

# CB ALEXANDER FOUNDATION



## ANNUAL REPORT 2017/2018





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This report has been submitted to the Minister for Primary Industries in accordance with the Annual Reports (Statutory Bodies) Act 1984.

The CB Alexander Foundation is a Statutory Authority for the purpose of Section 44 of the Public Finance and Audit Act 1983 under Division 4 of the Act and is scheduled within Clause 3 of the Public Finance and Audit Regulations 1984.

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## Introduction

I am pleased to introduce the CB Alexander Foundations operation and finance report for the 2017/18 financial year.

The report provides a detailed overview of operations and audited financial statements.

### Membership and Meetings

The Foundation met on four occasions during the year. There were no changes to membership during the year.

### Foundation achievements, major purchases and activities during the financial year

In November 2017, four refurbished rooms in the Tocal Homestead were open to the public for the first time. This included two sitting rooms, a bedroom and the office of Charles Boyd Alexander. This was made possible due to the relocation of the Tocal Caretaker to the Daly Kidd Cottage and funding from the McLachlan bequest administered by the CB Alexander Foundation. These developments have greatly improved the appreciation and interpretation of the historic Tocal Homestead.

The Foundation purchased and returned the Charles Boyd Alexander 1929 Rolls Royce Phantom to the Tocal Homestead garage in January 2018 for visitors to inspect and appreciate as part of the Alexander's story at Tocal. This has been another significant step forward in creating interest and further appreciation of the historic precinct.

The Barracks boutique bed and breakfast accommodation continued to grow as an enterprise during the financial year, aided by marketing and the availability of online booking systems.

Development of the schools program at the Tocal Homestead continued, with growing demand for curriculum aligned programs from schools in the region.

### Foundation Day 2017

Foundation Day began with a guided tour of the Tocal Homestead and Barracks to review the recent changes and refurbishments that had taken place. Formal proceedings in the afternoon included a presentation of the importance of bees and Tocal College's beekeeping program. This was followed by a further presentation on the AgVision Initiative which aims to inspire and motivate students to consider careers in agriculture.

### Visitors

During the year, more than 17,000 visitors attended a range of tours, special events, weddings and functions at the Tocal Homestead.

I commend this report to you.



Darren Bayley

Principal Tocal College  
Director of Tocal Agricultural Centre  
Director of Education

## Membership of the Foundation

The CB Alexander Foundation Incorporation Act 1969 provides for five members to be appointed by the Minister for Primary Industries. The position of Chair has always been held by a senior member of the Department, usually the Director General. The remaining positions are selected from a range of fields to provide a broad cross section of government, community and business representation.

The Act calls for a minimum of three members to form a quorum to transact any business of the Foundation and they shall have, and may exercise and discharge, all the powers, duties and functions of the Foundation. Meetings are held three to four times annually, generally at either Tocal or in the Sydney Office of the Department.

### Current Membership at 30 June 2018;

**Mr Scott Hansen** – Chair and Director General, NSW DPI

**Dr Cameron Archer** - Member

**Dr Beth McDonald** – Member

**Hon Mr Rick Colless** - Member

**Mr Simon Fraser** - Member

**Ms Susan Hunt** – Ex-officio

During the year there were no changes to the membership of the Foundation.

Members of the Foundation met for four official meetings during the year to discuss a range of business. Of the business discussed the most significant was the management of the bequest from Miss Daphne McLachlan. Following a rigorous selection process, Macquarie Bank was selected to manage the McLachlan portfolio. The portfolio was transferred to Macquarie Bank in mid 2017.

### Attendance at Meetings

<b>Member Name</b>	<b>Attendance</b>
Mr Scott Hansen	2 of 4
Dr Cameron Archer AM	4 of 4
Dr Beth McDonald	3 of 4
Hon Rick Colless MP	2 of 4
Mr Simon Fraser	3 of 4
Ms Susan Hunt	3 of 4 as ex-officio

### Assistance

Throughout the year the Foundation was assisted by the attendance of:

