

# **Teach For Australia**

**(A company limited by guarantee)**

**ACN 133 833 762**

**Financial Report**  
**Year ended 31 December, 2016**

**TEACH FOR AUSTRALIA**  
**(A company limited by guarantee)**  
**ACN 133 833 762**  
**DIRECTORS' REPORT**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 December, 2016**

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**TEACH FOR AUSTRALIA**  
**(A company limited by guarantee)**  
**ACN 133 833 762**  
**DIRECTORS' REPORT**

The directors present their report on the financial statements of the Company for the year ended 31 December, 2016.

**DIRECTORS**

The Directors of the Company in office at any time since the beginning of the year are:

|  |                                   |
|--|-----------------------------------|
| Rufus Black  | Anthony Mackay                    |
| John Denton  | Susan Boucher (resigned 14/04/16) |
| Larry Kamener  | Steven Schwartz                   |
| Melodie Potts Rosevear                                 | Julian Leeser (resigned 14/04/16) |
| Carol Schwartz (appointed 16/02/15; resigned 29/02/16) |                                   |

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

**INFORMATION ON DIRECTORS**

The following are particulars of the qualifications of each of the Directors :

| <b>Name</b>            | <b>Special Experience</b>   | <b>Responsibilities</b>  |
|------------------------|---|--------------------------|
| Rufus Black            | Master of Ormond College, an academic and ethicist  | Chair                    |
| John Denton            | Partner and Chief Executive Officer of Corrs, Chambers Westgarth, Lawyers   |                          |
| Larry Kamener          | Senior partner of Boston Consulting Group with specialist knowledge of public sector  |                          |
| Anthony Mackay         | Specialist in the area of school and system leadership, improvement and innovation  |                          |
| Melodie Potts Rosevear | Former Think Tank Co-ordinator Cape York Institute for Policy and Leadership with focus on non profit management  | Company Secretary<br>CEO |
| Steven Schwartz        | Executive director of the Australian Council for Humanities, Arts and Social Sciences and former Vice Chancellor of Macquarie University  |                          |
| Julian Leeser          | Director Government, Policy and Strategy Australian Catholic University, Chair of NSW Jewish Board of Deputies' Community Relations Committee, Councillor of the Executive Council of the Australian Jewry and former Executive Director of the Menzies Research Centre |                          |

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| <b>Name</b>    | <b>Special Experience</b>   | <b>Responsibilities</b> |
|----------------|---|-------------------------|
| Susan Boucher  | Former CEO of Principals Australia and 16 years experience in not – for – profit organisations involved in education and health   | Deputy Chair            |
| Carol Schwartz | Member of Advisory Board and Director Bank of Melbourne Limited, Founding Chair of Women's Leadership Institute of Australia, Chairman of the Board of Our Community Pty Ltd, Director of Stockland Trust Management Limited and Founder and Chairman of Qualitas Property Partners |                         |

The following table sets out the number of meetings of the company's directors (including committees of directors) held during the year ended 31 December, 2016, and the number of meetings attended by each director.

| <b>Name</b>            | <b>Number eligible to attend</b> | <b>Number attended</b> |
|------------------------|----------------------------------|------------------------|
| Rufus Black            | 6                                | 6                      |
| John Denton            | 6                                | -                      |
| Larry Kamener          | 6                                | 5                      |
| Anthony Mackay         | 6                                | 6                      |
| Melodie Potts Rosevear | 6                                | 6                      |
| Susan Boucher          | 2                                | 2                      |
| Steven Schwartz        | 6                                | 3                      |
| Julian Leeser          | 2                                | 2                      |
| Carol Schwartz         | -                                | -                      |

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**PRINCIPAL ACTIVITIES**

Teach For Australia is dedicated to breaking the cycle of disadvantage through teaching and leadership in education. Our vision is of an Australia where *all* children, regardless of background, attain an excellent education.

In support of this vision, our objectives and principal activities are outlined below.

**Rigorously Recruit Australia's Top Talent into Teaching**

We inspire people to choose a new path and become leaders of change. Selection of Teach For Australia Associates is a highly rigorous process and aims to understand the mindsets and competencies that applicants would bring into the classroom. This selection process is consistent with the selection criteria into teacher education programs described in new guidelines developed by the Australian Institute of Teaching and School Leadership (AITSL).

