

CROMWELL COLLEGE

Within the University of Queensland

ANNUAL REPORT 2022

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CHAIRPERSON'S REPORT 2022

Our Cromwell College Mission Statement is:

- *Developing leadership,*
- *Supporting academic performance,*
- *Forming a person who understands their responsibility to themselves and the community, by supporting and encouraging an improved social conscience and social awareness.*

Cromwell College is a community that welcomes and supports a diverse group of students, not necessarily the greatest academics or the most accomplished sportspeople but those who would most benefit by the College experience. Bursary programs funded by the Foundation facilitate access to the College for students who would not otherwise be able to afford it. Nevertheless, our academic achievements remain high. The spirit of support and pride in the College is strongly evident throughout the student body but also in the staff and College leadership.

It is the Cromwell College belief that excellence in scholarship is not confined to academic achievement but also experience in a full range for sporting, cultural, social and spiritual activities. There are many activities for students to choose from as well as personal and academic support from a range of people within the College community and the community environment itself. Because of this our academic results and university retention rates are higher than the average.

I occasionally refer to the need for Cromwell to be “unbreakable” – to be strong enough in all areas that it can survive unexpected setbacks. This requires planning, financial strength and effective governance and administration not over one year but many. It is fair to say that despite possible setbacks in the form of economic difficulties, weather events, COVID restrictions and construction challenges, Cromwell remains buoyant and futures focussed.

Cromwell maintains a healthy relationship with the other nine residential colleges, the University and the sector nationally. The University Colleges Australia (Queensland Chapter) meets monthly. The University of Queensland Relationships Framework is now fully operational, with the Deputy Provost responsible for communications with the residential colleges including regular Heads of Colleges meetings. The first annual meeting for chairs and heads was held in January.

The College works with the Uniting Church through Uniting Education Schools and Colleges (Uniting Education) whose purpose is *to foster a relationship and connection between the Schools and Colleges and the wider church.*

While 2022 commenced once again with a full College, we are aware of the environment in which we operate. University Colleges in general are being challenged by circumstance often beyond their control – in particular the economic climate, tertiary learning alternatives and changes in student preferences for accommodation. Changes to our client and physical environments continually need to be responded to.

The College Board of Governors gives an intentional direction for the College and drives continual improvement in current activities and through the introduction of new initiatives. The immediate outcomes are in a more positive university experience for our students with overall higher academic outcomes and a higher course retention rate than the general university student population.

The review of our strategy plan commenced in 2021 to take us to 2025, was completed during the year, facilitated by Ian Doyle of Effective Governance, a leading consultant. Our new strategy plan is unprecedented in its consultative process and detail.

In the second half of the year a major review of the Cromwell Constitution was commenced, once again with the assistance of Ian Doyle from Effective Governance. The annual Board retreat in February was devoted to an in-depth exploration of the significant areas of the Constitution and to date a draft has been produced ready for final review and ratification.

The Board members have given of their time and diverse skills for the betterment of the College: Executive Committee, the Property Committee, the Finance Committee and the Foundation as well as personal activities. A major factor in the Board's effectiveness is the range of backgrounds, talents and interests bringing a multifaceted dimension to decision making. I thank them for their commitment to the College. Dr Al Jury, the University of Queensland appointed director to the Board, resigned at the end of 2022 as he has left his position with the University. His replacement is being negotiated. Professor Polly Parker has left the Board due to her increased work commitments. Dayrelle Abbey who has been with us for some time as a Uniting Church appointee, tendered her resignation and was replaced by Johannes Solymosi.

We remain in a financially strong position.

The property plan remains active with continual upgrades to facilities. The major renovations to the administration block, entrance and installation of new tutorial rooms commenced in 2021 were completed mid-year and has been a great benefit to our tutorial program and administrative efficiency as well as the aesthetics of Cromwell.

COCA – the Cromwell Old Collegians' Association – publishes the College's contact newsletter, COCA News. In addition to social functions, the increasing number of alumni who are being identified are supporting current students through business breakfasts and as academic tutors.

The Foundation under the leadership of Foundation chair Richard Shannon provides financial support to give students access to the College. The expenditure on bursaries is rising continually. One pleasing program in conjunction with the university of Queensland is "Giving Day" which is a major financial benefit, in 2022 providing the funds to outfit the new tutorial rooms with learning technology.

The sense of vitality and community at Cromwell are a continual joy and we should all be proud of the year's achievements.

I would like conclude by thanking:

- Our Principal and his wife Simon and Dr Kylie Armstrong for leadership
- The staff and families - the Deputy Principal, Dean of Students and Business Manager; and people associated with college services – student advisors, housekeeping, buildings and maintenance, grounds, kitchen and administration.
- The Students' Association who have worked with the Principal and the Board of Governors in making this a great place.
- Those who have given financial support to Cromwell.

Finally, there is my thanks to God for the goodness he has shown our College and my prayers to him that his blessings will continue.

Dr Joe Goodall
Chairperson

PRINCIPAL'S REPORT 2022

The year commenced with the College at capacity, However, as the year progressed a number of students departed due to mental wellbeing issues, financial constraints, poor academic performance and not meeting College behavioural expectations. The retention rate for students continuing into their second and third years at the College were at 89% and 65% respectively. In addition to this, over 230 applications were received and processed ensuring the College will be at capacity at the commencement of 2023.

The student Association Executive continued to provide social and service events to engage our students. Spiritual enquiry continues to grow through a combination of students interest assisted by their preferred supporting organisation. Our relationship with Red Frogs continues and we thank them for their support at our many social initiatives. These social events remain an integral part of college life that combine to make the complete residential college experience.

Risk and wellbeing

The safety and wellbeing of all members of our community remained a priority, with the COVID pandemic continuing to impact on College operations and procedures. Vaccinations were made mandatory for staff and students living and working on site as well as any other contractors and visitors to the College. The College closely followed the guidelines established by Queensland Health and The University of Queensland regarding the development and implementation of our COVID management plan and protection procedures. This resulted in a number of measures introduced and managed at various times through the year as detailed below.

