



Chairo
Christian School

Annual Report

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Chairo Parent Governed Christian Education Limited
ABN 12 451 824 370 • ACN 659 952 299

Executive Principal’s Report for 2022.....	ii
Board Chairman’s Report for 2022.....	iv
Business Manager’s Report for 2022.....	v
Directors Report	1
Auditors independence declaration.....	6
Statement of profit or loss and comprehensive income	7
Statement of financial position.....	8
Statement of changes in equity	9
Statement of cash flows.....	10
Notes to and forming part of the Financial Statements.....	11
Note 1: Statement of Significant Accounting Policies.....	11
Note 2: Critical Accounting Estimates and Judgements	16
Note 3: Revenue	18
Note 4: Capital Grants.....	19
Note 5: Expenses	19
Note 6: Current Assets – cash and cash equivalents.....	20
Note 7: Current Assets – receivables.....	20
Note 8: Non-current Assets	21
Note 9: Right of Use Assets	22
Note 10: Borrowings.....	23
Note 11: Provisions	23
Note 12: Lease Liabilities	23
Note 13: Reserves	25
Note 14: Cash Flows	27
Note 15: Related Party Transactions /Directors Benefits / Company Change..	27
Note 16: Economic Dependency	28
Note 17: Company Details.....	28
Note 18: Contingent Liabilities	28
Note 19: Commitments	28
Note 20: Key Management Personnel.....	28
Note 21: Events after the reporting period.....	28
Directors’ Declaration.....	29
Independent Auditor’s Report	30

Executive Principal's Report for 2022

It is a privilege to be able to provide this perspective on the past school year at Chairo. I really enjoy and benefit from looking back, reflecting and rejoicing in how God was worked in and through our school community.

Like any large community, individuals at Chairo face the prospect of seeing only part of the efforts and outcomes from across our whole school. In this report, I will seek, in a very small way, to hopefully help increase understanding and appreciation about how our community flourished throughout 2022.

Let me firstly commend our students for all they did to grow, mature and develop throughout the year. I particularly want to acknowledge students who graduated. They concluded their formal school education after enduring two years of learning in agile and adaptive ways through much of 2020 and 2021. We can praise God and acknowledge them and their families for being able to finish as they did with such joy, focus and resolution.

Speaking of families, let me pass on my appreciation and thanks for the ongoing partnership that we had with so many families throughout 2022. We always seek to make parent partnership a hallmark of our school, and I want to acknowledge the daily and, at times, mundane actions of families that allow positive partnership to underpin the education of students at Chairo. Daily preparation, encouragement and equipping of children; prompt communication and problem-solving with teachers; and engagement with and attendance at school events are all vital. Thank you! Your partnership is valued and seen.

Of course, the main people at school that families partner with are the teachers, and I wish to affirm the amazing work done by each one of them. Every day, safe classrooms, exciting programs and rich experiences are planned, prepared and presented by Chairo's teachers, and this is such an important aspect of delivering on our core business: the transformation of every student! Thank you, teachers, for your passionate and professional commitment during 2022.

Whilst we may see the work of teachers most clearly, we also recognise that many staff members (nearly a third of all staff at Chairo) are committed to student transformation through a range of other roles. Whenever someone orders resources, pays bills, administers first aid, ensures the reliable delivery of technology, develops and maintains grounds and facilities, manages budgets, prepares marketing materials, and so many more tasks, they are doing so in ways that ensure the safe, reliable and rigorous operations of one school across five campuses. Our experience of Chairo is shaped strongly by all who serve in roles that enable high-quality Christian education.

There are two groups of hard workers you may have even less ‘line of sight’ of in your daily engagement with Chairo. They are the governance and operational leaders of the school – the Board of Directors and the Executive Leadership Team.

Our Directors meet together regularly to review, plan, prioritise and strategise a wise way forward for our school. These volunteers carry enormous responsibility to lead in ways that ensure Chairo achieves its mission and vision. The Principals, Business Manager and myself work with the Board to enact that planning and strategy to ensure that quality and compliance is worked out in every aspect of our school community. Again, without the contribution of these key leaders, we could not enjoy and benefit from excellence in Christian education.

So, how do we respond rightly to all of this? Let me quote from a book that I have read, as well as the Bible, to provide a perspective.

Rod Wilson, a Canadian psychologist, theologian and scholar, says: ‘When we say “Thank you”, we are acknowledging the way others impact us’.

I want to sincerely thank the students, families and staff members across Chairo for how they served and worked to contribute to our school community in 2022. I also want to thank the members of the Board and Executive Leadership Team for their strong and faithful leadership. Your contribution, whatever it was, made a positive and lasting impact on us at Chairo.

The writer of Psalm 75 rightly also praises the God who reigns over and owns the whole earth, including Chairo: *We give thanks to you, O God; we give thanks.* **Psalm 75:1a ESV**

A fitting and proper way to consider the year past is to acknowledge the provision, protection and preservation of the One that we at Chairo claim to be the One True God.