To date, Teach For Australia has received just under 8000 applications for our Leadership Development Program. The number of applications received continues to increase year-on-year, with an 8 per cent increase in 2016. At the end of 2016 recruitment activity, 130 Associates were placed to commence as Cohort 2017. This reflects a small growth and builds on foundations for increasing scale and impact.

**Partner with Schools Serving Low Socioeconomic Communities**

We partner with schools serving low socioeconomic communities, exclusively. Each partnership is designed to meet the needs of each school's unique context and improve the educational outcomes of students.

Associates are matched to partner schools based on their subject area, the curriculum needs of each school and the capacity of each school to support one or more Associates. Associates fill teaching vacancies. To date, Teach For Australia has partnered with more than 130 schools across the Australian Capital Territory, the Northern Territory, Victoria, Western Australia and Tasmania, and 45 per cent of our partner schools are in regional and remote communities.

**Develop Highly Effective Teachers and Leaders**

Teach For Australia develops highly effective teachers and leaders through our innovative, employment-based Leadership Development Program. Over the course of two years, the Program builds teaching and leadership best practice, focusing on the development of the knowledge and skills that will have the greatest possible impact on students and schools, and develops mindsets amongst Associates, which result in their commitment to breaking the cycle of disadvantage.

A critical part of the Program is our partnership with universities to deliver an employment based teaching qualification, designed for concurrent teaching in diverse educational contexts. From Cohort 2015, Associates study a Master of Teaching (Secondary) at Deakin University's School of Education.

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As an employment-based pathway, our approach allows Associates to immediately integrate the knowledge and skills developed through the Program to the context of their own classrooms. The Program is delivered through executive education-style intensive programs, online learning and ongoing peer and expert coaching and feedback.

Associates receive comprehensive support throughout the Leadership Development Program via a Teaching & Leadership Adviser, a School Academic Mentor, an in-school mentor, a Leadership Coach, and the Associate and Alumni network.

**Improve Student and School Outcomes**

Teach For Australia Associates teach students from Years 7 to 12 across all subject areas, set high expectations for all classes and analyse growth data to target their teaching. Together with our partner schools, we seek to ensure improved student outcomes across the following :

- Achieve academic growth in student outcomes;
- Experience increased access to opportunities;
- Develop positive attitudes and beliefs about themselves and learning; and
- Develop aspirations, interests and excitement that propels them forward.

Teach For Australia Associates and Alumni work in close collaboration with their fellow teachers and school leaders. We are conscious not to over claim attributions for student and school improvements. Nonetheless, teachers and school leaders have acknowledged Teach For Australia's contribution to improved outcomes across our partner schools.

**Build a Pipeline of Leadership within Schools**

Teach For Australia is a formative experience that instils a lifetime commitment to addressing educational disadvantage. The program creates a pipeline of exceptional leaders to drive long term transformational reform and innovation in education within schools, as lead teachers and principals.

Teach for Australia is also diffusing practices that lift teacher quality and student outcomes in partner schools. Partner schools are adopting many Teach For Australia practices – such as demonstration lessons as part of recruitment, mentoring and classroom observation and feedback practices – which help to lift teacher quality and student outcomes.

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**Drive Reform and Innovation in the Education System**

Teach for Australia is supporting system reform in school leadership and policy. While most Alumni continue to drive change from within schools, Teach For Australia's model also builds a pipeline of leaders to drive long term system reform and innovation beyond the classroom as :

- Government and political leaders who work towards reforms to the education system that can have a positive impact on student outcomes;
- Contributors to education-focused not-for-profits who focus on developing programs to support students' learning; and
- Social entrepreneurs who develop new models to improve student outcomes.

**TRADING RESULTS**

The attached financial statements show that the operations for the year resulted in a surplus after tax of \$315,860 (2015 – \$315,035).

**REVIEW OF OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

In 2016, our strategic areas of focus were growth, impact, organisational sustainability and people & culture.

**Growth**

We have further improved our "regional" team structure by introducing a customer centric school & community partnerships function, which will further grow a number of partner schools and optimise our placement process.