- Staggered arrivals for new students
- Limited number of visitors accompanying new arrivals
- Reduced numbers in Dining Hall during meal times
- Kitchen prepared pre-cooked meals for freezing
- Staff trained to operate kitchen equipment
- Increased cleaning services
- Purchas of sanitising equipment
- Rapid Antigen Test kits purchase
- Reduced residential College exchanges during P and O Week
- Reduced number of students permitted to attend ICC events
- Register of students testing positive and associated quarantine measures and protocols

The prevalence of mental wellbeing challenges increased over this period with research highlighting the impact of COVID-19 on young people, with major changes to their social lives, study and work opportunities. Flow on impacts of COVID have also led to increased psychological distress and a blowout of wait times to see health professionals in a timely manner. The College remains committed to providing support for our students through our College counsellor, College staff and Residential Assistants. Our pastoral focus and availability to address issues quickly is further supported with the Principal, Deputy Principal, Dean of Students and Senior Staff, all being on site.

College Events

The College year commenced with the traditional P Week program where RAs, members of the Students Executive and O week Committee members participated in a variety of activities and workshops to support their leadership journey and to better equip them in

achieving the collective goal of a positive Cromwell experience for both our incoming and returning students.

Our O week program, whilst somewhat compromised by COVID restrictions, continued to focus on forging friendships and immersing our newest residents into the fabric of our Cromwell family. Our leaders ensured that students completed a week of memorable events and experiences that challenged our students.

Organised social events are an integral part of College life that contribute greatly to the complete residential college experience. Coordinated primarily by the student elected Social Committee, these events draw on some of the traditions from previous years but also set new cultures, expectations and initiatives that align with current student interests and expectations.

The devastating floods negatively impacted on the start to the new university year, with classes cancelled due to extensive flooding. This also impacted on ICC events with facilities inundated by flood waters. Thankfully, our position “on the hill” meant we were not adversely affected, however, our operations were compromised by flooded surrounds resulting in staff unable to get to the campus and the return of some students impossible until waters receded. Once the ICC schedule commenced our students performed admirably across all the sport, cultural and service events. As is always the case, our students participated and competed respectfully and again the support from our students set us apart from the other college with undoubtably the largest support group at ICC events.

Academic

Our students continued to perform very well academically with a combined GPA for the year of 5.06. Over the course of the academic year, 14 students achieved a GPA of 7. In acknowledgement of the importance of our students’ academic performance, an additional Academic Dinner was added at the beginning of the year to celebrate the results of our returning students from Semester 2 of the previous year. This new initiative acknowledged 31 students with a GPA of 6 or better and a further 61 students at the Academic Dinner later in the year.

Capital Works

Latent conditions, floods, COVID restrictions and other construction and supply challenges delayed the completion of renovations and construction of tutorial rooms, Administration Centre and College entrance. Whilst the extent of the delays were not anticipated the decision by the Board to proceed with the first major project for the College in over a decade during a challenging financial period in the construction industry resulted in a significant saving for the College. An addition to the project was the landscaping of the front entrance which complimented the major capital works projects and now provides a more distinct entrance to the College.

Other capital works projects completed at the end of 2022 included

- Replacement of fire detectors
- Installation of solar panels

These projects were brought forward to reduced operational expenditure in 2023 and beyond.

Partnerships and Relationships

Affiliated with Uniting Education Schools and Colleges (Uniting Education) the College continued to explore opportunities to continue the relationship with this organisation. The purpose of Uniting Education is to assist and advise the Synod Standing Committee of the Queensland Synod of the Uniting Church in fulfilling its' obligations relating to the oversight of schools and residential colleges in which the Church has an interest.

The Relationship Framework between The University of Queensland (UQ) and St Lucia Campus Affiliated Residential Colleges was finalised in August. UQ acknowledged the positive experience, support and assistance the Colleges have offered to UQ students and the value of UQ and the affiliated residential colleges working collaboratively in matters of mutual interest, including wellbeing, and experience.

Governance

The Board of Governors invested in a strategic planning initiative for future sustainability, growth and benefit of Cromwell College. Effective Governance, a leading provider of governance professional development and consulting services across Australia, were engaged to assist in the development of Cromwell College's "Strategic Directions Document 2022 -2025". The process commenced with consultation with Cromwell students, families, staff and wider community members. Data drawn from a combination of surveys, focus groups and interviews with various stakeholders contributed to a broader external and internal and university sector analysis to identify the opportunities, gaps and strengths for the College. This information, together with a number of workshops with the Board and Cromwell Senior Management staff informed the development of the Strategic Directions documents that outlined the goals, core strategies and initiatives based on the Cromwell College vision, mission and values.

The Board also commenced a review of the current constitution with a focus on a revised and "current" document ready for approval and adoption by mid 2023.

The College continues to be governed by a volunteer Board, led by chairperson Dr Joe Goodall. This year the College welcomed UC appointed member Johannes Solymosi. Long standing Board member, Dayrelle Abbey tendered her resignation early in the year as did Professor Polly Parker later in the year. I acknowledge and thank these Board members for their support, guidance, dedication and commitment and extend this thanks to all members of the Board of Governors.

The College remains dedicated to fostering a positive and productive relationship with the College Foundation and Cromwell Old Collegian's Association (COCA).

As is evident from this report, the 2022 College year was not without its challenges, however, in true Cromwell spirit, staff and students rose above these various adversities with a continued positivity and resilience throughout the year. With Cromwell College staff committed to a culture of continuous improvement with the constant review of the Cromwell brand and promise, decisions and actions relative to a positive experience for students and staff resulted in a successful year for all.

My sincere thanks to the wider Cromwell community for their ongoing support as Principal and I look forward to continuing my servant leadership in 2023 and beyond.