Simon Matthews



Board Chair's Report for 2022

Congratulations to all students from kindergarten through to Year 12 who completed 2022 at Chairo. Every passing year is a significant milestone in the lives of our students, and it is the hope and prayer of our company directors that they walk such milestones with Christ.

Speaking of milestones, Chairo has now been operating for forty years! Praise God for His many blessings over that time. We will be celebrating this significant occasion in various ways during 2023.

The Board in 2022 consisted of myself as Board Chair, with Melissa Rumble (Vice Chair), Marcus van Heijst (Treasurer), Louise Hood (Company Secretary), Justin Groenewaldt, Sam Nalder and Heath Easton. I'd like to thank all of our directors, as well as Simon Matthews (Executive Principal), Roger Simons (Business Manager) and Darryl Martin (Board Support Officer), for their ongoing commitment to sound, effective, faithful and compliant governance.

Chairo remains in a strong financial position, capable of continuing Christ's work, as He wills, into the future. We praise God for this and give thanks for the diligent work of our Finance Committee and each member of our Finance Team.

Activities that directors were involved in during 2022 included working through Chairo's position with regards to new federal and state legislation, as well as managing the change from incorporated association to public company. Pleasingly, our company membership grew slightly during the year, with seven new members added.

Looking forward to 2023, we will see some exciting developments, including launching a new strategic plan and continuing to work towards introducing Years 11 & 12 at the Leongatha Campus.

I wish to take this opportunity to thank our staff members for their inspiring dedication to students, our parents for their invaluable partnership with the school, and our students for their amazing resilience.

It is my prayer that we will continue to be united as a school community in 2023, celebrating what we have in common, accepting what we think differently about and acknowledging the worth of each uniquely created individual.

Rob Bruce



Business Manager's Report for 2022

In many ways, 2022 was certainly less challenging than the previous two years, but with COVID-19 still having some impact on us all.

A major project that commenced during the year was the third stage of the Pakenham Senior School Centre. The year also saw the commencement and completion of several smaller projects including a roof replacement at the Leongatha Campus and the replacement of IT equipment, plus more pathway and balustrading improvements, at the Drouin Campus.

The benefits of all these projects will be experienced for many years to come. We pray and trust that all capital improvements will continue to advance Chairó's mission and vision, and God's plans for the school community.

The Prep to Year 12 enrolments across the school for 2022 were 1,566 students, compared to 1,551 students in 2021. For 2023, enrolment numbers across the campuses are budgeted to be 1,580 students. Kindergarten student numbers continue to be consistent, with enrolments expected to be more than 155 in 2023.

Capital development across the school is planned to increase during 2023, with completion of the third stage of the Senior School Centre project at Pakenham to be followed closely by commencement of the fourth stage. Further improvements at Drouin and other smaller projects across all campuses are planned to be completed.

We continue to be thankful for the financial support of both the Commonwealth and Victorian State governments. The move towards more targeted needs-based funding continues and this has assisted us in our circumstances, allowing us to meet the diverse needs of our student population and maintain access for lower income families.

I wish to thank each of our wonderful support staff members. Without the competence and hard work of our talented teams in property, administration, finance, policy, compliance, ICT, community relations, marketing, classroom support, technology and catering, there is no doubt that our ability to achieve our mission to provide excellence in Christ-centred education would be lessened. It is a privilege to work alongside these people in helping to support our teachers, students and families.

In summary, COVID-19 had a lesser impact during the 2022 year and God has blessed the school community greatly over many years. Chairó continues to be an exciting place in which to be involved and there are many reasons for us to continue to be optimistic about our future, as we seek to glorify God in all that we do.

Roger Simons



Chairo Parent Governed Christian Education Limited
ABN 12 451 824 370
ACN 659 952 299
Directors' report 31 December 2022

On the 6th of June, Warragul District Parent Controlled Christian School Association, transferred from an Incorporated Association to a public Company limited by guarantee registered under the Corporations Act 2001, with the name Chairo Parent Governed Christian Education Limited.

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2022.

Objective of the Company

The Objective of the Company is to advance Christian education by:

- (a) establishing, operating and maintaining one or more Schools to provide education and services from a biblical worldview perspective in accordance with the Statement of Faith.
- (b) establishing, operating and maintaining one or more Early Learning Centres to provide education and services from a biblical worldview perspective in accordance with the Statement of Faith.
- (c) acting as trustee and to perform and discharge the duties and functions incidental thereto where this is incidental or conducive to the attainment of the Object; and
- (d) doing such other things as are incidental or conducive to the attainment of the Object, including the establishment of a public fund.

Principal activities

During the financial year the principal continuing activities of the company was providing Christian Education in the West Gippsland, Cardinia, Bass Coast & Latrobe Valley regions of Victoria.

