



Consolidated Financial Statements

The Cairnmillar Institute

ABN 27 005 085 423

31 December 2017

# Contents

	<b><i>Page</i></b>
Directors' Report	1-6
Auditor's Independence Declaration	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12-23
Directors' Declaration	24
Independent Auditor's Report	25-26

# Directors' report

The Directors present their report on the Company and its Controlled Entities for the year ended 31 December 2017.

## **Directors**

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

- Mr Clive Appleton (resigned 18 October 2017)
- Mr Ian Chisholm
- Mr Rowan Kennedy
- Dr Julie Shaw
- Mr Les Posen
- Mr David Norman Loader
- Mrs Kathryn Von Treuer
- Ms Carolyn Deveny
- Dr Coral Brown (appointed 27 July 2017)

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

## **Objectives**

### **Short term**

To provide clinical services by way of psychotherapy in respect of psychological disorders, mental health problems, personality disorders and problems of living such as coping with loss and grief, breakdown of relationships in the family and work place problems;

To act as a Higher Education Provider in psychology, counselling and psychotherapy and professional education for health professionals;

To undertake research in specialist areas of counselling, psychotherapy and professional education including traumatised children, ageing and problem gambling;

To provide community education and awareness raising in relation to mental health and well-being.

Dated this 24th day of May 2018

### **Long term**

To develop the specialisation and focus of clinical services and expand those services;

To expand the research profile and publications of Cairnmillar;

To consolidate the status of Cairnmillar as a specialist Higher Education Provider.

# Directors' report

## **Strategy for achieving the objectives**

By maintaining a high standard of specialist clinical service delivery;  
By increasing the quality of the provision of Higher Education services provided by Cairnmillar;  
By continuing to attract private and public funding to Cairnmillar.

## **Principal activities**

The principal activities of the consolidated group during the year were the provision of professional psychological services, higher education, professional training for practitioners, and for academic research.

## **Performance measures**

### **Treatment**

Continue to build the reputation of the organisation as a centre known for excellence in the provision of professional psychological services, higher education, professional training for practitioners, and for academic research.

### **Education**

Continue to build the reputation of the Cairnmillar School as a Higher Education provider with authorisation and accreditation to conduct the following programs:

- Graduate Diploma of Psychology
- Master of Counselling and Psychotherapy
- Graduate Diploma of Counselling and Psychotherapy
- Graduate Certificate of Counselling and Psychotherapy
- Master of Professional Psychology Practice
- Master of Psychology (Clinical Psychology)
- Master of Professional Psychology
- Doctor of Psychology (Clinical Psychology)

The psychology programs have been accredited by The Australian Psychology Accreditation Council (APAC) as having university equivalence. The counselling and psychotherapy programs have been accredited by The Psychotherapists and Counsellors Federation of Australia (PACFA).

### **Research**

To continue to apply for and attract private and public funding for research projects such as SAGE and The Big Tent Project.

## Directors' report

### Directors' Meetings

The number of meetings of the company's Board of Directors held during the year and the number of meetings attended by each Director were:

	No. meetings eligible attend	No. Attended
Mr Clive Appleton	5	0
Dr Coral Brown	3	2
Mr Ian Chisholm	6	3
Ms Carolyn Deveny	6	5
Mr Rowan Kennedy	6	6
Assoc Prof David Loader	6	6
Mr Les Posen	6	6
Ms Julie Shaw	6	6
Prof Kathryn von Treuer	6	6

### Qualification of Directors

#### **Mr Clive Appleton MBA AMP/ISMP (Harvard) PostGradDip Mktg BEc**

Mr Clive Appleton is the Executive Director of Private Funds Division of APN Property Group. He has extensive experience in property investment, development and funds management. During his career Mr Appleton has held senior executive roles in some of Australia's leading retail groups including the Gandel Group Ltd Limited and Centro Properties Limited. He is the current Chairman of AG Coombs Pty Limited. Mr Appleton holds a Bachelor of Economics, Master of Business Administration, Post Graduate Diploma of Marketing, and has completed Harvard University's Advanced Management Program.

#### **Mr Ian Chisholm FAICD FCMl**

Mr Ian Chisholm is a director of the Selectus Salary Packaging group, Professional Associations Super Fund and West Coast Innovation. He was Managing Director of Weststaff 1991-2001, CEO of Selectus during 2009-2012, and General Manager of the Asia Pacific Region of McPherson's Limited. He has held senior marketing positions with Mars, Herbert Adams and Petersville. Ian has been a member of a number of industry councils. He has also held positions with the Lauriston Girls School Foundation, The Career Transition Consortium and Brand Value Audits. He has also been involved with Amcham, The Australian Chamber of Manufacturers, and The International Trade Council.