Simon Armstrong

Principal/CEO

SECRETARY'S REPORT

Six general meetings of the Board were held during 2022. Those holding office during the year were as follows:

TRUSTEES:

Chairperson: Dr J Goodall
Treasurer: Ms J Young
Secretary: Mr B de Jong

BOARD OF GOVERNORS:

The number of meetings attended is indicated in brackets.

Ex officio: The Principal, Mr. S. Armstrong

Elected by the Uniting Church, Queensland Synod:

Mr B B de Jong	(5 of 6)
Dr J Goodall	(6 of 6)
Rev P J Lockhart	(5 of 6)
Mr J Solymosi	(1 of 1)
Ms J Young	(4 of 6)

Elected by the Board of Governors:

The Hon Justice J A Logan	(4 of 6)
Mr A E McChesney-Clark	(6 of 6)
Dr S Bade	(3 of 6)
Mr R Shannon	(5 of 6)
Dr Dolly Parker	(4 of 6)
Ms J Landmark	(5 of 6)

Life Governors:

Mr M J C Head
Mr B B de Jong
Mr A E McChesney-Clark

Elected by Cromwell College Old Collegians' Association:

Ms L. Hornemen-Wren	(3 of 6)
Mr A. Wrigley	(1 of 6)

Appointed by the Senate of the University of Queensland:

Dr Al Jury	(4 of 5)
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Elected by Cromwell College Students' Association:

Ms A, Henderson	(4 of 6)
Mr M. Hewitt	(5 of 6)

Visitor to the College:

Rev A. Gunton

OFFICERS AND COMMITTEES:

At the 71st Annual General Meeting held on 9th March 2022, the following officers were elected:

Chairperson:	Dr J Goodall
Deputy Chairperson:	Mr R Shannon
Secretary:	Ms J Landmark
Treasurer:	Ms J Young

Property Committee

Six Property Committee meetings were held during the year.

Mr A E McChesney-Clark - Chairperson	(6 of 6)
Mr S L Armstrong	(6 of 6)
Mr M Crome	(5 of 6)
Mr J March	(6 of 6)
Mr N Yarrow	(6 of 6)
Ms A Henderson	(3 of 6)
Mr M Hewitt	(3 of 6)
MS J Young	(2 of 6)

Finance Committee

Seven Finance Committee meeting was held during the year.

Ms J Young - Chairperson	(7 of 7)
Mr S L Armstrong	(6 of 7)
Mr B de Jong	(5 of 7)
Mr M Crome	(6 of 7)
Mr J March	(6 of 7)
Ms A Henderson	(7 of 7)
Mr M Hewitt	(3 of 7)
Ms J Landmark	(6 of 7)

APPOINTMENTS:

Bentleys was appointed as College Auditor.

Short Statement

In 2022 the major refurb of the Administration building provided additional challenges for Board of Governors meetings during the first half of year but provided the Board a purpose built space to oversee the operations of the College.

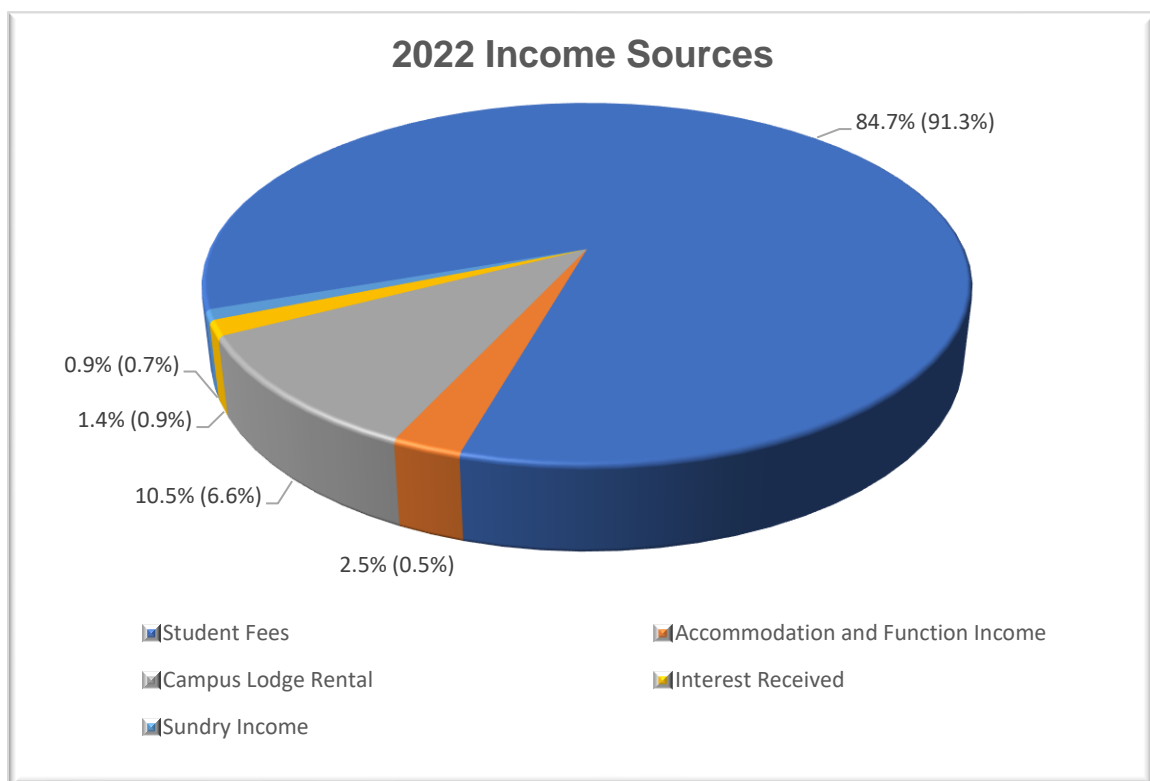
Thanks to all who have contributed to the management of the College in 2021, in particular to the Principal, Simon Armstrong, his staff, the Board of Governors, Cromwell supporters and the students who call Cromwell home.