Directors

The following persons were directors of the company since 6th of June 2022, for the remainder of the financial year and up to the date of this report, unless otherwise stated:

Rob Bruce
Justin Groenewaldt
Marcus Van Heijst
Heath Easton
Sam Nalder
Melissa Rumble
Louise Hood

Meetings of directors

The company's Board of Directors ('the Board') held 6 meetings from the date of the company change, 6 June 2022, till the 31 December 2022, and the number of meetings attended by each director were:

Rob Bruce – 6	Justin Groenewaldt – 5	Marcus Van Heijst - 5
Heath Easton – 5	Sam Nalder – 4	Melissa Rumble - 6
Louise Hood - 6		

Chairo Parent Governed Christian Education Limited
ABN 12 451 824 370
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Directors' report 31 December 2022

Information on directors

Rob Bruce

Training/qualifications

- BSc
- AICD courses:
 - Introduction to Strategy & Risk
 - Introduction to Finance
 - Introduction to Governance
 - Company Directors Course

Board/committee experience

- Chairo Board: 2018 to present (current Chairman)
- Chairo Board committees:
 - Board Executive Committee (current)
 - Board Development Committee (current)
- Other boards/committees:
 - QNCC Pty Ltd (Director and Chairman)
 - I2E2 Pty Ltd (Director and Chairman)
 - Ancient Wealth Pty Ltd (Director and Chairman)

Relevant vocational experience

- Principal Network Architect (IT)

Justin Groenewaldt

Training/qualifications

- Master of Commerce
- Bachelor of Jurisprudence (Law)
- Christian Education National course: Bible in the Belly of the School

Board/committee experience

- Chairo Board: 2020 to present
- Chairo Board committees:
 - Finance Committee
 - Board Risk & Audit Committee (current)

Relevant vocational experience

- Human Resources Manager (various employers)
- Senior Leadership/Management (various employers)

Chairo Parent Governed Christian Education Limited
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Directors' report 31 December 2022

Marcus Van Heijst

Training/qualifications

- M.Hort.Sc

Board/committee experience

- Chairo Board: 2019 to present (current Treasurer)
- Chairo Board committees:
 - Board Executive Committee (current)
 - Finance Committee (current)
- Other boards/committees: Board of Protected Cropping Australia

Relevant vocational experience

- Account Manager responsible for commercial activities in Oceania region
- Technical Director responsible for South-East Asia region

Heath Easton

Training/qualifications

- BSc (Hons)
- BTh and Dip Min
- Christian Education National course: Bible in the Belly of the School

Board/committee experience

- Chairo Board: 2021 to present
- Chairo Board committees: Board Education Committee (current)
- Other boards/committees:
 - Drouin Presbyterian Church Board of Management
 - Drouin Presbyterian Church Session (Committee of Elders)
 - Board of Melbourne East Christian Counselling Centre
 - METRO Committee of the Presbyterian Church of Victoria

Relevant vocational experience

- Ordained Minister of Religion (Senior Pastor at Drouin Presbyterian Church)

Chairo Parent Governed Christian Education Limited
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Directors' report 31 December 2022

Sam Nalder

Training/qualifications

- Cert 4 Training & Assessment
- Cert 3 Public Safety (Fire Fighting & Emergency Operations)
- Christian Education National courses:
 - Board Basics
 - Board Foundations

Board/committee experience

- Chairo Board: 2021 to present
- Chairo Board committees: Finance Committee (current)
- Other boards/committees: Board of Bairnsdale Christian College (past)

Melissa Rumble

Training/qualifications

- Christian Education National courses:
 - Board Basics
 - Board Foundations
 - Board Function
 - Board Performance
 - Foundations of Christian Education
 - Introduction to Finance
 - Bible in the Belly of the School
 - Bible in the Belly of Culture

Board/committee experience

- Chairo Board: 2013 to present (current Vice Chair)
- Chairo Board committees:
 - Board Executive Committee (current)
 - Board Education Committee (current)
 - Company Membership Committee (current)
 - Welfare Committee
- Other boards/committees:
 - Board of Bairnsdale Christian College (2022)
 - Committee of Sunshine Toy Library (2004–2009)

Relevant vocational experience

- Office Manager

Chairo Parent Governed Christian Education Limited
ABN 12 451 824 370
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Directors' report 31 December 2022

Louise Hood

Training/qualifications

- Secretarial studies
- ISV Financial Literacy Seminar
- CEN courses:
 - Board Basics
 - Foundations of Christian Education
 - Bible in the Belly of Culture

Board/committee experience

- Chairo Board: 2014 to present (current Secretary)
- Chairo Board committees:
 - Board Executive Committee (current)
 - Board Education Committee (current)
 - Company Membership Committee (current)
- Other boards/committee:
 - MOPS (Mother of Pre Schools) Committee at Drouin Presbyterian Church
 - Drouin Presbyterian Church Diaconal Care Team (current Chair/Secretary)

Relevant vocational experience

- Secretarial/administrative support positions

Contributions on winding up

Each Member undertakes to contribute to the Company's property if the Company is wound up while they are a Member, or within 1 year after they cease to be a Member.

This contribution is for:

- (i) payment of the Company's debts and liabilities contracted before they ceased to be a Member;
- (ii) the costs of winding up; and
- (iii) adjustment of the rights of the contributories among themselves. The amount is not to exceed \$1.