## Directors' report

### ***Mr Rowan Kennedy LLB BCom, Chairman***

Mr Rowan Kennedy has had a distinguished career in the law and in his contribution to the community. He recently retired as a partner from the international law firm, Mallesons Stephen Jaques, (now King Wood Mallesons) after 37 years of service. He is a past president of the Victorian Division of the Heart Foundation. He is interested in environmentally sustainable industries, including the treatment of polluted water and the production of Natural Australian Pyrethrin. He is also a director of a number of companies. He is involved in a number of organisations, charitable foundations and sporting activities.

### ***Dr Julie Shaw PhD MBA MSc BA FCMI***

Dr Julie Shaw had many years of experience as a clinical psychologist and academic when, following MBA studies, she changed focus to large scale education and training, service planning and workforce development projects in health-related areas including radiology, dental/oral health, newborn resuscitation, general practice and clinical placements. She is also the author of several management textbooks and a wide range of professional publications.

### ***Dr Coral Brown PhD MA GDipEdCouns BA FAPS MACE***

Dr Brown is a Fellow of the Australian Psychological Society. She is the former Deputy Executive Director of the Cairnmillar Institute and was the driving presence of all aspects of the organisation including staffing, program development, buildings and accreditation up until 2017. Dr Brown continues to maintain her practice at Cairnmillar and has been a valued member of the Academic Board and Human Research and Ethics Committee for a number of years.

### ***Ms Carolyn Deveny BCom CA***

Ms Carolyn Deveny joined the Council of the Cairnmillar Institute in October 2016. She is currently the Chief Financial Officer for Computershare's Corporate and Global Technology divisions where she is a key member of the finance and technology leadership teams. Prior to her appointment as Chief Financial Officer, Carolyn was the Group Financial Controller with responsibility for the Group's external statutory reporting and technical accounting guidance. Prior to commencing with Computershare in 2005, Carolyn began her career with Ernst & Young in external audit. This led to various financial accounting roles including working with UBS in London and Sydney before returning to Ernst & Young in financial services audit division in both Sydney and Melbourne.

## Directors' report

### ***Mr Les Posen MedPsych***

Les Posen is a Clinical Psychologist in independent practice and a Fellow of the Australian Psychological Society, with whom he has held elected positions and Advisory Group memberships. He is also in his third term as President of a Melbourne-based Macintosh User Group. Les specialises in the application of cutting edge technologies to the assessment and treatment of anxiety disorders, and was one of the first to introduce Virtual reality treatments into psychological practice in the world (2001). He also trans workshops for professional on bets practices using technologies to enhance psychological work, as well as training in presentation skills for those in the sciences and research to bring their often complex messages to lay audiences in persuasive and engaging means. For this, he has given presentations to Apple staff in the US using the very same software they have developed. Les was in the teaching faculty for Macworld in San Francisco for several years, commencing in 2008. In his spare time, he teaches folk dance, and for holidays he can be found on South Sea Cruises guest lecturing on subject as diverse as “how your brain works” to “The latest tech gizmos and gadgets”.

### ***Associate Professor David Loader OAM MEd BSc(Gen)***

Associate Professor David Loader has been a Principal Fellow in the Melbourne Graduate School of Education, Melbourne University since 2002. Prior to 2002, David was an innovative School Principal for 32 years. David is the author of two books; *The Inner Principal* and *Jousting for the New Generation: Challenges to contemporary schooling* and co-author of a third with Professor Brian Caldwell, *Our School, Our Future* David was a Board member of Swinburne University (2005-2013) and of the National Institute of Circus Arts (NICA) (2009-2012). He chairs the Research Committee for the de Bono Institute (now Elevo) and The Academic Board of The Cairnmillar Institute and is a Council Member of Cairnmillar Institute. In 1999, the Australian College of Education awarded him the Sir James Darling Medal and in 2008, David received the Gold Medal from the Australian Council for Educational Leaders. In 2000, he was awarded the Centenary Medal ‘for outstanding services to education’ and in 2010 was awarded the Medal of the Order of Australia (OAM) for distinguished services to education, as a principal, mentor and author.

### ***Professor Kathryn von Treuer DBA MBSc BBSc(Hons) DipAppSc GCHE MAPS MAICD FAHRI***

Professor von Treuer commenced as Executive Director of the Cairnmillar Institute in April 2016. She is a registered psychologist and an endorsed health and organisational psychologist, and sits on the Psychology Board of Australia. Her post graduate studies in psychology together with her business qualifications complement extensive industry experience in senior management across various sectors. Because of her commitment to healthcare professions, psychology services, and education, she was invited to be an Honorary Associate Professor with the School of Medicine at Deakin University. Her research in education has been presented nationally and internationally, and she is a significant contributor to CMI, both locally and internationally.