Mr Darren Bayley – Principal, Tocal Agricultural College

Mr Wayne Courtney – Secretary of the Foundation

Ms Margo Duncan - Chair, Tocal College Advisory Council

Ms Kate Lorimer-Ward – Deputy Director General DPI Agriculture

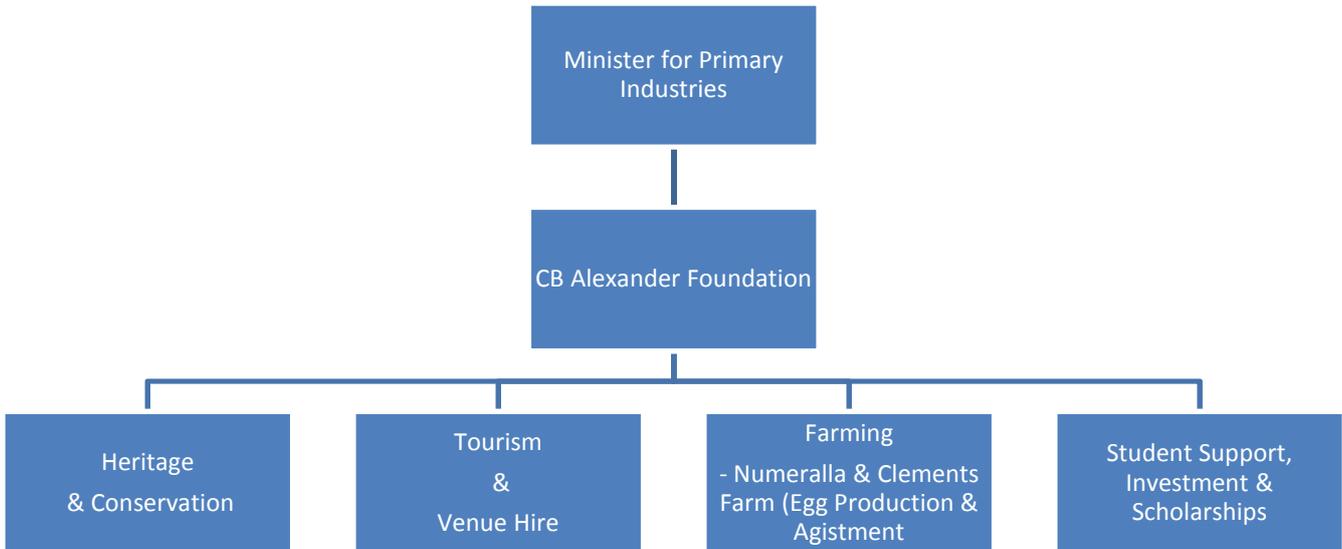
Members also acknowledge the administrative support of the NSW Department of Primary Industries staff, in particular:

Mr Michael Ison – Centre Manager

Ms Robyn Papworth – Principal's Assistant

Ms Sandra Ognibene – College Registrar

## Organisational Chart



### Charter

The CB Alexander Foundation is constituted under the CB Alexander Foundation Incorporation Act No 61 of 1969. This Act defines the objectives and powers of the Foundation. The objectives as stated in the Act are:

- a) "to promote and advance, in consultation with the Minister for Primary Industries, agricultural education at the CB Alexander Campus of Tocal College, Tocal or other agricultural colleges or institutions",
- b) "to assist and advise as far as practicable, the Minister in the operation and maintenance of the College".

As well as;

- a) "to take or accept any gift, subsidy or endowment whether subject to any special trust or not, for all or any of the objects of the Foundation and to carry out any special trust to which such gift, subsidy or endowment may be subject according to the terms thereof". To facilitate this process the Foundation has established a number of tax Deductible Gift Recipient (DGR) accounts. These include; students trust deeds to enable donors to allocate scholarships to students, building fund DGR which allows donors to provide funds for building works / renovations to the Tocal Homestead and complex of buildings.
- b) "to grant scholarships or financial assistance to students attending Tocal College".
- c) "to effect improvements to the CB Alexander Campus or other agricultural colleges or agricultural institutions".
- d) "to do such supplemental, incidental and consequential acts as may be necessary or expedient for the exercise or discharge of its powers, duties and functions under this Act".

The Foundation became the holding body from the original Trust for the lands occupied by the then CB Alexander Presbyterian Agricultural College, Tocal. It was then transferred to the State as CB Alexander Agricultural College. In other words, the CB Alexander Foundation owns the land and the State, namely

NSW Department of Primary Industries, owns and operates the buildings and infrastructure on the land. There are three exceptions to this arrangement namely;

1. Tocal Homestead and complex of buildings
2. Dunnings Hill
3. Numeralla and Clements Farm

In all three cases, the land and all structures and improvements on it are owned and operated by the Foundation.

Since its inaugural meeting in April 1970, the Foundation has provided a wide range of support to the College. These include;

- Financing the construction of the Tocal pool
- Purchasing additional land for College operations namely Dunnings Hill, Clements Farm and Numeralla
- Providing student support through a range of scholarships
- Providing staff support through staff development activities
- Sponsoring Friends of Tocal
- Facilitating an agreement whereby the Local Land Services (formally the Hunter Central Rivers Catchment Management Authority) constructed its Head Office on Foundation land through a 25 year lease arrangement.

The Foundation has also undertaken a range of maintenance and operational activities some of which are used to produce income. These include;

- Developing a series of publications. Publications in the “All about Tocal” suite, provide an historical commentary on various activities involving the Tocal property and its owners and tenants over the years.
- Using Tocal Homestead as a venue for weddings.
- Conducting conservation work around the Tocal Homestead site, including renewing structures such as the slaughter house, pig shed and yards, fencing and conservation of a range of buildings in the Homestead precinct.
- Operating a free range egg production enterprise, at Numeralla, as part of the College farm and training programs.