The development of a more robust strategy for school engagement led to greater levels of school demand and expansion of our school partnerships both in existing and new jurisdictions (notably to Tasmania joining the program in 2017).

**Sustainability**

In December 2016, the Federal Government announced an additional funding of \$20.5 million to continue Teach For Australia for two additional cohorts (2018 and 2019) and up to 300 additional Associates. It means tens of thousands of additional children in disadvantaged communities will benefit from outstanding teachers and our growing pipeline of school and system leaders.

With recent development of our government relations function, we will continue to coordinate bipartisan engagement with government and bureaucrats at a Federal level to support the program with core funding.

The Victorian and Northern Territory Governments have agreed to fund Cohort 2017, we are continuing to engage all jurisdictions for continued support to our sustainability.

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With pro bono services from Price Waterhouse Coopers, we reviewed our business model to generate further cost efficiencies, through transformative changes to individual functions' operations.

Our fundraising and development revenue in 2016 has exceeded \$1.6m – a 50% increase compared to 2015. Substantial and consistent efforts in philanthropic space enabled Teach For Australia to secure \$8.3m from Paul Ramsay Foundation, Australia's largest private foundation.

**Impact**

With a dedicated full-time resource, we have developed and are implementing a robust measurement and evaluation framework to support our ability to report on our mission and improve data management across the organisation. In 2016, TFA produced *Our Promise: Tackling Educational Disadvantage (seven years of Teach For Australia)*. This report summarizes our impact over 7 years, highlighting some of the differences our associates and alumni have made in challenging educational inequity.

We continue to invest in organisational capacity to ensure alumni of our program stay connected and engaged with the mission and to enable them to act on their agency. Building on the work that commenced in 2016, TFA will launch an Alumni Network Health Index in 2017 to measure the health of the Alumni network and track how TFA and its Alumni interact with and support each other. Other key activities included a listening tour to re-engage with Alumni, the annual Alumni Gala Ball and the production of the monthly e-newsletter.

Teach To Lead, an initiative funded by philanthropic donors Sidney Myer Fund and Gandel Philanthropy in 2015, launched its school leaders program with its first cohort of emerging school leaders. The pool of candidates included TFA Alumni and other professionals working in low socio economic schools.

With six cohorts having completed the Leadership Development Program at the end of 2016, a pipeline of leadership is emerging :

- 95 per cent of Associates teach for at least two years.
- 86 per cent of the most recent cohort of Alumni has remained teaching for a third year.

Across the six cohorts of Alumni, over three-quarters of Alumni is currently working in the education sector, with 65 per cent teaching.

Over half of our teaching Alumni are in leadership roles in their schools, with 1 Principal, 4 Assistant Principals, 40 Lead teachers, and 51 teachers with Positions of Responsibility in their school.



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**MATTERS SUBSEQUENT TO THE YEAR END**

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 the operations, or the state of affairs of the company in future years.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATION**

In 2017, we continue with our four strategic priorities :

- **Growth** — We seek to grow the number of students we empower, by growing the number of Associates. Growth is a form of impact, as these individuals are our most promising leaders and are committed to building educational opportunity for all. Growth is also critical to establishing our legitimacy and securing funding.
- **Sustainability** — We seek to further diversify our funding base, to ensure that our growth and core activities are funded, our staff feel engaged and enabled, and we operate is efficiently and effectively.
- **Impact** — We seek to ensure Associates and Alumni are highly engaged and effective teachers and leaders, achieving transformative student outcomes and increasing school, community, and system capacity, and demonstrate deep engagement and commitment to our mission.
- **People & Culture** — We seek to build a strong culture and people systems in service of our mission to break the cycle of educational disadvantage.

**OPTIONS**

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

**ENVIRONMENTAL ISSUES**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**DIVIDENDS**

The Company has no power to declare or pay dividends under its Constitution.