## Directors' report

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 7.

Signed in accordance with a resolution of Directors:

A handwritten signature in black ink, appearing to be 'R. Smith', written over a horizontal line.

Director

A handwritten signature in black ink, appearing to be 'S. Taylor', written over a horizontal line.

Director

Dated this 24th day of May 2018

Collins Square, Tower 1  
727 Collins Street  
Docklands Victoria 3008

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Auditor's Independence Declaration to the Directors of The Cairnmillar Institute and Controlled Entities

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of The Cairnmillar Institute and Controlled Entities for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B A Mackenzie  
Partner - Audit & Assurance

Melbourne, 24 May 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017

	Notes	Consolidated Group		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue from ordinary activities	2	5,297,771	4,897,978	5,241,603	4,843,829
Bequest and other income	2	4,278,970	115,032	4,278,970	115,032
Employee benefits expense		(3,743,949)	(3,364,575)	(3,743,949)	(3,364,575)
Consultancy fees		(23,776)	(201,359)	(23,776)	(201,359)
Depreciation and amortisation expense	3	(57,450)	(22,924)	(57,450)	(22,924)
Other expenses from ordinary activities		(1,080,430)	(843,551)	(1,080,547)	(843,590)
Finance costs		(509,663)	(289)	(509,663)	(289)
Profit from ordinary activities before income tax expense		4,161,473	580,312	4,105,188	526,124
Income tax expense		-	-	-	-
<b>Net profit from ordinary activities after income tax expense</b>		<b>4,161,473</b>	<b>580,312</b>	<b>4,105,188</b>	<b>526,124</b>
<b>Other comprehensive income / (loss):</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
<i>Available-for-sale financial assets:</i>					
- Current year (losses)/ gains		32,284	(19,117)	-	-
- Reclassification to profit or loss		-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
- Revaluation of land and building		-	1,700,000	-	1,700,000
Other comprehensive income/ (loss)		32,284	1,680,883	-	1,700,000
<b>Total comprehensive income</b>		<b>4,193,757</b>	<b>2,261,195</b>	<b>4,105,188</b>	<b>2,226,124</b>

# Statement of Financial Position

as at 31 December 2017

	Notes	Consolidated Group		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	4	1,310,754	1,855,717	950,077	1,523,825
Trade and other receivables	5	481,116	411,346	457,585	421,181
Other financial assets	6	-	-	397,947	397,947
Other current assets	7	54,290	1,414,811	54,290	1,414,811
Non-current assets held for sale	9	-	5,000,000	-	5,000,000
<b>Total Current Assets</b>		<b>1,846,160</b>	<b>8,681,874</b>	<b>1,859,899</b>	<b>8,757,764</b>
<b>Non-Current</b>					
Available-for sale financial assets	8	825,338	793,054	-	-
Property, plant and equipment	10	14,474,620	72,054	14,474,620	72,054
Intangible assets	11	-	-	-	-
<b>Total Non-Current Assets</b>		<b>15,299,958</b>	<b>865,108</b>	<b>14,474,620</b>	<b>72,054</b>
<b>Total Assets</b>		<b>17,146,118</b>	<b>9,546,982</b>	<b>16,334,519</b>	<b>8,829,818</b>
<b>Liabilities</b>					
<b>Current</b>					
Trade and other payables	12	447,063	302,803	446,593	308,200
Short-term provisions	14	200,454	155,079	200,454	155,079
Other current liabilities	15	183,352	144,195	183,352	144,195
<b>Total Current Liabilities</b>		<b>830,869</b>	<b>602,077</b>	<b>830,399</b>	<b>607,474</b>
<b>Non-Current</b>					
Borrowings	13	7,500,000	-	7,500,000	-
Long-term provisions	14	75,900	69,550	75,900	69,550
<b>Total Non-Current Liabilities</b>		<b>7,575,900</b>	<b>69,550</b>	<b>7,575,900</b>	<b>69,550</b>
<b>Total Liabilities</b>		<b>8,406,769</b>	<b>671,627</b>	<b>8,406,299</b>	<b>677,024</b>
<b>Net Assets</b>		<b>8,739,349</b>	<b>8,875,355</b>	<b>7,928,220</b>	<b>8,152,794</b>
<b>Equity</b>					
Reserves	16	1,156,116	5,453,594	550,477	4,880,239
Retained earnings		7,583,233	3,421,761	7,377,743	3,272,555
<b>Total Equity</b>		<b>8,739,349</b>	<b>8,875,355</b>	<b>7,928,220</b>	<b>8,152,794</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