If any property remains on the winding up or dissolution of the Company and after satisfaction of all its debts and liabilities, then, that property may not be paid to or distributed among the Members but must be transferred to one or more funds or institutions as determined by the Members at or before the time of dissolution of the Company.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the Directors:



: Director Mr. Robert Bruce



: Director Mr. Marcus Van Heijst

Dated at Drouin this 16th day of May 2023

AUDITORS INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE BOARD OF CHAIRO PARENT GOVERNED CHRISTIAN EDUCATION LIMITED

As lead auditor, I declare that, in relation to our audit of the financial report of Chairo Parent Governed Christian Education Limited for the financial year ended 31 December 2022, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Audit Australia

CROWE AUDIT AUSTRALIA



GORDON ROBERTSON

Partner

Date: 16th May 2023

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Chairo Parent Governed Christian Education Limited
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2022

	Note	2022	2021
		\$	\$
Revenue	3	35,852,112	33,487,208
Employee benefits expense	5	(24,266,924)	(22,876,529)
Borrowing costs expense		(82,750)	(96,835)
Depreciation and amortisation expense	5	(2,538,631)	(2,435,763)
Transport Costs		(1,090,187)	(887,382)
Cleaning/Maintenance/Utilities Costs		(1,502,088)	(1,564,184)
Tuition/camps/excursion expenses		(1,537,940)	(1,033,279)
Other expenses (incl. Kinder Expenses)		(3,748,456)	(3,245,561)
Total Surplus		1,085,136	1,347,675
Other Comprehensive Income			
Net Gain on Asset Revaluation	8	11,176,587	-
Total Comprehensive Income		12,261,723	1,347,675

The accompanying notes form part of the financial statements

Chairo Parent Governed Christian Education Limited
Statement of Financial Position
as at 31 December 2022

		2022	2021
		\$	\$
Current Assets			
Cash and cash equivalents	6	153,538	156,061
Receivables (net)	7	735,541	388,180
Prepayments		796,718	581,537
Money held in trust accounts		23,680	173,660
Total Current Assets		1,709,477	1,299,438
Non-Current Assets			
Property, plant and equipment	8	78,140,930	64,981,100
Right of use assets	9	23,517	50,645
Total Non-Current Assets		78,164,447	65,031,745
Total assets		79,873,924	66,331,183
Current Liabilities			
Creditors		316,098	346,375
Accrued Expenses		1,865,792	1,747,412
Lease Liabilities – Plant & Equipment	10/12	22,445	26,607
Provision for Employee Entitlements	11	2,500,737	2,284,491
Other		293,971	421,386
Total Current Liabilities		4,999,043	4,826,271
Non-Current Liabilities			
Provision for Employee Entitlements	9	516,083	531,392
Lease Liabilities – Plant and Equipment	10/12	-	22,445
Borrowings – Bank Bill	10	5,570,000	4,424,000
Total Non-Current Liabilities		6,086,083	4,977,837
Total Liabilities		11,085,126	9,804,108
Net Assets		68,788,798	56,527,075
Equity			
Retained surplus		26,257,319	24,866,550
Reserves	13	42,531,479	31,660,525
Total Equity		68,788,798	56,527,075

The accompanying notes form part of the financial statements

Chairo Parent Governed Christian Education Limited
Statement of Changes in Equity
for the year ended 31 December 2022

2022

	Retained Surplus	Capital Grants Reserve	Asset Revaluation Reserve	Total Equity
	\$	\$	\$	\$
Opening Balance	24,866,550	6,989,782	24,670,743	56,527,075
Net Surplus	1,085,136	-	-	1,085,136
Gain on Asset Revaluation	-	-	11,176,587	11,176,587
Transfer to retained surplus for amortisation	305,634	(305,634)	-	-
Balance at 31 December 2022	26,257,320	6,684,148	35,847,330	68,788,798

2021

	Retained Surplus	Capital Grants Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
Opening Balance	22,821,032	7,687,634	24,670,743	55,179,399
Net Surplus	1,347,676	-	-	1,347,676
Transfer to retained surplus for amortisation	697,842	(697,842)	-	-
Balance at 31 December 2021	24,866,550	6,989,782	24,670,743	56,527,075

The accompanying notes form part of the financial statements

Chairo Parent Governed Christian Education Limited
Statement of Cash Flows
for the year ended 31 December 2022

	Note	2022	2021
		\$	\$
Cash Flows from Operating Activities			
Receipts from Student Charges		8,942,675	8,677,415
Other Income		399,868	277,720
Grants		25,622,851	24,329,092
Interest Received		3,550	50
Borrowing Costs Paid		(82,750)	(96,835)
Payments to Suppliers and Employees		(31,925,245)	(29,568,706)
Net Cash Flow from Operating Activities	14	2,960,949	3,618,736
Cash Flows from Investing Activities			
Payments for Property Plant & Equipment		(4,492,221)	(620,453)
Net Cash used in Investing Activities		(4,492,221)	(620,453)
Cash Flows from Financing Activities			
Proceeds from Capital Grants		411,879	-
Proceeds/ (Repayment) of Small Capital Leases		(26,607)	(25,524)
Proceeds/ (Repayment) of Loan		1,146,000	(2,916,072)
<i>Net Cash Flow from Financing Activities</i>		1,531,272	(2,941,596)
<i>Net Increase/ (Decrease) in Cash Held</i>		(2,523)	56,687
Cash at beginning of Year		156,061	99,374
<i>Cash at End of Year</i>		153,538	156,061

The accompanying notes form part of the financial statements

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements
for the year ended 31 December 2022

Note 1: Statement of Significant Accounting Policies

New or Amended Accounting Standards and Interpretation adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), and the Australian Charities and Not-for-profits Commission Act 2012.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statement containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial statement are presented below. They have been consistently applied unless otherwise stated.