Joanne Landmark
Secretary

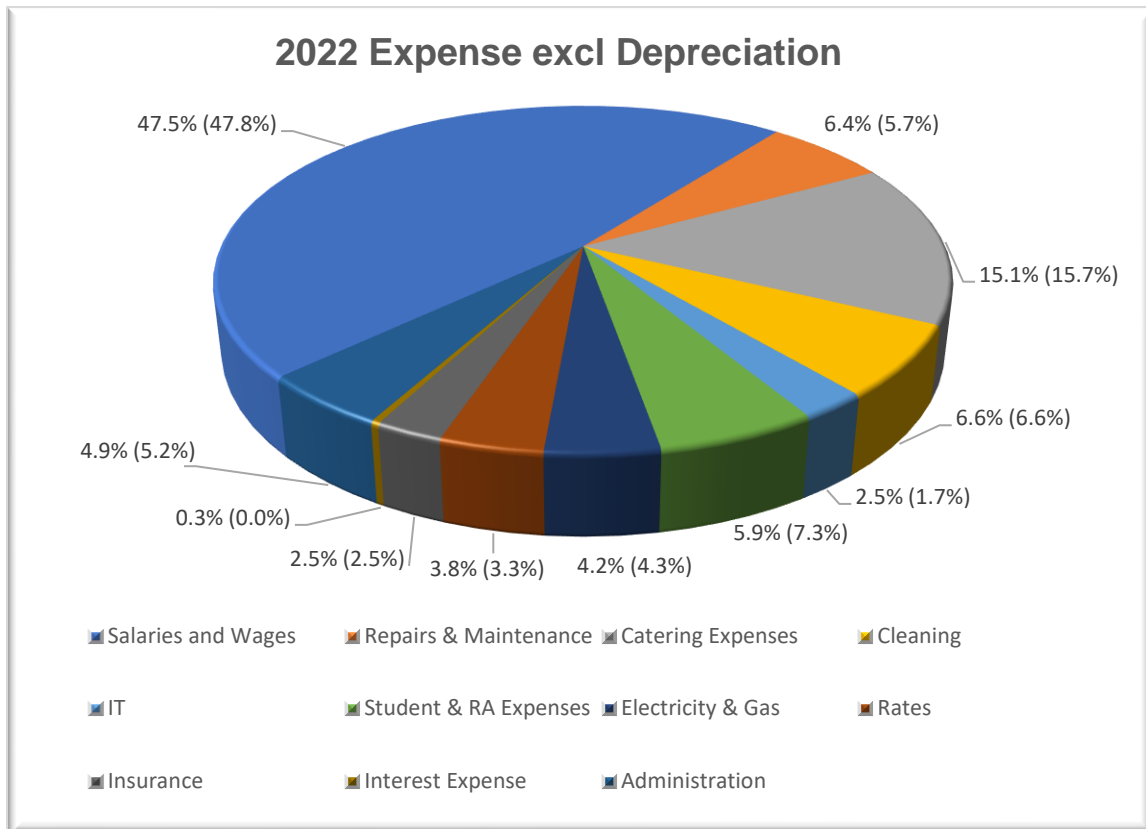
TREASURER'S REPORT

2022 was a year marked by the completion of the first major construction project in the last 10 years, and the resultant disruption to student and College life over the 2021/2022 years. The extended time frame of the administration refurbishment and student tutorial rooms project was well managed by the College Executive team with minimal effect on the College income. Our thanks and congratulations to the College team who worked from a variety of locations, adapting to changes as they came, and managing to keep the College operating on an even keel. College revenue was up by 3% on 2021 figures, largely as a result of the return of the overseas market into Campus Lodge.

The College, along with similar businesses, has experienced significant cost increases over the year, with percentage increases as follows: staffing (4%), food (9%), maintenance (21%) and general operations (13%). Steps were taken in late 2022 to bring forward some capital projects (fire panel replacement) to respond to significant overbudget costs for fire callouts and the 2023 budget was reforecast to take into account expected increases in costs. The change of the calculation of GST liability calculation for Residential Colleges provides a level of complexity in ensuring future profitability and sustainability while ensuring that the College does not incur an unnecessary tax burden.



The construction of the tutorial rooms and the Administration upgrade was a project with a \$3.45 million budget, financed through an equity loan with NAB and through the College's cash reserves. At year end, the College had drawn \$1.857 million on the equity loan, with the expectation that this loan will take 4-5 years to repay in full. This equity loan is on call at a 90 day period so needs to be considered a current liability despite the College's repayment intentions over a much longer period.



Components of overall income and expense, in percentage terms, are shown in the following pie charts with previous year's percentages shown in brackets.

The overall financial result was an operating deficit of \$347,906 for the year and reflects the increased costs faced by the College without a similar increase in income. EBIDA for 2022 was 10.75% compared with 15.06% in 2021.

The College remains in a sound financial position at year end with net assets of \$19,633,614; cash reserves of \$2,558,630 and financial investment assets of \$1,460,125. There is a need for focused attention on employee provisions, particularly accrued annual leave to ensure that employees are encouraged to take leave as both a work health and safety measure and also to limit College liability. The College current ratio 1.19 is at appropriate benchmark range, but if the College were required to realise its current liabilities within a 90-day period, the College would need to access either the NAB term deposit or the JB Were investment portfolio to meet those liabilities.

In 2021, the College elected to adopt the new Simplified Disclosure (SDS) published financial reports format ahead of the 2022 requirement so comparatives and reporting for the 2022 year is compliant with the new Standard.

The Finance Committee has been ably supported by the College Executive and in particular by the Business Manager Mr Jason March. They have demonstrated professionalism and expertise in the steering of the College through this last 12 months and deserve our thanks for this result.