for the year ended 31 December 2017

	Retained Earnings \$	Available-for- sale Financial Assets Reserve \$	Revaluation Surplus \$	Other Reserves \$	Big Tent Reserve \$	Total Equity \$
<b>CONSOLIDATED GROUP</b>						
<b>At 31 December 2015</b>	2,841,448	183,067	2,629,762	416,630	543,252	6,614,159
Profit for the year	580,312	-	-	-	-	580,312
Other comprehensive income for the year						
- Change in fair value of Available-for-sale securities	-	(19,117)	-	-	-	(19,117)
- Write back investments sold	-	-	1,700,000	-	-	1,700,000
<b>At 31 December 2016</b>	<b>3,421,760</b>	<b>163,950</b>	<b>4,329,762</b>	<b>416,630</b>	<b>543,252</b>	<b>8,875,355</b>
Profit for the year	4,161,473	-	-	-	-	4,161,473
Other comprehensive income for the year						
- Change in fair value of Available-for-sale securities	-	32,284	-	-	-	32,284
- Revaluation of land and building	-	-	(4,329,762)	-	-	(4,329,762)
<b>At 31 December 2017</b>	<b>7,583,233</b>	<b>196,234</b>	<b>-</b>	<b>416,630</b>	<b>543,252</b>	<b>8,739,350</b>
<b>PARENT ENTITY</b>						
<b>At 31 December 2015</b>	2,746,431	-	2,629,762	7,225	543,252	5,926,670
Profit for the year	526,124	-	-	-	-	526,124
Other comprehensive income for the year						
- Revaluation of land and building	-	-	1,700,000	-	-	1,700,000
<b>At 31 December 2016</b>	<b>3,272,555</b>	<b>-</b>	<b>4,329,762</b>	<b>7,225</b>	<b>543,252</b>	<b>8,152,794</b>
Profit for the year	4,105,188	-	-	-	-	4,105,188
Other comprehensive income for the year						
- Revaluation of land and building	-	-	(4,329,762)	-	-	(4,329,762)
<b>At 31 December 2017</b>	<b>7,377,743</b>	<b>-</b>	<b>-</b>	<b>14,450</b>	<b>543,252</b>	<b>7,928,220</b>

# Statement of Cash Flows

for the year ended 31 December 2017

	Notes	Consolidated Group		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Cash Flow from Operating Activities</b>					
Receipts from tuition, bequest and fees		5,216,490	5,241,073	5,740,560	5,254,904
Interest received		6,772	56,203	(509,663)	51,665
Payments to employees and others		(4,695,648)	(5,032,978)	(5,222,960)	(5,029,992)
Finance costs		(509,663)			
Payments for income tax		-	-	-	-
<b>Net cash provided by operating activities</b>	17(b)	<b>17,951</b>	<b>264,297</b>	<b>7,937</b>	<b>276,577</b>
<b>Cash Flow from Investing Activities</b>					
Purchase of available-for-sale securities		-	-	-	-
Proceeds on sale of property		5,000,000	-	5,000,000	-
Dividends received		48,895	51,542	-	-
Payments of deposit for purchase of property		-	(1,350,000)	-	(1,350,000)
Payments for property, plant and equipment		(13,111,809)	(26,091)	(13,111,809)	(26,091)
<b>Net cash (used in) / provided by investing activities</b>		<b>(8,062,914)</b>	<b>(1,324,549)</b>	<b>(8,111,809)</b>	<b>(1,376,091)</b>
<b>Cash Flow from Financing Activities</b>					
Payments (to) / from subsidiaries		-	-	30,124	165,603
Repayment of hire purchase financing		-	-	-	-
Proceeds from Bank Loan		12,500,000	-	12,500,000	-
Repayment of Bank Loan		(5,000,000)	-	(5,000,000)	-
<b>Net cash provided by/ (used in) financing activities</b>		<b>7,500,000</b>	<b>-</b>	<b>7,530,124</b>	<b>165,603</b>
Net (decrease)/ increase in cash held		(544,963)	(1,060,252)	(573,748)	(933,911)
Cash at beginning of year		1,855,717	2,915,969	1,523,825	2,457,736
<b>Cash at end of year</b>	17(a)	<b>1,310,754</b>	<b>1,855,717</b>	<b>950,077</b>	<b>1,523,825</b>

# Notes to the Financial Statements

## for the year ended 31 December 2017

### 1. Statement of significant accounting policies

The financial report includes the separate financial statements and notes of The Cairnmillar Institute and controlled entities ('Consolidated Group') and the separate financial statements and notes of The Cairnmillar Institute as an individual parent entity ('Parent Entity').