# Vision

To promote and advance agricultural education  
 To improve Tocal College and its assets  
 To provide student scholarships and financial assistance

<p><b>Our strategic priorities:</b>                  TOTAL HOMESTEAD HISTORIC PRECINCT</p>	<p>To preserve, maintain and improve heritage buildings and infrastructure</p>	<p>To provide community access and enhance appreciation and interpretation of the historic homestead site and surrounds through coordinated events and visitation</p>	<p>To promote the site's history, Aboriginal land use, environment and agricultural heritage to school students using curriculum-aligned visits, tours and resources</p>	<p>To build a sense of place and connection with the local community and surrounding region</p>	
<p><b>We aim to:</b></p>	<p>Activate and make effective use of the <b>Barracks</b> and the <b>Daly Kidd Cottage</b> to provide an integrated accommodation service to support weddings and other major events</p>	<p>Maximise revenue from the <b>Tocal Function Centre</b> through collaboration with events coordinator to increase wedding bookings and mid-week events (especially corporate sector). Update and digitise homestead tour app and key heritage photos to aid interpretation of site</p>	<p>Develop the <b>Schools Program</b> to ensure curriculum alignment and connection with schools in the region and an increase in visitation</p>	<p>Host six significant community <b>events</b> each year to engage the broader community (eg. Peek into the Past)</p>	
<p><b>By concentrating on:</b></p>	<p>A commercial focus for all Tocal Homestead operations to be financially sustainable allowing for reinvestment in the site, associated programs and student support</p>	<p>Collaboration with catering and events contractor to increase bookings and general performance, and to ensure contract is effectively implemented</p>	<p>Income streams to support a scheduled maintenance plan for heritage buildings including the Blacket Barn, Bull Barn and to start work on Thunderbolt's Cottage</p>	<p>Working with the DPI schools team to develop programs that engage schools and teachers</p>	<p>Growing the Friends of Tocal membership and number of active volunteers. Includes identifying different roles and functions that will attract a diversity of volunteers and capabilities</p>
<p><b>Measures:</b></p>	<p>The Barracks providing a valuable income and the Daly Kidd Cottage in use</p>	<p>Increase in wedding and function centre bookings. New homestead tour app completed. Key heritage photos digitised and accessible.</p>	<p>Three new school programs aligned to curriculum and promoted through school networks and website; increase school visits and age range of programs</p>	<p>Six community events at the site. Established as part of the community calendar; engaging and valued by community members</p>	
<p><b>Core services:</b></p>	<p>Visitation and accommodation</p>	<p>Weddings and community access</p>	<p>School programs</p>	<p>Tours and events</p>	

*Our work is underpinned by the values of service, accountability, integrity and connection*

## Visitation

For the financial year 2017/18, the total number of visitors to the Homestead site was 15,323. School visits increased significantly and the opening of the Barracks accommodation boosted these numbers from previous years.

The Homestead was vacated by the caretaker in July and subsequently the caretaker's rooms were refurbished, reinterpreted and opened for public display in November 2017. This made a considerable difference to the way that visitors interacted with the interior of the Homestead.

### General Summary of Visitors for Financial Year 2017/18

Figures are shown as: number of events/number of visitors

2017	Schools	Tours	Weddings	Functions	Sunday visitors
July	1/24	3/69	1/100	5/161	119
Aug	8/517	4/125	5/420	1/25	81
Sept	1/100	1/12	3/240	3/145	65
Oct	1/96	2/51	6/510	0	161
Nov	1/91	5/169	7/650	1/100	129
Dec	0	0	3/300	1/25	
2018					
Jan	0	1/10	3/310	0	
Feb	0	2/70	4/360	1/120	
Mar	3/128	3/62	8/824	0	131
April	6/266	4/78	7/700	4/288	141
May	18/1322	1/23	5/480	1/130	91
June	17/1244	1/26	2/180	0	58
TOTAL	56/3788	27/695	54/5074	17/994	976

### Homestead weekend openings

Opening on Sundays (March to November) has given local and regional people an opportunity to visit the Homestead as casual visitors. With the use of Acoustiguide handsets visitors are able to guide themselves around the site. The content provided through the handsets was further reviewed and updated, in conjunction with Acoustiguide, to develop an interactive app. This is available to visitors on a tablet or downloading on to their own device.

In November and March/April, Sunday openings also included Llama walks conducted by the Llama Collective. These were pre-booked 'tours' of the wetland walk and proved to be very popular, particularly with Sydney people.



## Accommodation

### Daly Kidd Cottage

New Homestead caretaker Michael Cairney, commenced in July 2017 and now acts as host for The Barracks guests at weekends as well as general security and maintenance. He moved into the caretaker's refurbished cottage located behind The Barracks.

## The Barracks

The Barracks provides four restored suites accommodating guests with elegant comforts and gourmet breakfast hampers. The hampers are proving very popular, consisting of fresh and wholesome breakfast foods sourced by the Barracks caretakers from the local area.

The Barracks is actively promoted through a number of sources including the www.tocal.com website, the onsite caterer (Sprout Catering), social media pages and local visitor information centres. Guests are able to book direct using an online booking system, Little Hotelier, or through other Channels including Expedia or Wotif.

A strong interest from brides and wedding guests has continued throughout the year with the marketing strategy now promoting The Barracks as more than just wedding accommodation.



Financial Year	Reservations	Stay nights
1 July 2017 – 30 June 2018	94	139

## Weddings

Sprout Catering, the Foundation's outsourced provider, hosted 54 weddings in 2017/2018. In April, at the online Newcastle and Hunter Brides Choice Awards, Tocal Homestead received the award of Highly Commended in the Wedding Venue – Country and Farm category, and Sprout Catering received Highly Commended in the Wedding Caterer category. These awards were won from a large field of nominees.