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**INDEMNIFYING OFFICER OR AUDITOR**

In accordance with its constitution, during the year, the company paid or agreed to pay insurance premiums as follows :

- The company has paid premiums to insure all of the directors and officer bearers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity of director or office bearer of the company, other than conduct involving a wild breach of duty in relation to the company. The premium amounted to approximately \$6,175.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

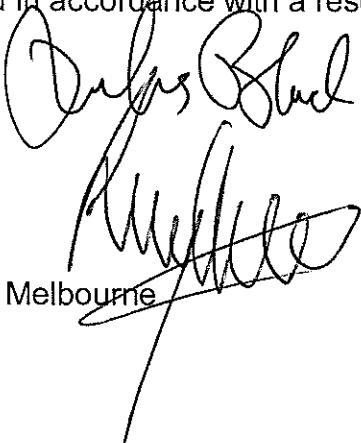
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration as required under s60-40 of the Australian Charities and Not – for – profits Commission Act 2012 (ACNC) is included at page 12 of this financial report and forms part of the Directors' report.

Signed in accordance with a resolution of the Board of Directors



Rufus Black

**Director**

Larry Kamener

**Director**

Place: Melbourne

Date: 6/4/17

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TEACH FOR AUSTRALIA**

### **Report on the Financial Report**

I have audited the accompanying financial report of Teach For Australia, which comprises the statement of financial position as at 31 December, 2016, the statement of profit and loss and other comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### **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 in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not – for – profits Commission Act 2012 (ACNC) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Charities and Not – for – profits Commission Act 2012 (ACNC).

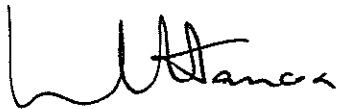
Ahead For Business Pty Ltd  
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email [admin@aheadforbusiness.com.au](mailto:admin@aheadforbusiness.com.au)

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**Audit Opinion**

In my opinion:

- a) the financial report of Teach For Australia is in accordance with the Australian Charities and Not – for – profits Commission Act 2012 (ACNC), including :
  - i) Giving a true and fair view of the Company's financial position at 31 December, 2016 and of its performance and cash flows for the year ended on that date and
  - ii) Complying with Accounting Standards in Australia – Reduced Disclosure Requirements and the Australian Charities and Not – for – profits Commission Regulation 2013.



**Wendy Hancox**

**Director**

**Ahead For Business Pty Ltd**

Place: Melbourne

Date: 27 April, 2017

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF TEACH FOR AUSTRALIA**

In accordance with the requirements of s 60 – 40 of the Australian Charities and Not – for – profits Commission Act 2012 (ACNC), I declare that for the year ended 31 December, 2016, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian Charities and Not – for – profits Commission Act 2012 (ACNC) in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Wendy Hancox  
**Ahead For Business Pty Ltd**

Melbourne  
Date : 27 April, 2017

Ahead For Business Pty Ltd  
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Melbourne Victoria 3004  
Phone 03 . 9867 7711  
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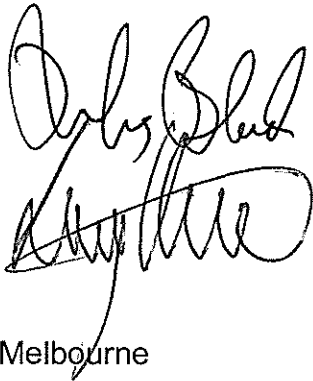
**TEACH FOR AUSTRALIA**  
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**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 14 to 27 are in accordance with the Australian Charities and Not – for – profits Commission Act 2012 (ACNC) and :
  - a) Comply with the Australian Accounting Standards – Reduced Disclosure Requirements; and
  - b) Give a true and fair view of the company's financial position as at 31 December, 2016 and of its performance for the year ended on that date;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Rufus Black                      **Director**