The Cairnmillar Institute is an public company limited by guarantee, incorporated in Australia and operating in Australia.

The Cairnmillar Institute has been assessed as a not-for-profit entity as its principal objective is not the generation of profit.

#### **Basis of preparation**

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under *the Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements were authorised for issue on 24 May 2018 by the directors of the company.

#### **Adoption of new and revised accounting standards**

There are a number of standards and interpretations which have been issued but are not yet effective. The impact of these pronouncements on the company's reported financial position and performance has not yet been fully assessed, but the pronouncements are not likely to have a significant affect on reported performance or position of the Consolidated Group.

Management anticipate that all these pronouncements will be adopted in the Consolidated Group's financial statements for the first period beginning after the effective date of the pronouncement.

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

# Notes to the Financial Statements

## for the year ended 31 December 2017

### 1. Statement of significant accounting policies (continued)

#### **Principles of Consolidation**

A controlled entity is any entity that The Cairnmillar Institute has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 18 to the financial statements. All controlled entities have a 31 December financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

#### **Going Concern**

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

#### **Income Tax**

The Parent Entity, being a charitable institution, is exempt from income tax in accordance with Section 50-5 of the Income Tax Assessment Act.

#### **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.

#### **Financial Instruments**

##### *Initial recognition and measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below:

# Notes to the Financial Statements

## for the year ended 31 December 2017

### 1. Statement of significant accounting policies (continued)

#### **Financial Instruments (continued)**

##### *Effective interest rate method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

##### *Classification and subsequent measurement*

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the available-for-sale securities reserve directly to other comprehensive income.

##### *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

#### **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.

##### *Property*

Freehold land and buildings are brought to account at director valuation.

The valuation has taken into account the requirements of AASB 136 which defines 'fair value' and the concepts of 'market value'.

Increases in the carrying amount arising on revaluation of land and buildings are credited to equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

##### *Plant and equipment*

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

# Notes to the Financial Statements

## for the year ended 31 December 2017

### 1. Statement of significant accounting policies (continued)

#### **Property, Plant and Equipment (continued)**

The carrying amount of plant and equipment is reviewed annually by the 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

#### *Depreciation*

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the institute commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Equipment	10% - 50%
-----------	-----------

Office furniture	10%
------------------	-----

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

#### **Impairment of Assets**

At each reporting date, the Consolidated Group 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 statement of profit or loss and other comprehensive income.

#### **Intangibles**

##### *Software*

Externally developed software licences are measured at cost less amortisation and impairment losses.

#### **Non-current Assets and Liabilities Classified as Held for Sale**

When the Consolidated Group intends to sell a non-current asset, and if sale within 12 months is highly probable, the asset is classified as 'held for sale' and presented separately in the statement of financial position. Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with the asset held for sale.

Assets classified as 'held for sale' are measured at their lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

# Notes to the Financial Statements

## for the year ended 31 December 2017

### 1. Statement of significant accounting policies (continued)

#### **Revenue**

Revenue from clinical consultants, education courses and seminars is recognised upon delivery of the service to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenue is recognised when the right to receive the revenue has been established. All revenue is stated net of the amount of goods and services tax (GST).

#### **Bequest and grants**

Bequest and grants received or that are receivable at reporting date are measured by the Consolidated Group at fair value. Bequest and grants are recognised when the Consolidated Group obtains control or the right to receive the bequest or grant and it can be measured reliably.

#### **Employee Benefits**

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits 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.

#### **Members Guarantees**

The company is a public company limited by the guarantee of its members. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$20 (2016: \$20) each towards meeting any outstanding obligations of the company. At 31 December 2016, the number of members was 8 (2016: 8).

#### **Goods and Services Tax (GST)**

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

#### **Comparatives**

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

#### **Critical accounting estimates**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and the 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 Consolidated Group.

# Notes to the Financial Statements

## for the year ended 31 December 2017

### 1. Statement of significant accounting policies (continued)

Critical accounting estimates (continued)

#### *Key judgements - provision for impairment of receivables*

The Consolidated Group 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 depreciated replacement cost of the asset is determined. Value-in-use calculations performed in assessing depreciated replacement cost incorporate further estimates.