## Community Access

### Friends of Tocal

Friends of Tocal actively both supported the Tocal Heritage Site with visitor services, catering and fundraising activities. They provided funds for both furniture refurbishment and photo restoration for the newly opened rooms in the Homestead as well as student scholarships. A significant number of new volunteers joined this year and are involved in all activities.

This year, the Friends of Tocal inaugurated a citizenship award for Tocal College to be presented each Graduation Day. The award is a cash prize to recognise a student who has given their time and skills to improve their community. In 2018 it was presented to Stephen Glazigiou.

After many years, long term Homestead volunteer and College staff member, Robert Dunn retired on 31 December 2017.

## Schools Program

School excursion groups have continued a steady increase since last year, particularly for the Homestead heritage program for Stage 1 students.

Jo Hathway from the DPI Schools Team produced two new programs: "Paddock to Plate" – a farm visit for Stage 1 and "Sustainable Biomes" – for Stage 5 Geography students. Both these programs were successfully trialled and are now ready to be marketed to schools.

## Tours

Tour group numbers remained steady with a diversity of groups visiting. In September, a group of Canadian beef and dairy farmers visited the farms and appreciated comparing experiences with farm staff.

## Events

Four events were held this year;

- ❖ Peek Into The Past in July attracted 1,598 visitors
- ❖ Tocal Field Days attracted 1,262 visitors
- ❖ Mothers' Day High Tea was introduced by Sprout Catering and using only social media, it was fully subscribed very quickly
- ❖ International Back to Back Wool Challenge in June was very successful with the local team winning the World Championship, and 316 visitors viewing the site over the day.

## Numeralla

The free range egg production at Numeralla had a very difficult year even though confidence was high early in 2018. The year was disappointing for production as there were a number of production issues that carried through the year and impacted on mortalities and the percentage of birds laying. There were continuing concerns about rodent numbers and control, bird health, repairs and maintenance and overall management of the production system. Total production for 2018 was 1,509,202 dozen eggs (18,110,424 eggs). This production was down approximately 20% on the expected target.

There were two lots of shed cleanouts in 2017/2018 with 52,300 birds placed in sheds 3, 4 and 5 during August 2017 and 38,600 new birds placed in Sheds 1 and 2 on 9 February 2018. The composter was decommissioned in March 2018 as it was no longer adequate and a new area was cleared and setup to commence an open composting system able to cope effectively with mortalities and waste eggs.

With Wayne Courtney officially retiring on 30 June 2018, and the negotiation of a Deed of Agreement between the CB Alexander Foundation and NSW Department of Primary Industries, a new structure will be implemented in 2018/19 to link Numeralla farm staff to management at Tocal and then to the CBAF Board.

## Homestead

In November 2017, the 1929 'Phantom I' Rolls Royce owned by Charles Alexander during his time at Tocal, was purchased by the CB Alexander Foundation.

A few weeks later it returned to the same garage in the Stone Barn at Tocal Homestead that it had occupied when new.

It was purchased from Alan Dunlop of Paterson who had owned it since July 2007. He bought it from John Milverton of Burradoo, NSW, who had purchased the car from Max Roberts of Scone in December 2002. John wrote at the time of his purchase, 'Max owned this car since 1965 and said it had not been driven for 8 years'.



The Rolls will now be part of the collection on display at Tocal Homestead.

## Tocal Alumni

Tess Neilson commenced as the Tocal Alumni Officer in early July 2017.

In 2017/18 the main objective of the Alumni was to develop the database programme "Potentiality" to accurately record and capture members. This database was edited with a constant stream of Alumni being added to the system, increasing from 780 members to 1,261 members - a 38.14% increase in a 12 month period.

Research was conducted into which Tocal Alumni merchandise should be invested in, resulting in 80 RM Williams vests embroidered with the Alumni logo ordered and sold for \$100.00 each. By June 30, 41 vests had been sold, including a sell-out of all women's sizes.

The first 50 year reunion was held for the Class of 1966 in September 2017. Thirty one of the original 43 Alumni returned to Tocal for the event with their partners. A tour of the property and formal dinner was a success for the first of the continuing 50 year reunions.



The Tocal Alumni had a stand at the Tocal Field Days in May 2018, with Alumni members volunteering on a roster across the three days with Alumni member Tess Neilson. Forty one new Alumni members were signed up as a result of this.

Four committee meetings were held during this period along with the release of three Alumni newsletters – a quarterly Enewsletter. The newsletter informs Alumni about College happenings.

Social media presence was expanded on Facebook, with regular posts seeing an increase reach of audience from five to 13,391.

## Student Support

Throughout the year the Foundation continued to provide a number of student educational opportunities. The Foundation promoted education into schools through management of funds on behalf of the Department of Primary Industry. The Foundation supported students in 2017/18 through various means in particular scholarships and the administration of the College prize fund investments.