Larry Kamener                      **Director**

Place: Melbourne

Date: 6/4/17

**TEACH FOR AUSTRALIA**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER, 2016**

|                                      | Note | 2016              | 2015              |
|--------------------------------------|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                |      |                   |                   |
| Cash and cash equivalents            | 14   | 11,774,882        | 11,056,793        |
| Trade & other receivables            | 4    | 2,129,082         | 3,975,274         |
| <b>TOTAL CURRENT ASSETS</b>          |      | <u>13,903,964</u> | <u>15,032,067</u> |
| <b>NON CURRENT ASSETS</b>            |      |                   |                   |
| Property, plant & equipment          | 5    | 243,573           | 66,708            |
| <b>TOTAL NON CURRENT ASSETS</b>      |      | <u>243,573</u>    | <u>66,708</u>     |
| <b>TOTAL ASSETS</b>                  |      | <u>14,147,537</u> | <u>15,098,775</u> |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |
| Trade & other payables               | 6    | 384,539           | 601,415           |
| Funding in advance                   | 2    | 8,570,817         | 9,226,817         |
| Short term provisions                | 7    | 225,315           | 197,289           |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <u>9,180,671</u>  | <u>10,025,521</u> |
| <b>NON CURRENT LIABILITIES</b>       |      |                   |                   |
| Funding in advance                   | 2    | -                 | 490,542           |
| Long term provisions                 | 7    | 181,634           | 113,340           |
| <b>TOTAL NON CURRENT LIABILITIES</b> |      | <u>181,634</u>    | <u>603,882</u>    |
| <b>TOTAL LIABILITIES</b>             |      | <u>9,362,305</u>  | <u>10,629,403</u> |
| <b>NET ASSETS</b>                    |      | <u>4,785,232</u>  | <u>4,469,372</u>  |
| <b>ACCUMULATED FUNDS</b>             |      |                   |                   |
| Unrestricted Reserves                |      | 3,087,251         | 2,771,391         |
| Restricted Reserves                  |      | 1,697,981         | 1,697,981         |
| <b>TOTAL ACCUMULATED FUNDS</b>       |      | <u>4,785,232</u>  | <u>4,469,372</u>  |

Notes to and forming part of these accounts are set out on pages 17 to 27.

**TEACH FOR AUSTRALIA**  
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**STATEMENT OF PROFIT AND LOSS & OTHER COMPREHENSIVE  
INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

|   | Note | 2016      | 2015      |
|---|------|-----------|-----------|
| <b>CLASSIFICATION OF EXPENSES BY NATURE</b> |      |           |           |
| Revenue                                     | 2    | 9,272,739 | 7,003,097 |
| Program Costs                               |      |           |           |
| Travel & accommodation                      |      | 420,440   | 344,570   |
| Marketing, advertising                      |      | 184,925   | 273,487   |
| Teacher education                           |      | 2,581,761 | 1,785,230 |
| Events                                      |      | 96,132    | 134,522   |
| Other                                       |      | 34,540    | 29,633    |
| Administration                              |      | 669,774   | 447,265   |
| Staff and contractors                       |      | 4,969,307 | 3,673,355 |
| (Deficit)/Surplus before income tax         | 3    | 315,860   | 315,035   |
| Income tax expense                          |      | -         | -         |
| Net (deficit)/surplus for the year          |      | 315,860   | 315,035   |

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

|                                 | Note | Unrestricted<br>Reserves | Restricted<br>Reserves | Total     |
|---------------------------------|------|--------------------------|------------------------|-----------|
| Balance at 1 January, 2016      |      | 2,771,391                | 1,697,981              | 4,469,372 |
| Deficit for the year            |      | 315,860                  | 0                      | 315,860   |
| Transfer to Restricted Reserves | 16   | -                        | -                      | -         |
| Balance at 31 December, 2016    |      | 3,087,251                | 1,697,981              | 4,785,232 |

Notes to and forming part of these accounts are set out on pages 17 to 27.



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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 December, 2016**

|   | Note | 2016         | 2015        |
|---|------|--------------|-------------|
| <b>Cash flows from operating activities :</b>                 |      |              |             |
| Payments to suppliers and employees                           |      | (10,143,981) | (7,356,109) |
| Receipts from customers                                       |      | 10,800,477   | 8,402,115   |
| Interest received   |      | 297,880      | 358,154     |
| Interest paid   |      | -            | -           |
|   |      | <hr/>        | <hr/>       |
| <b>Net cash (absorbed)/provided from operating activities</b> | 13   | 954,376      | 1,404,160   |
|   |      | <hr/>        | <hr/>       |
| <b>Cash flows from investing activities :</b>                 |      |              |             |
| Purchase of plant & equipment                                 |      | (236,396)    | (58,300)    |
|   |      | <hr/>        | <hr/>       |
| <b>Net cash used in investing activities</b>                  |      | (236,396)    | (58,300)    |
|   |      | <hr/>        | <hr/>       |
| <b>Net increase in cash held</b>                              |      | 717,980      | 1,345,860   |
| <b>Cash at beginning of year/period</b>                       |      | 11,056,793   | 9,710,933   |
|   |      | <hr/>        | <hr/>       |
| <b>Cash at end of year/period</b>                             | 14   | 11,774,881   | 11,056,793  |
|   |      | <hr/> <hr/>  | <hr/> <hr/> |