#### *Key judgements - provision for doubtful debts*

Periodically the Consolidated Group will individually assess the recoverability of each receivable and determine if amounts are recoverable. Receivables that are not considered recoverable are fully provided for.

#### *Key judgements - revaluation of non-current assets*

The Consolidated Group uses judgement in respect of the determination of the carrying value of land and buildings. Land and buildings are periodically revalued by independent valuers. The revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from the independent market valuation. The reported carrying value is reflective of the market conditions at the end of the reporting period. While this represents the best estimation of the value at the reporting date, the actual sale prices achieved (should Land and buildings be sold) may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty.

#### Deed of guarantee

The Cairnmillar Institute has guaranteed all liabilities owing by The Cairnmillar Institute School of Counselling and Psychotherapy Pty Ltd to the Department of Education, Science and Training (DEST). Under the terms of the financial guarantee contract, The Cairnmillar Institute will make payments to settle liabilities with DEST if there were ever to be any failure of The Cairnmillar Institute School of Counselling and Psychotherapy Pty Ltd to make payments when due.

# Notes to the Financial Statements

for the year ended 31 December 2017

## 2. Revenue

	Consolidated Group		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenue from operating activities:				
Tuition and short course fees	4,290,492	3,959,085	4,290,492	3,959,085
Clinical fees and trust subsidies	541,900	593,794	541,900	595,724
Dividends	48,896	51,542	-	-
Marriage counselling grant	-	135,839	-	135,839
Big Tent donations	-	68,455	-	68,455
General donations, subsidies and scholarships	292,383	26,435	292,383	26,435
SAGE and other income	40,328	6,626	39,828	6,626
Rental income	77,000	-	77,000	-
Total revenue from operating activities	5,290,999	4,841,776	5,241,603	4,792,164
Revenue from non-operating activities:				
Interest revenue	6,772	56,203	-	51,665
Total revenue from non-operating activities	6,772	56,203	-	51,665
<b>Total revenue from ordinary activities</b>	<b>5,297,771</b>	<b>4,897,978</b>	<b>5,241,603</b>	<b>4,843,829</b>
Bequest and other income:				
Bequest income	5,000	115,032	5,000	115,032
Profit on sale of property net of agent's commission	4,273,970	-	4,273,970	-
Total other income	4,278,970	115,032	4,278,970	115,032

## 3. Profit before tax

(a) Profit before tax has been arrived at after charging the following income and expenses:

Depreciation and amortisation				
- Depreciation of property, plant and equipment	57,450	19,869	57,450	19,869
- Amortisation of intangibles	-	3,055	-	3,055
Total depreciation and amortisation	57,450	22,924	57,450	22,924
Loss on disposal of property, plant and equipment	1,793	17,891	1,793	17,891

(b) The following total remuneration was or is due and receivable, by the auditor of the company in respect of:

- Audit of financial statements	20,750	20,750	20,750	20,750
- Preparation of special purpose financial statements	5,000	5,000	5,000	5,000
Total auditor remuneration	25,750	25,750	25,750	25,750

# Notes to the Financial Statements

for the year ended 31 December 2017

## 4. Cash and cash equivalents

	Consolidated Group		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash on hand	6,517	686	6,507	676
Cash on deposit	1,291,459	1,378,106	930,792	1,349,048
Term deposit	12,778	694,873	12,778	392,049
Bank Overdraft Secured (refer (a) below)	-	(217,948)	-	(217,948)
Total cash and cash equivalents	1,310,754	1,855,717	950,077	1,523,825

## 5. Trade and other receivables

### Trade receivables

Trade debtors	129,535	55,288	129,535	55,288
Provision for impairment of receivables	(25,400)	(25,400)	(25,400)	(25,400)
	104,135	29,888	104,135	29,888
Fee Help	353,450	361,349	353,450	361,349
Total trade receivables	457,585	391,237	457,585	391,237

### Other receivables

Loan – The Cairnmillar Institute School of Psychology Counselling & Psychotherapy Pty Ltd	-	-	-	28,014
Loan – Cairnmillar Trust	-	-	-	1,930
Other receivables	23,531	20,109	-	-
Total other receivables	23,531	20,109	-	29,944
Total trade and other receivables	481,116	411,346	457,585	421,181

## 6. Other financial assets

Investment on behalf of related party	-	-	-	-
Investment in controlled entities at cost (refer note 18)	-	-	397,947	397,947
Total other financial assets	-	-	397,947	397,947

## 7. Other current assets

Deposit paid on purchase of property	-	1,350,000	-	1,350,000
Prepayments	54,290	64,811	54,290	64,811
	54,290	1,414,811	54,290	1,414,811

# Notes to the Financial Statements

## for the year ended 31 December 2017

### 8. Available-for-sale financial assets

	Consolidated Group		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Available-for-sale financial assets at fair value</b>				
- Shares in listed entities	<b>825,338</b>	793,054	-	-

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. The fair value of listed available-for-sale investments, being publicly traded companies in Australia, has been determined directly by reference to published price quotations in an active market.