In 2018 the following scholarships were granted;

- CB Alexander Foundation scholarship - recipient was Samantha Howlett - Katoomba
- Professor Stephen Powles scholarship to Sean McIntosh – The Oaks
- Jeff Stevenson Memorial to Amy Brown – Mudgeeraba QLD
- Hunt Family scholarship to Callum Hedges – Bateau Bay
- Gardiner Family scholarship to Brittany Short – Rouse Hill
- George and Jenny Hammond to Jack Bevan – Mangrove Mountain
- Colin H Dunlop Memorial to Rachael Unger - Parkes
- Tocal Alumni scholarship to Abbey Lyall - Carrington
- Bruce Urquhart Memorial scholarship to Benjamin Gillett – Chittaway Bay
- Rosemary Dunlop Memorial to Hamish Guest - Bangalow
- Gill Family scholarship to Hayley Porter - Yetholme
- Brooks Family scholarship to Cael Hickman - Krumbach
- HC White Memorial scholarship to;
  - Amy Brown - Mudgeeraba QLD
  - Rachael Brown - Cundletown
  - Melanie Shelton – Bandon Grove
  - Lachlan Vanderburg - Toongabbie
  - Rae Vincent - Katoomba
  - Hayley Lomax - Rylstone
  - Brittany Short – Rouse Hill
  - Eliza Kingwill - Bundanoon
  - Ethan Lange – Hamlyn Terrace
  - Sam Taylor – Beerwah QLD
  - Maddison Youngberry - Ballina
  - Sean Hope – Swan Bay

- Country Education Foundation of Australia donation - unclaimed

The Foundation administers the Jean Wilson Alexander Memorial Scholarship; a scholarship available to graduates of the College to pursue further education. It is for graduates who wish to study at universities, colleges, TAFE or to undertake travel or study tours. This year it was unclaimed.

## Appreciation

The Foundation would like to thank the many people associated with it for their assistance during the year, in particular;

- Karen Sanders, Manager Numeralla
- Carol Mears, Assistant Manager, Numeralla
- Sandra Earle, Homestead Coordinator
- Rennae Coleman, Barracks Coordinator
- All staff associated with the Foundations operations at Tocal Homestead and Numeralla
- Michael Cairney, Homestead Caretaker
- Tess Neilson, Alumni Officer
- Carol Cairney for Accounts Administration and preparation of this report
- Ruth Luckner for her IT support for our website [www.tocal.com](http://www.tocal.com)
- Friends of Tocal and volunteers for their ongoing support at Tocal Homestead
- Tocal College Students
- Sandra Ognibene for the photos supplied.





## INDEPENDENT AUDITOR'S REPORT

### CB Alexander Foundation

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of CB Alexander Foundation (the Foundation), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information, and the responsible entities declaration.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Foundation as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Foundation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

## **Other Information**

Other information comprises the information included in the Foundation's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Foundation are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Members of the CB Alexander Foundation.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

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

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Member's Responsibility for the Financial Statements**

The members of the Foundation are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the members of the Foundation determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Foundation are responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Foundation will be dissolved by an Act of Parliament or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Foundation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford  
Auditor-General of NSW

29 March 2019  
SYDNEY

## **Statement by Members of the CB Alexander Foundation**

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Pursuant to section 41C (1B) of the Public Finance and Audit Act, 1983 and in accordance with a resolution of the members of the CB Alexander Foundation, we declare on behalf of the Foundation that in our opinion:

1. The financial statements consisting of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements of the CB Alexander Foundation for the year ended 30 June 2018 exhibit a true and fair view of the financial position and transactions of the Foundation; and
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, as amended, the Public Finance and Audit Regulation, 2015, the Australian Charities and Not-for-profits Commission Regulation 2013, Australian Accounting Standards (which includes Australian Accounting Interpretations) and with the Treasurer's Directions as they relate to the preparation of these statements.

Further, there are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Member  
CB Alexander Foundation



Secretary  
CB Alexander Foundation

6 March 2019

Dated

Start of Audited Financial Statements

**Statement of Comprehensive Income**

For the year ended 30 June 2018  
 Consolidated classes

	Note	This Year \$	Last Year \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Employee benefits expenses	2 (a)	876,215	778,308
Operating expenses	2 (b)	369,360	253,890
Repairs and maintenance	2 (b)	184,819	179,374
Depreciation and amortisation expenses	2 (c)	216,319	195,900
Grants and subsidies	2 (d)	53,300	33,285
Finance costs	2 (e)	99,192	101,331
<b>Total expenses excluding losses</b>		<b>1,799,205</b>	<b>1,542,088</b>
<b>Revenue</b>			
Sale of goods and services	3 (a)	1,144,445	1,206,190
Investment revenue	3 (b)	262,031	346,150
Grants and other contributions	3 (c)	233,917	723,005
Other income	3 (d)	11,610	1,329
<b>Total revenue</b>		<b>1,652,003</b>	<b>2,276,674</b>
<b>Operating result</b>		<b>(147,202)</b>	<b>734,586</b>
Gains / (losses) on disposal	4	961,013	-
<b>Net result from continuing operations</b>		<b>813,811</b>	<b>734,586</b>
<b>Net result</b>		<b>813,811</b>	<b>734,586</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result in subsequent periods</i>			
Changes in revaluation surplus of property, plant and equipment		-	(95,620)
<i>Items that may be reclassified to net result in subsequent periods</i>			
Available-for-sale financial assets			
- Net gains / (losses) during the period		261,192	701,362
- Reclassified to net result		(669,796)	-
<b>Total other comprehensive income</b>		<b>(408,604)</b>	<b>605,742</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>405,207</b>	<b>1,340,328</b>