Judy Young

Treasurer

Cromwell College

Within

The University of Queensland

ABN 12 375 462 554

Financial Report

For the Year Ended 31 December 2022

GENERAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CROMWELL COLLEGE**



Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cromwell College (the "College"), which comprises the statement of financial position as at 31 December 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the College Council.

In our opinion the financial report of the College is in accordance with Division 60 of the *Australian Charities and Not-for-Profit Commission Act 2012*, including:

- (i) giving a true and fair view of the College's financial position as at 31 December 2022 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulations 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the College in accordance with the ethical requirements of the Australian Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration, which has been given to the directors of the College, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the College Council for the Financial Report

The College Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Non-for-Profits Commission Act 2012*. The College Council's responsibility also includes for such internal control as the College Council 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 College Council is responsible for assessing the ability of the College to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the College Council either intend to liquidate the College or to cease operations, or has no realistic alternative but to do so.

The College Council is responsible for overseeing the College's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CROMWELL COLLEGE**



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 College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the College Council.
- Conclude on the appropriateness of the College Council's 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 College'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 College 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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink that reads "Bentleys".

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

A handwritten signature in blue ink that reads "Stewart Douglas".

Stewart Douglas
Director
Brisbane
2 May 2023

DECLARATION BY THE COLLEGE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2022


In accordance with a resolution of the Council of Cromwell College,
The College Council declares that:

- a) The attached financial statements and notes present fairly the College's financial position as at 31 December 2022 and its performance for the year ended on that date in accordance with the Australian Accounting Standards applicable to the College and the Australian Charities and Not-for-Profits Commission Act 2012; and
- b) There are, when this statement is made out, reasonable grounds to believe that the College will be able to pay its debts as and when they fall due.

This report is made in accordance with a resolution of the College Council and is signed for and on behalf of the Council by;



Dr Joseph Goodall
Chairman of Council



Judy Young
Treasurer

Date: 2nd May 2023

Cromwell College
Brisbane

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Revenue and income	2(a)	5,838,729	5,638,763
Employee expenses		(2,452,869)	(2,357,860)
Food and provisions expenses		(675,717)	(619,536)
Maintenance expenses		(327,708)	(270,898)
Finance expenses		(15,978)	-
Other expenses		(1,628,653)	(1,546,580)
Gains/(Loss) on Investments		(125,932)	6,311
Surplus from Ordinary Activities before depreciation		611,872	850,199
Depreciation and amortisation		(959,778)	(972,983)
Surplus/Deficit from Ordinary Activities after Related Income Tax		(347,906)	(122,784)
Other Comprehensive Income			
Revaluation of PPE		-	-
Disposal of revalued PPE		-	-
Total Comprehensive Income/Loss for the Year		(347,906)	(122,784)

The accompanying notes form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
CURRENT ASSETS			
Cash Assets	3	2,558,630	3,082,495
Receivables	4	204,292	101,804
Inventories	5	15,204	18,493
Other	6	206,443	127,287
Financial Assets	9	1,460,125	1,557,144
TOTAL CURRENT ASSETS		4,444,695	4,887,222
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	15,184,511	12,564,055
Intangibles	8	4,409	7,186
TOTAL NON-CURRENT ASSETS		15,188,920	12,571,241
TOTAL ASSETS		19,633,614	17,458,464
CURRENT LIABILITIES			
Payables	10	306,702	298,030
Contract Liabilities	11	1,369,412	748,485
Employee Provisions	12	193,054	170,521
Borrowings	13	1,857,518	-
TOTAL CURRENT LIABILITIES		3,726,687	1,217,036
NON-CURRENT LIABILITIES			
Employee Provisions	12	95,650	82,245
TOTAL LIABILITIES		3,822,336	1,299,281
NET ASSETS		15,811,278	16,159,183
RESERVES AND ACCUMULATED FUNDS			
Accumulated Funds	14	15,811,278	16,159,183
TOTAL RESERVES AND ACCUMULATED FUNDS		15,811,278	16,159,183

The accompanying notes form part of the Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Cash Flows from Operating Activities			
Receipts from customers		6,376,233	5,571,488
Payments to suppliers and employees		(5,242,281)	(4,731,196)
Interest received		34,819	28,810
Interest paid		(15,978)	-
Net cash provided by operating activities	17	<u>1,152,793</u>	<u>869,102</u>
Cash Flows from Investing Activities			
Payments for Intangibles		(5,000)	(9,581)
Proceeds from/(Purchases of) investments		-	(1,000,000)
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		(3,529,176)	(1,090,137)
Net cash provided by/(used in) investing activities		<u>(3,534,176)</u>	<u>(2,099,718)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		1,857,518	-
Net cash provided by/(used in) financing activities		<u>1,857,518</u>	<u>-</u>
Net Increase/(Decrease) in Cash Held		(523,865)	(1,230,616)
Cash at the Beginning of the Financial Year		<u>3,082,495</u>	<u>4,313,111</u>
Cash at the End of the Financial Year	3	<u>2,558,630</u>	<u>3,082,495</u>

The accompanying notes form part of the Financial Statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Retained Earnings	Reserves	Total
	\$	\$	\$
As at 1 January 2021	12,614,509	3,667,458	16,281,967
Net Deficit	(122,784)	-	(122,784)
As at 31 December 2021	<u>12,491,725</u>	<u>3,667,458</u>	<u>16,159,183</u>
As at 1 January 2022	12,491,725	3,667,458	16,159,183
Net Deficit	(347,906)	-	(347,906)
As at 31 December 2022	<u>12,143,820</u>	<u>3,667,458</u>	<u>15,811,278</u>

The accompanying notes form part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

Financial Reporting Framework

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements, except for the cashflow information have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

The College is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Where relevant, accounting policies are described throughout the report accompanying the quantitative notes to which they relate.