Notes to and forming part of these accounts are set out on pages 17 to 27.

**TEACH FOR AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**1. STATEMENT OF ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Australian Charities and Not – for – profits Commission Regulations 2013.

The company has applied AASB 1053 for the year. This standard establishes a differential reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements being Tier 1 – Australian Accounting Standards and Tier 2 – Australian Accounting Standards – Reduced Disclosure Requirements. The company being classed as Tier 2, continues to apply the full recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2 and later amending Standards, as relevant.

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

**Basis of Preparation**

The accounting policies have been consistently applied to all periods presented.

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

**Accounting Policies**

**a) Property, plant and equipment**

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

Plant and equipment are measured on a cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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**FOR THE YEAR ENDED 31 DECEMBER, 2016**

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 company and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

**b) Depreciation**

The depreciation amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, are depreciated over their useful lives to the economic entity commencing from the time the assets are held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

| Class of fixed asset | Depreciation Rate            |
|----------------------|------------------------------|
| Plant and equipment  | 25 - 50% pa<br>Straight line |

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

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

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

**c) Income Tax**

The company is exempt from income tax pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

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**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 value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**e) Employee Entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance 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.

Long service leave is accrued on a pro-rata basis after 5 years.

**f) Provisions**

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

**g) Cash and Cash Equivalents**

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

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**h) Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts or rebates allowed.

Where restricted use contracted funding or donation revenue and the expenditure for such revenue during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward in Funding in Advance and will be brought to account in future years as expenditure is incurred.

Restricted use may be designated the funder, donee or Teach For Australia.

Non restricted use contracted funding and donations are recognised at the time of receipt.

Interest income and service fees are recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Sponsorship income is taken up in the year to which it relates on an accruals basis.

**i) Goods & Services Tax**

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 balance sheet are shown inclusive of GST.

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

**j) Critical accounting estimates and judgements**

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

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

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**2. REVENUE**

|  | 2016                    | 2015                    |
|--|-------------------------|-------------------------|
| <i>Operating activities :</i>                    |                         |                         |
| <b>Government Funding</b>                        |                         |                         |
| Contracted funding brought forward               | 9,389,586               | 7,911,390               |
| Contracted funding income received               | 5,945,136               | 7,082,090               |
| Funding of projects in next year                 | (7,984,177)             | (8,899,044)             |
| Funding of projects in years following next year | -                       | (490,542)               |
| Total Government Funding                         | <u>7,350,545</u>        | <u>5,603,894</u>        |
| <b>Restricted Use Donations</b>                  |                         |                         |
| Donations brought forward                        | 327,774                 | 133,941                 |
| Donations received                               | 1,865,199               | 1,265,044               |
| Donations carried forward                        | (586,639)               | (327,774)               |
| Total Restricted Use Donations                   | <u>1,606,334</u>        | <u>1,071,211</u>        |
| <b>Unrestricted Use Donations</b>                |                         |                         |
| Foundations, philanthropic & public donations    | -                       | 0                       |
| Interest received from banks & other             | 315,860                 | 327,991                 |
| <b>Total revenue</b>                             | <u><u>9,272,739</u></u> | <u><u>7,003,096</u></u> |

