 June 2019 | 4,982,221 | 3,500,000 | 8,482,221 |

2018

| | Retained Earnings | Trust Capital | Total |
|-------------------------|----------------------|---------------|-----------|
| | \$ | \$ | \$ |
| Balance at 1 July 2017 | 4,075,106 | 3,500,000 | 7,575,106 |
| Profit for the year | 470,477 | - | 470,477 |
| Balance at 30 June 2018 | 4,545,583 | 3,500,000 | 8,045,583 |

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Statement of Cash Flows For the Year Ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Proceeds / payments for financial assets | | (505,284) | 256,931 |
| Payments to suppliers, employees and others | | (21,320) | (15,250) |
| Dividends received | | 723,450 | 461,304 |
| Interest received | | 8,383 | 12,266 |
| Grants paid | | (440,157) | (492,743) |
| Net cash provided by / (used in) operating activities | 7 | <u>(234,928)</u> | <u>222,508</u> |
| | | | |
| Net increase / (decrease) in cash and cash equivalents held | | (234,928) | 222,508 |
| Cash and cash equivalents at beginning of year | | 772,794 | 550,286 |
| Cash and cash equivalents at end of financial year | 3 | <u><u>537,866</u></u> | <u><u>772,794</u></u> |

The accompanying notes form part of these financial statements.

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Basis of Preparation

In the opinion of the Trustees the Trust is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

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

The perpetual charitable trust known as the Foundation of Graduates in Early Childhood Studies was established on 7th May 2005, and was previously known as the Forest Hill Early Childhood Foundation - incorporating Warrawong Fund which was established on 27th March 1995.

(a) Adoption of new and revised accounting standards

The Trust has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Trust.

(b) Income Tax

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

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

(c) Revenue and other income

Income distributions and capital distributions received from unit trusts are recognised as at the date the unit value is quoted ex-distribution. Dividends in direct equity holdings are recognised on the date payable.

Imputation credits in respect of distributions and dividends received are recognised as revenue as at the date the share is quoted ex-dividend. As the application for the refund of excess imputation credits can only be made after year end, the applicable revenue is accrued for at year end.

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

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(d) 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 GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

(e) Share buy-backs

The managed funds and securities that the Trust has invested in may participate in share buy-backs, where appropriate, and receive the proceeds in the form of capital and fully franked dividend component. The full proceeds received by the Trust, as part of the distribution income of the Trust, (including franking credits) are applied as income. For accounting purposes, the dividend and capital component is treated as income.

(f) Financial instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Trust 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

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;

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.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

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.

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(f) Financial instruments

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

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Trust renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Trust 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

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Trust has some derivatives which are designated as 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.

For current year

Financial instruments are recognised initially on the date that the Trust 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Classification

On initial recognition, the Trust classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Trust'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.

Financial assets through profit or loss

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 Trust 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(f) Financial Instruments

Financial assets

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 Trust 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 Trust's historical experience and informed credit assessment and including forward looking information.

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

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

- the other party is unlikely to pay its credit obligations to the Trust in full, without recourse to the Trust 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 Trust in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

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 Trust 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 Trust comprise trade payables, bank and other loans and finance lease liabilities.

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(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.

3 Cash and Cash Equivalents

| | 2019 | 2018 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Cash at bank and on hand | 6,690 | 6,220 |
| Deposits at call | 531,176 | 766,574 |
| | <u>537,866</u> | <u>772,794</u> |

4 Trade and Other Receivables

| | | |
|-------------------------------|----------------|----------------|
| CURRENT | | |
| GST receivable | 292 | 293 |
| Interest receivable | 2,422 | 3,141 |
| Imputation credits refundable | 176,615 | 103,425 |
| | <u>179,329</u> | <u>106,859</u> |

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Notes to the Financial Statements For the Year Ended 30 June 2019

5 Other Financial Assets

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

| | 2019 | | 2018 | |
|------------------------------------|--------------|-----------|--------------|-----------|
| | \$ | | \$ | |
| CURRENT | | | | |
| Shares in listed corporations | 7,769,659 | | 7,172,180 | |
| | 2019 | 2019 | 2018 | 2018 |
| | Market Value | Cost | Market Value | Cost |
| | \$ | \$ | \$ | \$ |
| AFIC Ltd | 486,931 | 344,909 | 582,483 | 418,620 |
| Amcor Limited | 161,900 | 112,602 | 144,100 | 112,602 |
| Argo investments Ltd | 210,105 | 135,590 | 206,224 | 135,590 |
| Atlas Arteria | 403,799 | 285,794 | 331,177 | 285,794 |
| BHP Billiton Ltd | 286,021 | 230,137 | 309,090 | 300,242 |
| Caltex Australia Ltd | 146,520 | 171,705 | - | - |
| Carsales.com Ltd | 270,600 | 99,938 | 302,400 | 99,939 |
| Commonwealth Bank Ltd | 485,505 | 215,466 | 427,383 | 215,466 |
| Commonwealth Bank (Peris VII) | 80,600 | 80,000 | 77,200 | 80,000 |
| Computershare Preference Shares | 289,754 | 123,895 | 329,436 | 123,895 |
| CSL Limited | 399,900 | 250,140 | 358,273 | 250,140 |
| Diversified United Inv Ltd | 473,958 | 276,175 | 548,195 | 339,689 |
| IAG Finance NZ Reset Securities | 202,760 | 198,767 | 205,320 | 198,767 |
| Janus Henderson Group PLC | 182,649 | 250,844 | 251,089 | 250,844 |
| Macquarie Group Limited | 342,315 | 250,523 | 337,565 | 250,523 |
| National Australian Bank Limited | 224,875 | 235,101 | 230,683 | 235,101 |
| NABHA | 130,863 | 100,232 | 122,656 | 100,232 |
| Orora Limited | 279,936 | 250,874 | 308,448 | 250,874 |
| Ramsay Healthcare Limited | 250,673 | 251,537 | 187,311 | 251,537 |
| Reliance Worldwide Corporation Ltd | 191,840 | 254,439 | - | - |
| Rio Tinto Ltd | 151,178 | 130,227 | 71,174 | 61,777 |
| Spark Infrastructure Group | 218,608 | 139,552 | 205,113 | 139,552 |
| Sydney Airport | 285,420 | 151,122 | 254,180 | 151,122 |
| Transurban Group Ltd | 1,259,695 | 554,827 | 952,260 | 456,353 |
| Wesfarmers Ltd - Part Protected | 220,395 | 111,143 | 300,849 | 111,143 |
| Woodside Petroleum Ltd | 132,859 | 139,598 | 129,571 | 139,598 |
| | 7,769,659 | 5,345,137 | 7,172,180 | 4,959,400 |