Significant Estimates and Judgements

The Councilors evaluate estimates and judgements incorporated into the financial statements 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 College.

The significant estimates and judgements made by the Council are disclosed throughout this report along within the notes to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Note	2022	2021
	\$	\$
2(a) REVENUE AND OTHER INCOME		
Overview		
<p>Revenue mainly comprises fees from students who reside at the College, and includes rental income from the likes of conferences and functions.</p> <p>Other income is typically in the form of Investment Income.</p> <p>Investment income is derived from a portfolio of investments that are managed by an external broker, as described in Note 9.</p>		
Revenue		
Student Fees	4,964,131	5,147,500
Rental Income	614,011	374,093
Conferences and Functions	146,586	26,482
	5,724,728	5,548,075
Investment Income		
Investment Distributions	45,668	37,119
	45,668	37,119
Other Income		
Net Donations Received/(Disbursed)	4,000	-
Interest Received	34,819	13,164
Profit (Loss) on Sale/Disposal of Assets	(19,910)	7,200
Sundry income	49,424	33,205
	68,333	53,569
Total Revenue and Other Income	5,838,729	5,638,763

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Note	2022 \$	2021 \$
2(a) REVENUE AND OTHER INCOME (CONTINUED)		

How we account for the numbers

Revenue is recognised at an amount that reflects the consideration to which the College is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the College: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Investment income is recognised when the benefits flow to and are controlled by the College in accordance with AASB 9 Financial Instruments. Investment income includes interest, dividends, realised and unrealised gains on financial assets. Interest income is recognised in the period in which it is earned. Dividends and distributions are recognised when the right to receive payment is established.

Donations and bequests are recognised as income when received.

2(b) EXPENSES

The operating result includes the following

Remuneration of auditors

- audit services	17,000	16,000
- other services; assistance with adoption of new financial reporting framework	-	1,500

Bad and Doubtful Debts	5,427	-
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Depreciation of Property, Plant & Equipment	952,001	970,589
Amortisation of Intangibles	7,777	7,777
	959,778	978,366

3 CASH ASSETS

Cash at bank	2,558,030	3,081,895
Cash on hand	600	600
	2,558,630	3,082,495

How we account for the numbers

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. There are no restrictions on the use of cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note	2022	2021
	\$	\$
4 RECEIVABLES		
Fees & Rent Receivable	164,207	32,683
Impairment of Receivables	(5,427)	-
ATO Receivable	37,190	60,019
Sundry Receivable	8,321	9,102
	<u>204,292</u>	<u>101,804</u>

How we account for the numbers

Trade and other receivables are recorded at amounts due less any provision for expected credit losses.

Significant estimates and judgements

The College recognises expected credit losses on Receivables. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The College uses the simplified approach to impairment of Receivables. The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

The College considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Receivables past due and impaired at 31 December 2022 is \$5,427

5 CURRENT INVENTORIES

Food & Beverage	15,204	18,493
	<u>15,204</u>	<u>18,493</u>

How we account for the numbers

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to stock on hand on a first in first out basis.

6 OTHER CURRENT ASSETS

Prepayments	181,943	125,633
Accrued Income	24,500	1,654
	<u>206,443</u>	<u>127,287</u>

How we account for the numbers

An asset is recognised for amounts incurred that will generate a direct future economic benefit

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Note	2022	2021
	\$	\$
7 PROPERTY, PLANT AND EQUIPMENT		
Furniture and equipment - at cost	5,211,044	5,173,593
Accumulated depreciation - furniture and equipment	(4,370,077)	(4,142,550)
	<u>840,966</u>	<u>1,031,044</u>
Motor vehicles - at cost	62,860	62,860
Accumulated depreciation - motor vehicles	(23,049)	(10,477)
	<u>39,811</u>	<u>52,383</u>
Land improvements - at cost	22,641,777	19,015,002
Accumulated depreciation - land improvements	(8,568,119)	(8,581,842)
	<u>14,073,658</u>	<u>10,433,160</u>
Capital Projects - Work in Progress	230,075	1,047,468
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u><u>15,184,511</u></u>	<u><u>12,564,055</u></u>

How we account for the numbers

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

Gains and losses on disposals are calculated as per the difference between the net disposal proceeds and the assets carrying amount at the time of disposal and are included in profit or loss in the year that the item is derecognised.

Land and Buildings

Freehold land and buildings are carried at their cost.

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

Land Improvements

Land improvements are carried at their cost.

Furniture and equipment and motor vehicles

Furniture and equipment and motor vehicles are carried at cost.

Donated assets

Donated assets are carried at fair value.

Capital WIP

Capital WIP relates to projects that have been commenced but are not yet completed. No depreciation is charged against Capital WIP.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

7 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Reconciliation of the movements in the carrying amounts of each class of property, plant and equipment between the beginning and end of the current year.

2022	Work in Progress	Equipment and Fittings	Land and improvements	Motor Vehicles	TOTAL
Balance at beginning of the year	1,047,468	1,031,044	10,433,160	52,383	12,564,055
Additions	3,359,070	86,032	147,266	-	3,592,368
Disposals at WDV	-	2,331	17,580	-	19,910
Transfers	- 4,176,463	96,266	4,080,196	-	-
Depreciation expense	-	370,044	569,385	12,572	952,001
Carrying amount at year end	<u>230,075</u>	<u>840,967</u>	<u>14,073,658</u>	<u>39,811</u>	<u>15,184,511</u>
2021					
Balance at beginning of the year	244,677	1,286,378	10,882,155	42,420	12,455,630
Additions	881,434	114,777	83,622	62,860	1,142,692
Disposals at WDV	-	4,378	18,319	40,982	63,679
Transfers	- 78,643	-	78,643	-	-
Depreciation expense	-	365,733	592,941	11,915	970,589
Carrying amount at year end	<u>1,047,468</u>	<u>1,031,044</u>	<u>10,433,160</u>	<u>52,383</u>	<u>12,564,055</u>

Significant estimates and judgements

Depreciation is charged on property, plant and equipment on a straight line basis.