**3. SURPLUS BEFORE INCOME TAX EXPENSE**

|   | 2016              | 2015              |
|---|-------------------|-------------------|
| Surplus from ordinary activities before income tax expense has been determined after: |                   |                   |
| Depreciation of property, plant & equipment   | 59,531            | 30,538            |
| Movement provision for employee entitlements  | 96,320            | 26,594            |
| Rental expense on operating leases  | 138,830           | 141,927           |
|   | <u>          </u> | <u>          </u> |
| Remuneration of Auditors :  |                   |                   |
| Audit of the financial report   | 5,000             | 4,400             |
| Other services  | 2,460             | 1,670             |
|   | <u>          </u> | <u>          </u> |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. TRADE & OTHER RECEIVABLES**

***CURRENT***

|                             | <b>2016</b>      | <b>2015</b>      |
|-----------------------------|------------------|------------------|
| Trade debtors               | 1,716,167        | 3,729,555        |
| Prepayments and recoverable | 296,057          | 178,335          |
| Interest receivable         | 116,858          | 67,384           |
|                             | <u>2,129,082</u> | <u>3,975,274</u> |

**5. PROPERTY, PLANT & EQUIPMENT**

|                              | <b>2016</b>    | <b>2015</b>   |
|------------------------------|----------------|---------------|
| Plant and equipment, at cost | 611,658        | 375,262       |
| Accumulated depreciation     | (368,085)      | (308,554)     |
| Total                        | <u>243,573</u> | <u>66,708</u> |

***Movements in Carrying Amounts***

|  |                |               |
|--|----------------|---------------|
| Balance at the beginning of the period | 66,708         | 38,946        |
| Additions                              | 236,396        | 58,300        |
| Disposals                              | -              | -             |
| Depreciation                           | (59,531)       | (30,538)      |
| Balance at the end of the year/period  | <u>243,573</u> | <u>66,708</u> |

**6. TRADE & OTHER PAYABLES**

***CURRENT***

|                                      | <b>2016</b>    | <b>2015</b>    |
|--------------------------------------|----------------|----------------|
| <i>Unsecured liabilities</i>         |                |                |
| Trade creditors and accrued expenses | 384,539        | 601,415        |
|                                      | <u>384,539</u> | <u>601,415</u> |

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**7. PROVISIONS**

***CURRENT***

|  | <b>2016</b>   | <b>2015</b>   |
|--|---------------|---------------|
| Employee entitlements at start of period | 197,289       | 136,141       |
| Employee entitlements used               | (305,159)     | (187,658)     |
| Additional provisions                    | 333,185       | 248,806       |
|  | <hr/> 225,315 | <hr/> 197,289 |

***NON CURRENT***

|  |               |               |
|--|---------------|---------------|
| Employee entitlements at start of period | 113,340       | 147,894       |
| Additional provisions                    | 68,294        | (34,554)      |
|  | <hr/> 181,634 | <hr/> 113,340 |

***TOTAL***

|               |               |
|---------------|---------------|
| <hr/> 406,949 | <hr/> 310,629 |
| <hr/> <hr/>   | <hr/> <hr/>   |

**8. LEASE AND HIRE PURCHASE COMMITMENTS**

**a) Operating leases**

Commitments in relation to non-cancellable  
Operating leases are payable as follows :

|                      | <b>2016</b>  | <b>2015</b>   |
|----------------------|--------------|---------------|
| Due within 1 year    | 78,246       | 137,266       |
| Due within 2-5 years | -            | 78,246        |
| Due after 5 years    | -            | -             |
|                      | <hr/> 78,246 | <hr/> 215,512 |
|                      | <hr/> <hr/>  | <hr/> <hr/>   |

The Melbourne office lease is for a period of 2 years from 06/08/15 and predetermined inflationary increases on each anniversary. Rent is payable in advance.

**9. MEMBERS' GUARANTEE**

The company is 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 outstanding obligations of the company. At 31 December, 2016, the number of members was 6.



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**10. KEY MANAGEMENT PERSONNEL COMPENSATION**

|                          | 2016      | 2015      |
|--------------------------|-----------|-----------|
| Short term benefits      | 1,215,277 | 1,068,866 |
| Other long term benefits | 254,895   | 190,914   |
|                          | <hr/>     | <hr/>     |
| Total                    | 1,470,172 | 1,259,780 |
|                          | <hr/>     | <hr/>     |

**11. POST BALANCE SHEET EVENTS**

There were no significant post balance sheet events after the financial year end.