### 9. Assets classified as held for sale

In December 2016, the Consolidated Group has entered into an agreement with a third party to sell its property at 993 Burke Road, Camberwell for \$5 million. Settlement was completed in September 2017.

Land	-	3,700,000.00	-	3,700,000.00
Buildings	-	1,300,000.00	-	1,300,000.00
Assets classified as held for sale	-	5,000,000.00	-	5,000,000.00

### 10. Plant and equipment

Equipment				
At cost	<b>1,062,850</b>	127,315	<b>1,062,850</b>	127,315
Less accumulated depreciation	<b>(128,465)</b>	(89,522)	<b>(128,465)</b>	(89,522)
	<b>934,385</b>	37,793	<b>934,385</b>	37,793
Office Furniture				
At cost	<b>94,553</b>	132,513	<b>94,553</b>	132,513
Less accumulated depreciation	<b>(54,318)</b>	(98,252)	<b>(54,318)</b>	(98,252)
	<b>40,235</b>	34,261	<b>40,235</b>	34,261
Land and Buildings				
Freehold land and buildings	<b>13,500,000</b>	-	<b>13,500,000</b>	-
	<b>13,500,000</b>	-	<b>13,500,000</b>	-
<b>Total Plant and Equipment</b>	<b>14,474,620</b>	72,054	<b>14,474,620</b>	72,054

# Notes to the Financial Statements

for the year ended 31 December 2017

## 11. Intangible assets

	Consolidated Group		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
Current				
Software				
At cost	<b>13,970</b>	13,970	<b>13,970</b>	13,970
Less accumulated amortisation	<b>(13,970)</b>	(13,970)	<b>(13,970)</b>	(13,970)
Total intangible assets	-	-	-	-

## 12. Trade and other payables

Trade Payables	<b>81,136</b>	114,922	<b>81,136</b>	114,922
Sundry creditors and accruals	<b>365,927</b>	187,881	<b>363,407</b>	191,228
The Cairnmillar Trust	-	-	<b>2,050</b>	2,050
Total trade and other payables	<b>447,063</b>	302,803	<b>446,593</b>	308,200

## 13. Borrowings

Bank loan	<b>7,500,000</b>	-	<b>7,500,000</b>	-
-----------	------------------	---	------------------	---

The entity has a secured bank loan with Bank West with a carrying amount of \$7,500,000 at 31 December 2017. The loan is subject to annual review, being the 31st of May each year, or if an event of default occurs or such other times as reasonably determined by the bank. The loan is repayable in February 2022 and the interest rate is BBSY +2.55%. The loan is secured over the property at 391-393 Tooronga Road.

The loan contains several debt covenants, the first of which is measured at 31 December 2017. At this measurement date the entity exceeded its maximum interest cover ratio due to experiencing losses in the period. Management obtained a waiver from the bank at 22 May 2018. Accordingly, the loan is not payable on demand at 31 December 2017.

## 14. Provisions

- Provision for Annual Leave	<b>166,667</b>	135,354	<b>166,667</b>	135,354
- Provision for Long Service Leave	<b>33,787</b>	19,725	<b>33,787</b>	19,725
	<b>200,454</b>	155,079	<b>200,454</b>	155,079
Non-current				
- Provision for Long Service Leave	<b>75,900</b>	69,550	<b>75,900</b>	69,550
	<b>75,900</b>	69,550	<b>75,900</b>	69,550
Total provisions	<b>276,354</b>	224,629	<b>276,354</b>	224,629

## 15. Other Current Liabilities

Income received in advance	<b>183,352</b>	144,195	<b>183,352</b>	144,195
----------------------------	----------------	---------	----------------	---------

# Notes to the Financial Statements

## for the year ended 31 December 2017

### 16. Reserves

Available-for-sale financial assets reserve (i)	<b>196,234</b>	163,950	-	-
Revaluation surplus (ii)	-	4,329,762	-	4,329,762
Other reserves				
- Special reserve (iii)	<b>7,225</b>	7,225	<b>7,225</b>	7,225
- Capital funds reserve (iv)	<b>400,000</b>	400,000	-	-
- Committed projects reserve	<b>9,405</b>	9,405	-	-
- Big Tent project reserve (v)	<b>543,252</b>	543,252	<b>543,252</b>	543,252
Total reserves	<b>1,156,116</b>	5,453,594	<b>550,477</b>	4,880,239

(i) The available-for-sale financial assets reserve represents unrealised fair value gains or losses on available-for-sale financial assets held by the consolidated entity.