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

Notes to the Financial Statements For the Year Ended 30 June 2019

6 Auditors' Remuneration

| | 2019 \$ | 2018 \$ |
|---|--------------|--------------|
| Remuneration of the auditor Nexia Melbourne Audit Pty Ltd, for: | | |
| - Audit of the financial statements | 5,200 | 5,000 |
| - Preparation of the financial statements | 1,300 | 1,250 |
| | <u>6,500</u> | <u>6,250</u> |

7 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:

| | | |
|--|------------------|----------------|
| Profit for the year | 436,638 | 470,477 |
| Changes in assets and liabilities: | | |
| - (increase) / decrease in trade and other receivables | (72,470) | 8,493 |
| - (increase) / decrease in prepayments | (1,867) | 1,619 |
| - increase / (decrease) in trade and other payables | 250 | 300 |
| - (increase) / decrease in financial assets | (597,479) | (258,381) |
| Cashflows (used in) / from operating activities | <u>(234,928)</u> | <u>222,508</u> |

8 Trust Capital

| | | |
|--|------------------|------------------|
| Initial investment to establish the Trust | 1,500,000 | 1,500,000 |
| Additional capital contribution from the Association of Graduates in Early Childhood Studies Ltd | 2,000,000 | 2,000,000 |
| | <u>3,500,000</u> | <u>3,500,000</u> |

9 Grants determined and paid during the year

| | | |
|--|----------------|----------------|
| Grants determined and paid during the year | <u>440,157</u> | <u>492,743</u> |
|--|----------------|----------------|

The Foundation of Graduates in Early Childhood Studies

ABN 58 833 071 672

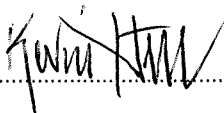
Trustees' Declaration

The Trustees of the trust have determined that the Trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Trustees of the trust declare that, in their opinion:

- there are reasonable grounds to believe that the Trust 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 Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including giving a true and fair view of the financial position and performance of the Trust in accordance with the accounting policies described in Note 1 to the financial statements.

Signed in accordance with a resolution of the Trustees pursuant to Regulation 60.15 of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person 

Dated this 24th day of October 2019

Independent Auditor's Report To the Trustees of The Foundation of Graduates in Early Childhood Studies

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of The Foundation of Graduates in Early Childhood Studies (the Trust), which comprises the statement of financial position as at 30 June 2019, the statement of 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 the trustees declaration.

In our opinion, the accompanying financial report of The Foundation of Graduates in Early Childhood Studies, is 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 Trust's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Trust in accordance with 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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the trustees of the Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter regarding basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the trustees' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Trustees' responsibility for the financial report

The trustees of the Trust are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members.

Independent Auditor's Report To the Trustees of The Foundation of Graduates in Early Childhood Studies

Report on the Audit of the Financial Report

Trustees' responsibility for the financial report continued

The Trustees are also responsible for such internal control as the trustees 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.

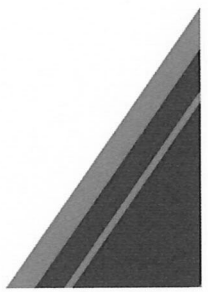
In preparing the financial report, the trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to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

Auditor's responsibility 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 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the trustees' 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 Trust'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 Trust 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.



**Independent Auditor's Report
To the Trustees of The Foundation of Graduates in Early Childhood Studies**

Report on the Audit of the Financial Report

Auditor's responsibility for the audit of the financial report continued...

We communicate with those charged with governance 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.

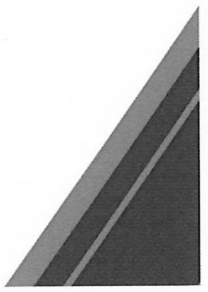
Nexia

**Nexia Melbourne Audit Pty Ltd
Melbourne**

Dated this 24th day of October 2019

A. Wehrens

**Andrew S. Wehrens
Director**



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