CB Alexander Foundation  
 ABN 43 187 636 211  
**Statement of Financial Position**

As at 30 June 2018

	Note	This Year \$	Last Year \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,179,633	4,033,007
Trade and other receivables	6	328,753	241,270
Inventories	7	-	1,907
<b>TOTAL CURRENT ASSETS</b>		<b>2,508,386</b>	<b>4,276,184</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	8,9	6,991,385	4,729,626
Property, plant and equipment			
- Land and buildings		21,274,632	21,406,055
- Plant and equipment		343,011	181,188
- Infrastructure systems		911,469	918,702
- Jewellery and artefacts		176,935	176,935
Total property, plant and equipment	10,11	22,706,047	22,682,879
<b>TOTAL NON-CURRENT ASSETS</b>		<b>29,697,432</b>	<b>27,412,505</b>
<b>TOTAL ASSETS</b>		<b>32,205,818</b>	<b>31,688,689</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	280,028	105,419
Financial liabilities	13	90,000	90,000
Provisions	14	71,511	44,198
<b>TOTAL CURRENT LIABILITIES</b>		<b>441,539</b>	<b>239,617</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	13,15	1,670,000	1,760,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,670,000</b>	<b>1,760,000</b>
<b>TOTAL LIABILITIES</b>		<b>2,111,539</b>	<b>1,999,617</b>
<b>NET ASSETS</b>		<b>30,094,279</b>	<b>29,689,072</b>
<b>EQUITY</b>			
Reserves	16	13,598,934	14,007,538
Retained earnings	16	16,495,345	15,681,534
<b>TOTAL EQUITY</b>		<b>30,094,279</b>	<b>29,689,072</b>

**Statement of Changes in Equity**  
 For the year ended 30 June 2018

	Note	Retained Earnings	Asset Revaluation Reserve	Financial Assets Reserve	Total
<b>Balance at 1 July 2016</b>		14,946,948	13,401,796		28,348,744
Profit for the period		734,586			734,586
Revaluation of property, plant and equipment			(95,620)		(95,620)
Available-for-sale financial assets:					
- Net gains during the period				701,362	701,362
<b>Total comprehensive income for the year</b>		734,586	(95,620)	701,362	1,340,328
<b>Balance at 30 June 2017</b>		15,681,534	13,306,176	701,362	29,689,072
<b>Comprehensive income</b>					
Profit for the period		813,811			813,811
- Net gains during the period				261,192	261,192
- Reclassified to net result				(669,796)	(669,796)
<b>Total comprehensive income for the year</b>		813,811		(408,604)	405,207
<b>Balance at 30 June 2018</b>		16,495,345	13,306,176	292,758	30,094,279

CB Alexander Foundation  
 ABN 43 187 636 211  
**Statement of Cash Flows**

For the year ended 30 June 2018

Consolidated classes

	Note	This Year \$	Last Year \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee related		(686,270)	(574,337)
Suppliers for goods and services		(525,906)	(416,090)
Grants and subsidies		(44,300)	(24,700)
Finance costs		(99,433)	(101,661)
GST paid		<u>(112,090)</u>	<u>(108,029)</u>
<b>Total Payments</b>		<b>(1,467,999)</b>	<b>(1,224,817)</b>
<b>Receipts</b>			
Sale of goods and services		1,141,264	1,142,544
Interest received		45,646	97,475
Dividends and trust distributions received		246,666	123,065
Grants and contributions		47,178	521,505
Other		<u>172,707</u>	<u>134,425</u>
<b>Total Receipts</b>		<b>1,653,461</b>	<b>2,019,014</b>
<b>Net cash provided by (used in) operating activities</b>	17	<b><u>185,462</u></b>	<b><u>794,197</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		3,636	-
Proceeds from sales of investments		5,420,755	50,000
Purchase of land and buildings, plant and equipment and infrastructure systems		(239,795)	(302,786)
Purchases of investments		<u>(7,133,432)</u>	<u>-</u>
<b>Net cash provided by (used in) investing activities</b>		<b><u>(1,948,836)</u></b>	<b><u>(252,786)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of borrowings and advances		<u>(90,000)</u>	<u>(90,000)</u>
<b>Net cash provided by (used in) financing activities</b>		<b><u>(90,000)</u></b>	<b><u>(90,000)</u></b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>(1,853,374)</b>	<b>451,411</b>
Cash at beginning of financial year	5	<u>4,033,007</u>	<u>3,581,596</u>
<b>Cash at end of financial year</b>	5	<b><u>2,179,633</u></b>	<b><u>4,033,007</u></b>

## **Note 1: Summary of Significant Accounting Policies**

### **(a) Reporting entity**

The CB Alexander Foundation (the entity) is a reporting entity. These financial statements are general purpose financial statements that have been prepared in accordance with applicable Australian Accounting Standards, Australian Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the requirements of the Public Finance & Audit Act 1983, the Public Finance & Audit Regulation 2015, the Australian Charities and Not-for-profits Commission Act 2012 and the Treasurers' Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities.