Basis of Preparation

The financial statements, except the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

(a) Revenue

Revenue arises mainly from:

- (i) Rendering of education services;
- (ii) Rendering of other services supplementary to education services;
- (iii) Government grant funding; and
- (iv) Interest received.

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements
for the year ended 31 December 2022

To determine whether and when to recognise revenue, the Company follows a 5-step process:

- (1) Identifying the contract with a customer;
- (2) Identifying the performance obligations;
- (3) Determining the transaction price;
- (4) Allocating the transaction price to the performance obligations; and
- (5) Recognising revenue when/as the performance obligation(s) are satisfied.

Revenue, including government grant funding that is subject to a funding arrangement that is both enforceable and sufficiently specific regarding its purpose, is recognised at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods to its customers.

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

Government grant funding provided to the Company in accordance with a funding arrangement that is not both enforceable and sufficiently specific regarding its purpose, is recognised as revenue in the statement of profit or loss and other comprehensive income when the Company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

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

(b) Property, Plant and Equipment

Land and buildings

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, or at cost, less subsequent depreciation and impairment for buildings.

Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements
for the year ended 31 December 2022

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset. The cost of plant and equipment constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

(c) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the school from the time the asset is held ready for use. All buildings were revalued in July 2022, though management have decided to adopt 50 years as the useful length of life for all buildings. The only exceptions are when the building was already revalued for a length of time greater than 50 years, and revising the length of life down to 50 years would subsequently result in no fair value.

The depreciation rates used for the current and comparative year for each class of depreciable asset are:-

Class of Fixed Asset	Depreciation Rate
Buildings & Site Improvements	1.33-20%
Plant and Equipment	5% - 50%

(d) Impairment of Assets

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

(e) Cash

Cash and cash equivalents include cash on hand and deposits held at call with banks.

(f) Trade & Other Receivables

Other receivables are recognized at amortised cost, less any allowances for expected losses.

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements
for the year ended 31 December 2022

(g) Employee Entitlements

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

(h) Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- i.* it is expected to be realised or intended to be sold or consumed in normal operating cycle; or
- ii.* it is held primarily for the purpose of trading; or
- iii.* it is expected to be realised within twelve months after the reporting period; or
- iv.* the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- i.* it is expected to be settled in normal operating cycle;
- ii.* it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or
- iii.* there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(i) Income Tax

In accordance with Section 50-5 of the Income Tax (Assessment) Act 1997, the Company is exempt from income tax.

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements
for the year ended 31 December 2022

(j) Goods and Services Tax (GST)

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

(k) Working Capital Deficiency

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company believes it is a going concern for strong reasons as continuing enrolment numbers for 2023 have led directly to government grant funding which was paid to the Company in the second week of January 2023, totaling \$12.88 million including GST, which more than meets current liabilities. Other reasons include the projected timing of repayment of liabilities, the existence of an approved finance facility and significant unencumbered assets.

For the year ended 31 December 2022, although the School recorded a net current asset deficiency of \$3,289,566 (2021: Deficiency \$3,526,833), it also recorded a surplus from operating activities of \$1,085,136 (2021: Surplus \$1,347,675) and positive cash inflows from operating activities of \$2,960,949 (2021: \$3,618,736).

(l) Leases

For any new contracts, the Company considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- (i) The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- (ii) the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements for the year ended 31
December 2022

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Company sales) are excluded from the initial measurement of the lease liability and asset and are expensed as incurred

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been reported separately to property, plant and equipment and lease liabilities.

The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 8).

(m) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current period.

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements for the year ended 31
December 2022

Any new or amended Accounting Standards or interpretations that are not yet mandatory, have not been early adopted.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance or position of the Company.

(n) Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

(o) Comparative Figures

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

Note 2: Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the Company to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Company continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Company bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which the Company believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

i. Impairment

The Company assesses impairment at each reporting date by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised in respect of property, plant and equipment at reporting date.

ii. Employee benefits provision

As per Note 1(g), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements
for the year ended 31 December 2022

- iii. *Estimation of useful lives of assets*
The Company determines the useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated.
- iv. *Bad debt provision*
The Company evaluates the collectability of accounts receivable on an ongoing basis based on historical bad debts, customer credit-worthiness, current economic trends and changes in payment activity. A provision is created recognising likely bad debts of the Company taking into account the individual factors as outlined above for each customers debt at the 31 December 2022.
- v. *Extension option for leases*
When the Company has the option to extend a lease, the Company uses its judgement to determine whether or not an option would be reasonably certain to be exercised. The Company considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