(ii) The revaluation surplus represents the surplus arising from the revaluation of property.

(iii) Discretionary reserve held by The Cairnmillar Institute.

(iv) Discretionary reserves held by The Cairnmillar Trust.

(v) The Big Tent project reserves represents the cumulative excess of amounts collected over expenditure on this research project.

### 17. Cash flow information

#### a) Reconciliation of cash

Cash on hand and at bank (Note 4)	<b>1,310,754</b>	2,073,665	<b>950,077</b>	1,741,773
Bank overdraft (Note 4)	-	(217,948)	-	(217,948)
	<b>1,310,754</b>	1,855,717	<b>950,077</b>	1,523,825

#### b) Reconciliation of cash flow from operations with profit from ordinary activities

Profit from ordinary activities after income tax	<b>4,161,473</b>	580,312	<b>4,105,188</b>	526,124
--	------------------	---------	------------------	---------

#### Adjustments:

Amortisation	-	3,055	-	3,055
Depreciation	<b>57,450</b>	19,869	<b>57,450</b>	19,869
Dividends received	<b>(48,896)</b>	(51,542)	-	-
Loss on disposal of property, plant and equipment	<b>1,793</b>	17,891	<b>1,793</b>	17,891
Profit on sale of property	<b>(4,329,762)</b>	-	<b>(4,329,762)</b>	-

#### Changes in assets and liabilities:

(Increase) / decrease in trade receivables	<b>(66,284)</b>	(241,141)	<b>(66,348)</b>	(241,206)
(Increase) / decrease in prepayments & other receivables	<b>7,099</b>	22,005	<b>10,521</b>	32,649
Increase / (decrease) in trade creditors & accruals	<b>183,353</b>	196,653	<b>177,370</b>	201,000
Increase / (decrease) in employee entitlements	<b>51,725</b>	(282,805)	<b>51,725</b>	(282,805)
Cash flows from operations	<b>17,951</b>	264,297	<b>7,937</b>	276,577

# Notes to the Financial Statements

## for the year ended 31 December 2017

### **18. Controlled Entities**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name of Entity	Country of Incorporation	Equity Holding	
		2017	2016
The Cairnmillar Institute	Australia	n/a	n/a
<b>Equity Interests in Subsidiaries</b>			
The Cairnmillar Institute School of Psychology Counselling and Psychotherapy Pty Ltd (CISPCP)	Australia	100%	100%
The Cairnmillar Trust	Australia	n/a	n/a

### **19. Events subsequent to balance sheet date**

No matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company.

### **20. Company details**

The registered office of the company is:

The Cairnmillar Institute  
391/393 Tooronga Rd  
Hawthorn East VIC 3123

## Directors' Declaration

The Directors have determined that Cairnmillar Institute is not a reporting entity and that this Special Purpose Financial Report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the company declare that:

1. The consolidated financial statements and notes of Cairnmillar Institute, as set out on pages 7 to 23 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - (a) Giving a true and fair view of the its financial position as at 31 December 2017 and of its performance for the year ended on that date; and
  - (b) Complying with Accounting Standards to the extend described in Note 1 to the financial statements and the *Australian Charities and Not-for-profit Commission Regulation 2013*.
2. In the Directors' opinion there are reasonable grounds to believe that Cairnmillar Institute 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.



Director



Director

Dated this 24th day of May 2018



# Grant Thornton

Collins Square, Tower 1  
727 Collins Street  
Docklands Victoria 3008

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Independent Auditor's Report to the Members of The Cairnmillar Institute and Controlled Entities

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of The Cairnmillar Institute (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and comprising notes to the financial statements, including a summary of significant accounting policies and directors' declaration.

In our opinion, the accompanying financial report of The Cairnmillar Institute:

- a presents fairly, in all material respects, the consolidated entity's financial position as at 31 December 2017 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1; and
- b complies with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* to the extent described in Note 1.

#### 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 Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

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

#### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### **Information Other than the Financial Report and Auditor's Report Thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

#### **Responsibility of the Directors for the Financial Report**

The Directors of the Group are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report are appropriate to meet the needs of the Members. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's financial reporting process.

#### **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.



Grant Thornton

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

B A Mackenzie  
Partner - Audit & Assurance

Melbourne, 24 May 2018