The entity is endorsed as a Charitable Institution under the Income Tax Assessment Act.

The entity is a NSW statutory authority created under the CB Alexander Foundation Incorporation Act 1969. The entity is a not-for-profit entity (as profit is not its principal objective). The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 2018 were authorised for issue by the CB Alexander Foundation on 6 March 2019.

### **(b) Basis of Preparation**

The entity's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- \* applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- \* the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015; and
- \* Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale, financial assets at 'fair value through profit or loss' and available-for-sale financial assets are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

### **(c) Statement of compliance**

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### **(d) Income Tax**

The entity is exempt from Income Tax purposes under Subdivision 50B of the Income Tax Assessment Act of 1997.

### **(e) Accounting for the Goods and Services Tax**

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

- \* amount of GST incurred by the entity as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- \* receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(f) Comparative information**

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

**(g) Changes in accounting policies, including new or revised AAS**

**(i) Effective for the first time in 2017-18**

The accounting policies applied in 2017-18 are consistent with those of the previous financial year except as a result of the following new or revised AAS that have been applied for the first time in 2017-18:

AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15  
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB107  
AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities  
AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle

**(ii) Issued but not yet effective**

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

AASB 9 Financial Instruments  
AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers  
AASB 16 Leases  
AASB 1058 Income of Not-for-profit Entities  
AASB 2016-7 Amendments to Australian Accounting Standards Deferral of AASB 15 for Not-for-Profit Entities  
AASB 2016-8 Amendments to Australian Accounting Standards Australian Implementation Guidance for Not-for-Profit Entities  
AASB 2017-5 Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections  
AASB 2017-6 Amendments to Australian Accounting Standards Prepayment Features with Negative Compensation

It is considered that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements of the entity.

**Note 2: Expenses Excluding Losses**

	This Year \$	Last Year \$
<b>(a) EMPLOYEE RELATED EXPENSES</b>		
Salaries and wages (including annual leave)	622,384	533,715
Departmental salaries	159,739	174,500
Superannuation	54,597	46,412
Provision for employee entitlements	29,879	16,517
Workers' compensation insurance	9,616	7,164
<b>TOTAL</b>	<b>876,215</b>	<b>778,308</b>
<b>(b) OPERATING EXPENSES</b>		
Operating expenses include the following:		
Auditor's remuneration		
- audit of the financial statements	19,885	22,780
Cost of goods sold	5,897	3,651
Operating lease rental expense	5,920	-
Insurance	36,020	31,706
Catering	22,819	291
Consultants	22,508	21,950
Contracted services	60,922	13,092
Utilities	82,909	76,632
Overseas tour groups	18,606	18,270
Fuel and oil supplies	6,956	5,056
Minor equipment	3,251	2,124
Motor vehicle expenses	3,865	2,862
Other expenses	79,802	55,476
<b>TOTAL</b>	<b>369,360</b>	<b>253,890</b>
<b>REPAIRS AND MAINTENANCE</b>		
Maintenance expense	184,819	179,374
<b>TOTAL</b>	<b>184,819</b>	<b>179,374</b>

**Recognition and Measurement**

***Maintenance expense***

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement or an enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

***Insurance***

The entity's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

***Operating leases***

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

**Note 2: Expenses Excluding Losses**

	This Year \$	Last Year \$
<b>(c) DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation	216,319	195,900
<b>TOTAL</b>	<b>216,319</b>	<b>195,900</b>

Refer to Note 10 for recognition and measurement policies on depreciation.

**(d) GRANTS AND SUBSIDIES**

General Grant expenses	-	2,585
Scholarships	53,300	30,700
<b>TOTAL</b>	<b>53,300</b>	<b>33,285</b>

**(e) FINANCE COSTS**

Bank charges	2,882	1,889
Interest	96,311	99,442
<b>TOTAL</b>	<b>99,192</b>	<b>101,331</b>

**Recognition and Measurement**

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities.



**Note 3: Revenue and Other Income**

	This Year	Last Year
	\$	\$
(c) GRANTS AND OTHER CONTRIBUTIONS		
Industry:		
Total Homestead Maintenance	27,000	27,000
Staff contribution to Foundation	159,739	174,500
Building Fund Donations	1,428	457
McLachlan Bequest	-	498,797
Scholarship Payments by donors	20,750	17,250
Other government grants	25,000	5,000
<b>TOTAL GRANTS AND OTHER CONTRIBUTIONS</b>	<b>233,917</b>	<b>723,004</b>

**Recognition and Measurement**

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. Control over grants is normally obtained upon the receipt of cash.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

**Buildings and Maintenance**

An allocation of \$27,000 (Last Year : \$27,000) was made by State Treasury to Department of Industry during the financial year. This allocation was expended by the Department on essential care and maintenance of the Total Homestead.

**Staff and Students**

The services of students and staff to the entity's enterprises are an integral part of the Total College and as such it is difficult to cost the Department of Industry's input to the entity's operations.

The Charter of the Foundation as contained within the C B Alexander Foundation Incorporation Act 1969 is aimed essentially towards assisting the College with the provision of practical training and education at the College by use of its facilities.