Note 3: Revenue

	2022	2021
	\$	\$
Tuition fees revenue	7,882,407	7,423,554
State government grants	5,356,872	5,190,974
Commonwealth government grants	19,961,603	18,809,206
Interest received	3,550	49
Student transport	447,119	276,134
Other income	1,098,744	940,981
Donations	2,910	8,048
Early Learning Centre government grants	375,940	838,063
Early Learning Centre fee revenue	311,088	394,576
Early Learning Centre Free Kinder discount	-	(394,377)
Capital Grant	411,879	-
Total Revenue	35,852,112	33,487,208

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements
for the year ended 31 December 2022

	2022	2021
	\$	\$
Note 4: Capital Grants		
Block Grant Authority – Aust./ Vic. Govt.	411,879	-
<hr/>		
Note 5: Expenses		
Employee Benefits expense includes:		
Defined Contribution Superannuation expense	2,195,721	1,975,706
<i>Depreciation and amortisation expense:</i>		
- Property, plant and equipment:		
- Buildings	1,922,126	1,867,269
- Plant and Machinery	94,348	82,428
- Furniture and Equipment	282,682	308,603
- Motor vehicles	40,274	40,309
- Computer Equipment	144,760	84,046
	2,484,190	2,383,655
- Right-of-use assets:		
- Plant and equipment	26,833	26,832
- Computer Equip	295	295
	27,128	27,127
- Intangible assets:		
- Software	27,313	24,981
	27,313	24,981
Total depreciation and amortisation expense	2,538,631	2,435,763
<i>Finance costs – Right of Use Assets and Leases:</i>		
- Interest expense for Right of Use Assets	1,541	2,623
- Interest expense for leasing arrangements	23,783	25,019
Total interest expense for Financing	25,324	27,642

Chairo Parent Governed Christian Education Limited
Notes to and forming part of the Financial Statements
for the year ended 31 December 2022

2022 **2021**
\$ **\$**

Note 6 Current Assets – cash and cash equivalents

Cash on Hand	2,450	2,150
Cash at Bank	151,088	153,911
	<u>153,538</u>	<u>156,061</u>

Note 7 Current Assets – receivables

Debtors - Fees	629,069	579,842
Sundry debtors	23,620	(13,219)
Tax Clearing Account	340,440	110,207
Less Provision for doubtful debts	(257,588)	(288,650)
	<u>735,541</u>	<u>388,180</u>

Reconciliation Of Provision for doubtful debts

Balance At Beginning Of year	288,650	200,265
Amounts recognised as doubtful	(2,388)	128,180
Amounts Written off	(28,674)	(39,795)
	<u>257,588</u>	<u>288,650</u>

Chairo Parent Governed Christian Education Limited
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022

	2022	2021
	\$	\$
Note 8 Non-current Assets		
Land At Valuation	10,225,000	5,835,000
Land At Cost	1,720,000	-
	11,945,000	5,835,000
Buildings and Improvements at Valuation	63,269,000	69,251,817
Buildings and Improvements at Cost	183,530	13,700,130
Less Provision for Depreciation	(822,064)	(25,872,142)
	62,630,466	57,079,805
Plant and Equipment at Cost	8,169,346	7,726,375
Less Provision for Depreciation	(5,702,869)	(5,725,671)
	2,466,477	2,000,704
Capital Works in Progress	1,098,987	65,591
Total Non Current Assets	78,140,930	64,981,100

This table shows the movement in the carrying amount of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land \$	Buildings \$	Plant and Equipment \$	Work in Progress \$	Total \$
Balance at Beginning of the Year	5,835,000	57,079,805	2,000,704	65,591	64,981,100
Transfers	-	-	42,344	(43,784)	(1,440)
Asset Revaluation	4,390,000	6,835,243	(48,656)	-	11,176,587
Additions	1,720,000	637,544	1,068,639	1,077,180	4,503,363
Disposals	-	-	(7,177)	-	(7,177)
Depreciation Expense	-	(1,922,126)	(589,377)	-	(2,511,503)
Balance at End of the Year	11,945,000	62,630,466	2,466,477	1,098,987	78,140,930

Chairo Parent Governed Christian Education Limited
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022

	2022	2021
	\$	\$
Note 9: Right Of Use Assets		
<i>Plant and equipment:</i>		
At cost	107,329	107,329
Accumulated depreciation	(84,895)	(58,062)
	22,434	49,267
 <i>Computer Equipment</i>		
At Cost	1,969	1,969
Accumulated Depreciation	(886)	(591)
	1,083	1,378
 Total right-of-use assets	23,517	50,645

Movements in Carrying Amounts

Movement in the carrying amounts for each class of right-of-use asset between the beginning and the end of the current financial year:

<i>Plant and Equipment</i>		
Balance at beginning of the year	49,267	76,099
Additions	-	-
Depreciation	(26,833)	(26,832)
Impairment	-	-
Balance at end of the year	22,434	49,267
 <i>Computer Equipment</i>		
Balance at beginning of the year	1,378	1,674
Additions	-	-
Depreciation	(295)	(296)
Impairment	-	-
Balance at end of the year	1,083	1,378