Depreciation is calculated so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Land Improvements	5 – 40 years
Buildings	10 – 40 years
Furniture & Equipment	3 – 5 years
Motor Vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Note	2022 \$	2021 \$
8 INTANGIBLES		
Software		
At cost	14,582	30,866
Accumulated amortisation	(10,173)	(23,680)
	4,409	7,186

How we account for the numbers

Intangible assets are those without physical substance. Internally generated assets are not recognised on the Statement of Financial Position. Externally acquired assets are recognised at cost, less any impairment losses and amortisation. Finite-life intangible assets are amortised based on their expected useful life.

Movement in Carrying Amounts for the year

	Software	Total
Opening Balance	7,186	7,186
Additions	5,000	5,000
Amortisation	(7,777)	(7,777)
Closing Balance	4,409	4,409

9 INVESTMENTS

Overview

Surplus cash reserves are invested to meet the College's cashflow requirements to pay operational expenses and invest in capital projects for the future. The College invests across a diversified range of investments to achieve an appropriate balance between risk and return. Decisions on where to invest are dependent on expected returns, cash flow requirements, liquidity of the investment and credit quality.

Funds are invested with reputable brokers who in turn invest in and manage a portfolio consisting of Fixed income securities, Listed equities and a small amount of Cash.

Details of how the risks arising from Investments are managed are further described in Note 20.

Current - at market value

JB Were investment - managed fund	1,460,125	1,557,144
	1,460,125	1,557,144

How we account for the numbers

Fixed and call investments are shown at cost. Equity Investments are measured at fair value with changes in carrying amount being included in profit or loss. Interest and distributions are brought to account on an accruals basis.

These are classified as Fair Value Through Profit and Loss (FVTPL), further information on the accounting treatment of financial assets is included at Note 23 (c).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Note	2022	2021
	\$	\$
10 CURRENT PAYABLES		
Trade Creditors	52,366	118,637
Capital Works Creditors	74,767	11,575
Accrued Expenses	112,349	115,141
Superannuation & PAYG Payable	54,440	41,677
Accrued Audit Fees	12,781	11,000
Trade & Sundry Creditors	306,702	298,030

How we account for the numbers

Trade payables are recognised when the College becomes obliged to make future payments resulting from purchase of goods and services.

11 CONTRACT LIABILITIES

Overview

Other liabilities arise from: funds received by the College in advance of satisfying the relevant performance obligations to which they relate (e.g. providing accommodation; delivering certain activities).

Where the College does not have a legal right to defer their obligations beyond 12 months, such liabilities are classified as Current.

Fees received in advance - Cromwell College	941,251	552,011
Fees received in advance - Campus Lodge	341,521	190,570
Fees received in advance - Conference bookings	72,123	-
Other liabilities	14,518	5,904
	1,369,412	748,485

12 PROVISIONS

Current

Provision for long service leave	20,087	17,037
Provision for accrued annual leave	172,967	153,484
	193,054	170,521

Non-Current

Provision for long service leave	95,650	82,245
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How we account for the numbers

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of annual leave and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at time of settlement, plus any related on-costs.

Provisions not expected to be settled within 12 months are discounted using corporate bond rates with similar terms to the expected settlement period

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Note	2022 \$	2021 \$
13 BORROWINGS		
<i>Current</i>		
Equity loan	1,857,518	-

Overview

During the year the College entered into a \$2.5Million Equity Loan from NAB. At balance date \$1.85Million had been drawn with \$650K available to draw.

How we account for the numbers

Borrowings are carried at their principal amounts which represent present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due.

The loan is secured by the NAB Term Deposit and 50% of the JB Were investment portfolio referred to in Note 9.

14 ACCUMULATED FUNDS

Opening Balance	16,159,183	16,281,967
Net Deficit for year	(347,906)	(122,784)
Closing balance	15,811,278	16,159,183

15 CAPITAL COMMITMENTS

Overview

Capital commitments arise where the College has committed, by way of a contract, to capital works that have not yet occurred.

Capital commitments at the reporting date but not recognised as liabilities, payable:

Within one year	154,643	2,570,735
One to five years	-	-

16 CONTINGENCIES

Land under control of Cromwell College at St Lucia (Parish of Indooroopilly) is sub-

294 Carmody Rd (Lots 93-119) and 300 Carmody Rd (Lots 148-152 and Lots 1, 333)

The ultimate title of this land lies with the University of Queensland who has an indefinite Trust arrangement with Cromwell College, registered owner of Trustee of the mentioned land. The Trust Deed stipulates the following conditions on the College –

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Note	2022 \$	2021 \$
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16 CONTINGENCIES (CONT)

- All buildings erected and works conducted on the land must be approved by the Senate of the
- The College shall comply with The Residential Colleges Senate Rule of the University
- Cromwell College cannot, without prior approval of the Governor in Council and the Senate, mortgage, encumber or sell any part of the land
- In the event of any violations of the conditions above cant be remedied by the College, the Trust agreement becomes void allowing the Senate the right to claim all land and buildings

3 Rock Street (Lots 146-147)

This parcel of land is freehold property under the ownership of the Cromwell College. The land has been mortgaged to the National Australia Bank since October 2010 as collateral for capital financing for construction of the residential accommodation “Begbie Building” officially opened in June 2011.

Financial Liabilities

The NAB Term Loan was repaid in full by the College in 2014 ahead of schedule. During 2022 the NAB Term Loan was closed and replaced by the \$2.5M NAB Equity Loan facility.