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**12. FINANCIAL RISK MANAGEMENT**

**Interest Rate Risk**

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

|                         | Weighted<br>average<br>effective<br>interest<br>rate |      | Floating Interest Rate |           | Fixed Interest Rate |           |
|-------------------------|--|------|------------------------|-----------|---------------------|-----------|
|                         | 2016   | 2015 | 2016                   | 2015      | 2016                | 2015      |
|                         | %  | %    | \$                     | \$        | \$                  | \$        |
| <b>Financial Assets</b> |  |      |                        |           |                     |           |
| Cash at Bank            | 2.6  | 2.45 | 874,887                | 2,468,619 | 10,899,995          | 8,588,174 |

Interest rate risk is managed using a combination of floating rate and fixed interest rate finance. The fixed interest rate deposit represents a longer term investment.

**Liquidity Risk**

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or meeting its fixed spending obligations. The company manages this risk through tight budgetary control.

**Credit Risk**

Exposure to credit risk relating to financial assets arises from the non performance of counterparties of contract obligations that could lead to financial loss.

Credit risk is managed by ensuring that an adequate level of funding is received prior to providing services. Risk is also minimised by investing surplus funds only in institutions with a high credit rating.

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 of those assets, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

The company receives its funding primarily from State and/or Federal Government. Funding is received in advance of provision of services.

**Price Risk**

The company is not exposed to any material commodity price risk.

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**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**Net Fair Value**

The net fair value of assets and liabilities approximates to their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the accounts.

**13. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH SURPLUS AFTER INCOME TAX**

|  | <b>2016</b>    | <b>2015</b>      |
|--|----------------|------------------|
| Surplus after income tax                                       | 315,860        | 315,035          |
| Depreciation   | 59,531         | 30,538           |
| Decrease/(Increase) in debtors                                 | 1,846,192      | (723,910)        |
| (Decrease)/Increase in creditors                               | (210,900)      | 83,874           |
| (Decrease)/Increase in funding in advance                      | (1,152,519)    | 1,672,029        |
| Increase in provisions   | 96,320         | 26,594           |
|  | <hr/>          | <hr/>            |
| <b>Net cash (absorbed)/ provided from operating activities</b> | <b>954,484</b> | <b>1,404,160</b> |
|  | <hr/>          | <hr/>            |

**14. CASH & CASH EQUIVALENTS**

|                          | <b>2016</b> | <b>2015</b> |
|--------------------------|-------------|-------------|
| Cash at bank and in hand | 11,774,882  | 11,056,793  |
|                          | <hr/>       | <hr/>       |

The weighted average interest rate on bank balances was 2.6%pa (2015 – 2.45%)

***Reconciliation of Cash***

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows :

|                              |            |            |
|------------------------------|------------|------------|
| Cash at bank and in hand     | 11,774,882 | 11,056,793 |
| Cash per cash flow statement | 11,774,882 | 11,056,793 |
|                              | <hr/>      | <hr/>      |

***Credit Standby Arrangement & Loan Facilities***

The company had a \$85,000 (2015 - \$25,000) credit card facility at the year end.

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**15. RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless stated.

During the year under review, Ms Melodie Potts Rosevear, director and company secretary, was paid remuneration, including superannuation and benefits, of \$240,688 (2015 - \$201,571) for services provided in her role as Chief Executive Officer of the company.

An associate of Ms Potts Rosevear was paid remuneration of \$194,169 (2015 - \$61,810).

**16. RESERVES**

The Restricted Reserves records philanthropic funds, donations and other funding to be expended only on specific program activities and operational needs or capital projects as restricted by the funder.

**17. SEGMENT REPORTING**

The company acts solely within Australia.

**18. CAPITAL COMMITMENTS**

As at 31 December, 2016, the company had capital commitments of \$54,100 for the design and implementation of the new financial system.

**19. COMPANY DETAILS**

The company is a company limited by guarantee and incorporated in Australia. Its registered office and principal place of business are:

Level 1  
103 Flinders Lane  
Melbourne  
Victoria 3000  
Australia

The average number of employees during the year was 51 (2015 – 42).