Chairo Parent Governed Christian Education Limited
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022

	2022	2021
	\$	\$
<u>Note 10: Borrowings</u>		
Current		
2020 Laptop Cart Lease	-	681
AV Equipment Lease	22,445	25,926
	22,445	26,607
Non-Current		
AV Equipment Lease	-	22,445
Bank Bill	5,570,000	4,424,000
	5,570,000	4,446,445

The Bank Bill Business Loan is secured by a mortgage over 585 Bald Hill Road, Nar Nar Goon and Lots 2 & 3 655 Bald Hill Road, Nar Nar Goon and a general security agreement over all existing and future assets, and undertakings.

Note 11: Provisions

Current		
Long Service Leave expected to be paid in current year	156,879	122,457
Long Service Leave not expected to be paid in current year	1,994,035	1,861,819
Annual Leave	349,823	300,215
	2,500,737	2,284,491
Non Current		
Long Service Leave	516,083	531,392

Note 12: Lease Liabilities

Current		
Plant and Equipment	22,445	25,926
Computer Equipment	-	681
	22,445	26,607
Non-current		
Plant and Equipment	-	22,445
Computer Equipment	-	-
	-	22,445
Total lease liabilities	22,445	49,052

Chairo Parent Governed Christian Education Limited
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022

Note 12 Lease Liabilities (continued)

The Company has leases for Plant and Equipment

Leases of plant and equipment are generally limited to a lease term of 3 years.

Each lease generally imposes a restriction that, unless there is a contractual right for the Entity to sublet the asset to another party, the right-of-use asset can only be used by the Entity. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Entity is prohibited from selling or pledging the underlying leased assets as security. Further, the Entity must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on statement of financial position:

Right-of-use asset	No. of RoU assets leased	Remaining term	Average remaining term	No. leases with extension options	No. of leases with purchase options	No. lease with variable payments	No. of leases with termination options
Plant and equipment	16	0-1 years	0.9 years	0	0	0	0
						2022	2021
						\$	\$

Maturity analysis of lease liabilities

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at year end is as follows:

Payable - minimum lease payments		
- not later than one year	22,877	28,147
- later than one year and not later than five years	-	22,877
- greater than five years	-	-
Minimum lease payments	22,877	51,024
Less future finance charges	(432)	(1,972)
Present value of minimum lease payments	<u>22,445</u>	<u>49,052</u>

Chairo Parent Governed Christian Education Limited
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022

Note 12 Lease Liabilities (continued)**Lease payments not recognised as a liability**

The Entity has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2022	2021
	\$	\$
Short-term leases	-	-
Leases of low value assets	479,126	456,077
Variable lease payments	-	-
	<u>479,126</u>	<u>456,077</u>

Note 13: Reserves

Capital Grants Reserve:

Balance at beginning of year	6,989,782	7,687,624
Net Transfer (from) / to Reserve	(305,634)	(697,842)
Balance at end of year	<u>6,684,148</u>	<u>6,989,782</u>

Asset Revaluation Reserve

Balance at beginning of year	24,670,743	24,670,743
Net Gain/ (Loss) On Revaluation of Building	11,176,587	-
Balance at end of year	<u>35,847,330</u>	<u>24,670,743</u>
Total Reserves Balance at end of year	<u>42,531,478</u>	<u>31,660,525</u>

The capital grants reserve is held in recognition of grants received for capital purposes. The majority of these grants would need to be refunded on a pro rata basis, should the entity cease operations within a 20 year period after the receipt of the grant. The entity therefore recognises the grant as income and transfers the entire grant from retained earnings to the reserve in the year it is received and then transfers 5% from the reserve into retained earnings annually.

The capital grant for the Multipurpose BER Hall built at Leongatha Campus in 2010 requires the full grant amount to be refunded if operations cease within 7 years after the receipt of the grant and then transferred from the reserve to retained earnings annually on a pro-rata basis for the next 7 years following at a rate of 14.29% per year (years 8-14 after receipt of grant).

Chairo Parent Governed Christian Education Limited
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022

Note 13: Reserves (continued)

The capital grant for the Design and Technology Building built at Pakenham Campus in 2015 requires the grant to be refunded on a pro rata basis, should the entity cease operations within an 11 year period. The entity therefore transfers 9.09% from the reserve to retained earnings annually on a pro rata basis for the next 11 years.

The capital grant for the Primary Library and Multipurpose Hall built at Traralgon in 2010 requires the full grant amount to be refunded if operations cease within half of the designated use period of 18.5 years years after the receipt of the grant (December 2010) and then transferred from the reserve to retained earnings annually on a pro-rata basis for the second half of the designated use period at a rate of 10.81% per year (April 2020 – Dec 2028).

Under the schools current BGA funding arrangement, all BGA grants are to be amortized over a period of time determined by the value of the grant, at a rate of 10 years for grants to \$500,000 and a further 1 year for every \$100,000 in excess of \$500,000. Once the period of time exceeds 50% of the overall length of time for each grant, amortization is to commence at an average rate over the remaining 50% of the overall length of time for the grant.