ATO Div 129 Liability

Based on the GST Tool for Residential Colleges supplied by the Australian Taxation Office for 2022 the College will be input taxed for a proportion of its accommodation, which will likely create a Div 129 liability adjustment as at 31st December 2022. It is anticipated that the liability will be approximately \$40,000 after taking account of a GST Div 129 credit the College will receive from the 2020 calendar year of \$6,212 and a debit adjustment of \$20,000 for the 2021 calendar year. The College will be applying the ATO charity benchmarks in 2023 and beyond and there is an expectation the College will be GST free on accommodation and will create a positive Div 129 adjustment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17 CASH FLOW INFORMATION

CASH FLOW FROM OPERATIONS		
Deficit For the Year	(347,906)	(122,784)
<i>Non-cash flows in deficit</i>		
<i>Other</i>		
Depreciation	959,778	972,983
Net loss on sale of property, plant & equipment	19,910	22,697
Net investment income reinvested	(28,913)	(27,784)
Revaluation of investments	125,932	(6,311)
<i>Changes in Assets & Liabilities</i>		
(Increase)/decrease in receivables and prepayments	(158,799)	(44,596)
(Increase)/decrease in inventories	3,289	(6,171)
(Increase)/decrease in other assets	(22,846)	103,378
Increase/(decrease) in payables	566,410	28,279
Increase/(decrease) in provisions	35,938	(50,589)
NET CASH FLOW FROM OPERATING ACTIVITES	1,152,793	869,102

18 SUBSEQUENT EVENTS

The financial report was authorised for issue by the Council on the date the report was signed.
The Council has the power to re-issue the financial report.

19 COLLEGE INFORMATION

Principal place of business and address for correspondence

Cromwell College
60 Walcott St
St Lucia
Tel: (07) 33771300

20 FINANCIAL RISK MANAGEMENT - SIMPLIFIED DISCLOSURES

Overview

The finance committee is responsible for monitoring and managing the College's compliance with its risk management strategy and consists of senior board members. The finance committee's overall risk management strategy is to assist the College's in maximising returns while minimising potential adverse effects on the College's ability to fulfill its purposes. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements. Financial assets & liabilities of the College are summarized below:

Financial assets

Cash and Cash Equivalents - accounted for at fair value (Note 3)
Receivables - accounted for at amortised cost (Note 4)
Financial assets (portfolio investments managed by a broker) accounted for at Fair Value Through Profit or Loss (Note 9)

Financial Liabilities

Trade and Other Payables - accounted for at amortised cost (Note 10)

Risk Management

Risks related to financial instruments are managed as follows

Credit Risk

funds with reputable institutions, and entering into legally enforceable contracts with customers

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

20 FINANCIAL RISK MANAGEMENT - SIMPLIFIED DISCLOSURES (CONT.)

Liquidity Risk

The College manages liquidity risk by maintaining regular budgets and forecasts, and funding activities from reserves where possible.

The College secured an additional finance facility in 2022 to fund the increased capital works and is anticipated to repay the facility in full by 2025.

Interest Rate Risk

Interest revenue is incidental to operations and while partial drawdowns have been made on the finance facility, the College will repay the facility upon receipt of student fees and redraw as needed, so there is no significant interest rate risk for the College.

Market Price Risk

The financial assets in Note 9 can change in value according to market conditions. The College manages this risk by utilising the services of a professional fund manager, and not relying on the income from the returns to fund operations.

Sensitivity to market conditions

A change in market interest rates is unlikely to impact the College.

Changes in the overall Australian share market will impact returns on the managed investments. However, returns in 2022 were less than 1% of all income, and as investments are held for the longterm, the College would not necessarily have to realise any losses from a temporary downturn in the market.

21 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the College has access at that date

The College's accounting policies and disclosures require the measurement of fair values for the following:

*Financial assets and Fair Value Through Profit or Loss (as disclosed in Note 9 - Investments)

When one is available, the College recognises the fair value of an instrument using the quoted price in an active market.

If there is no quoted price in an active market, the College uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

21 FAIR VALUE MEASUREMENTS (CONTINUED)

The College's Investment are managed by an external broker, to whom the valuation process is delegated.

The broker invests the Colleges' funds in Equity Securities and Corporate Debt securities.

The valuation technique for valuing these securities is the *Market Comparison technique*, which is based on quoted bid prices published by the relevant exchange on which the securities are traded.

22 RELATED PARTIES

Overview

AASB 124 *Related Party Disclosures* requires disclosure of the compensation of Councilors (executive and non-executive) and those persons having authority and responsibility for planning, directing and controlling the activities of the College, either directly or indirectly. This group is collectively defined as key management personnel.

	2022	2021
	\$	\$
a. Key Management Personnel		
Total paid to persons responsible for managing and directing the College:	588,825	730,870
b. Other Related Parties		
There are no transactions with related parties.		

How We Account for the Numbers

Key Management Personnel consists of the following benefits:

Short-term employee benefits are those which are settled within 12 months from balance date, such as salary, wages and fringe benefits

Post-Employment benefits include defined contribution plans under which the College pays a fixed contribution into a fund during the course of employment.

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

Other Long-Term Employee Benefits are the liabilities for long service leave and annual leave are recognised in the provision for employee benefits and are measured as the present value of expected future payments to be made.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

23 OTHER ACCOUNTING POLICIES

Overview

This section includes other information that must be disclosed to comply with Australian Accounting Standards.

(a) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(b) Income Tax

No provision for income tax has been raised as the College operates solely as a non-profit public educational institution and, accordingly, is exempt from income tax under Section 23(e) of the Income Tax Assessment Act 1936 and Section 50-5 of the Income Tax Assessment Act 1997.

(c) Financial Instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for any transaction costs.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Classifications are determined by the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Impairment of financial assets

The College considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk; and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Recoverable Amount of Non Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

(e) Accounting Standards Issued Not Yet Effective

The Australian Accounting Standards Board has issued or amended a number of Accounting Standards and interpretations which are applicable to the College but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60.40 OF THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012**


TO THE COLLEGE COUNCIL OF CROMWELL COLLEGE

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane
2 May 2023