The Extension to Junior school/ Extension to Library & Resource Centre grant for the Pakenham campus has a duration of 13 years.

The Pakenham 9/10 Centre stage 1 & 2 grant has a duration of 14 years.

The Pakenham 9/10 Centre stage 3 & 4 grant has a duration of 12 years

A revaluation was completed at all campuses on all land and buildings during July 2022 by Opteon (Victoria) P/L. All land and building values have been revalued in accordance with the revaluation recommendations and are stated in the End of Year financials accordingly.

Chairo Parent Governed Christian Education Limited
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022

Note 14: Cash Flows**Reconciliation of Net Cash Provided by Operating Activities to Operating Surplus**

	2022	2021
	\$	\$
Profit/(Deficit)	1,085,136	1,347,675
Non Cash Flows in Operating Surplus		
Add back depreciation	2,538,631	2,435,763
Add back loss on sale of assets	-	1,175
Less proceeds from capital grant	(411,879)	-
(Increase)/ Decrease in operating receivables	(347,361)	(48,439)
(Increase)/ Decrease in prepayments	(65,202)	(215,273)
Increase/ (Decrease) in payables & accrued expenses	81,860	153,138
Increase/ (Decrease) in fees in advance	(121,173)	(132,281)
Increase/ (Decrease) in provision for employee entitlements	200,937	76,978
Net Cash Provided by Operating Activities	2,960,949	3,618,736

Note 15: Related Party Transactions/Directors Benefits/ Company Change**Directors:**

The names of Directors who have held office during the financial year are:

Marcus Van Heijst	Louise Hood	Justin Groenewaldt
Robert Bruce	Heath Easton	Melissa Rumble
Sam Nalder		

A number of directors are parents of children currently attending the school and, therefore, receive tuition and other schooling services; fees are set for and paid by the relevant directors at the published, scheduled rates.

No director, a firm of which a director is a member or an entity in which a director has a substantial financial interest, receives remuneration from services rendered to the economic entity, in accordance with the entity's constitution. The Chairman received an honorarium of \$5,500 during the financial year, as provided for in the constitution, in recognition of costs incurred personally.

On the 6th of June, Warragul District Parent Controlled Christian School Association, transferred from an Incorporated Association to a public Company limited by guarantee registered under the Corporations Act 2001, with the name Chairo Parent Governed Christian Education Limited.

Chairo Parent Governed Christian Education Limited
Chairo Christian School
ABN: 12 451 824 370
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022

Note 16: Economic Dependency

A significant portion of income is received by way of recurrent grants from the Victorian State and Australian Commonwealth Governments.

Note 17: Company Details

The registered office and principal place of business of the Company is 76 Balfour Road, Drouin, Victoria 3818.

Note 18: Contingent Liabilities

The Company had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Note 19: Commitments

Stockwood Building Group and Chairo Christian School have a contract for the building of the VCE Centre Stage 1, signed in June 2022. 57% of the contracted price has been paid, leaving approximately \$702,856 owing at the 31st of December 2022.

Note 20: Key Management Personnel

The aggregate compensation, including superannuation and allowances, made to key management personnel of the Company is set out below:

	2022	2021
	\$	\$
Aggregate Compensation	405,871	395,613

Note 21: Events after the reporting period

No other 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.

Note 22: Remuneration of Auditors

Funding acquittal audit	200	-
Financial audit Services	17,210	15,860
	<u>17,410</u>	<u>15,860</u>

Chairo Parent Governed Christian Education Limited
Notes to and forming Part of the Financial Statements
for the year ended 31 December 2022
Directors' Declaration

In accordance with a resolution by the Directors of Chairo Parent Governed Christian Education Limited, the Directors of the Company declare that:

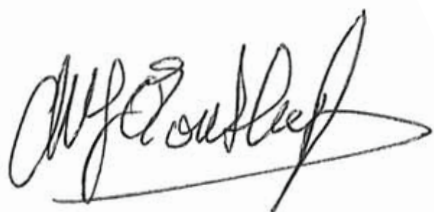
- the attached financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and comply with Australian Accounting Standards - Simplified Disclosures; and
- the attached financial statements and notes give a true and fair view of the financial position of the Company as at 31 December 2022 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60-15(2) of the Australian Charities and Not-for-profit Commission Regulations 2022.

On behalf of the Directors:



: Chairman Mr. Robert Bruce



: Treasurer Mr. Marcus Van Heijst

Dated at Drouin this 16th day of May 2023

Independent Auditor's Report to the Members of Chairo Parent Governed Christian Education Limited

Opinion

We have audited the financial report of Chairo Parent Governed Christian Education Limited (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial positions as at 31 December 2022 and of their financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

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

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Directors' report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors 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 in accordance with Australian Accounting Standards – Simplified Disclosures and the *ACNC Act* and 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 ability of the Company 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 Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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.

Crowe Audit Australia

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GORDON ROBERTSON

Partner

Dated at Warragul this 19th day of May 2023.