The assessed input of Department of Industry to the entity is calculated to be approximately \$159,739 (Last Year : \$174,500).

(d) OTHER INCOME

Insurance Claim	11,606	-
Other minor income	4	1,329
<b>TOTAL OTHER INCOME</b>	<b>11,610</b>	<b>1,329</b>

**Note 4: Gains / (Losses) on Disposal**

	Note	This Year	Last Year
		\$	\$
Net gain on financial assets		957,685	-
Sale of Assets		3,328	-
<b>TOTAL GAINS / (LOSSES) ON DISPOSAL</b>		<b>961,013</b>	<b>-</b>

## Note 5: Cash and Cash Equivalents

Cash on hand	- petty cash	750	750
Cash at bank	- building fund	506	53,128
Cash at bank	- working accounts	71,553	85,210
Cash at bank	- barracks project account	24,055	84,262
		96,864	223,350
Restricted assets	9	2,082,769	3,809,658
<b>TOTAL CASH AND CASH EQUIVALENTS</b>		<b>2,179,633</b>	<b>4,033,008</b>

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

### RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	2,179,633	4,033,007
	2,179,633	4,033,007

Refer Note 15 for details regarding credit risk and market risk arising from financial instruments.

## Note 6: Trade and Other Receivables

	This Year \$	Last Year \$
<b>CURRENT</b>		
Accounts Receivables	322,931	233,639
Accrued Income	5,822	6,453
Prepayments	-	1,178
<b>TOTAL CURRENT</b>	<b>328,753</b>	<b>241,270</b>

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 15.

### Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables, including trade receivables, prepayments etc. are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### Impairment

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

### Note 6: Trade and Other Receivables

The entity first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

### Note 7: Inventories

	This Year \$	Last Year \$
CURRENT		
Publications	-	1,358
Souvenirs	-	549
TOTAL CURRENT	-	1,907

#### Recognition and Measurement

Inventories are measured at the lower of cost and net realisable value. Inventories contained in the report comprise souvenirs, books and eggs. Eggs are produced under a free range contract with their value determined under contract.

## Note 8: Financial Assets

	This Year \$	Last Year \$
<b>NON-CURRENT</b>		
Available-for-sale financial assets		
Shares in listed companies at fair value	2,082,518	4,729,626
Managed funds at fair value	4,908,867	-
<b>TOTAL NON-CURRENT</b>	<b>6,991,385</b>	<b>4,729,626</b>

Refer to Note 15 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

### Recognition and Measurement

All 'regular way' purchases or sales of other financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of other financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Financial assets that do not fall into any other category are accounted for as available-for-sale financial assets and are initially measured at fair value plus transaction costs and subsequently measured at fair value. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Gains or losses on available-for-sale financial assets are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

#### **Impairment of available-for-sale financial assets**

Available-for-sale financial assets are subject to an annual review for impairment.

In the case of debt instruments classified as available-for-sale financial assets, these are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The amount of the cumulative loss is reclassified from equity to the net result as a reclassification adjustment, measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in the net result.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases, the previously recognised cumulative impairment loss is adjusted. If a write-off is later recovered, the recovery is recorded in the net result.

In the case of equity investments classified as available-for-sale financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the net result is removed from other comprehensive income and recognised in the net result. Impairment losses on equity investments are not reversed through the net result; increases in their fair value after impairment are recognised in other comprehensive income.

## Note 9: Restricted Assets

The entity's financial statements include cash assets, accrued income and available-for-sale investments which is restricted by externally imposed conditions. The assets are only available for application in accordance with the terms of the donor restrictions.

	This Year \$	Last Year \$
<b>Restricted assets comprise</b>		
Cash and cash equivalents	2,082,769	3,809,658
Accrued Income:		
- proceeds on disposal of investments	21,014	-
- interest	3,133	3,718
- dividends and trust distributions	132,826	113,746
Available-for-sale financial assets	6,991,385	4,729,626
Less: unpaid scholarships	(15,000)	-
<b>TOTAL</b>	9,216,127	8,656,748
 <b>Movement in carrying amount of restricted assets</b>		
Opening Balance	8,656,748	7,440,787
<b>Changes in equity:</b>		
New donations - trust accounts (Note 3 (c))	20,750	17,250
- McLachlan Bequest	-	498,797
Interest received	41,855	103,499
Dividends and trust distributions received	286,761	229,390
Direct investment expenses	(34,671)	-
Scholarships paid (Note 2 (d))	(53,300)	(30,700)
McLachlan bequest funds expended	(251,097)	(303,637)
Net capital gain / (loss) on disposal of investments (Note 4)	957,685	-
Movement in market value of investments	(408,604)	701,362
<b>Total changes in restricted assets</b>	559,379	1,215,961
<b>Total restricted assets at year end</b>	9,216,127	8,656,748

In September 2015 the CB Alexander Foundation was notified of a significant bequest from the late Miss Daphne McLachlan. The total bequest of \$6,697,975 valued at the date of the transfer 20 May 2016 comprised listed company shares and cash.

Under the terms of Miss McLachlan's will this bequest is to be used "for the primary purpose of training students at Tocal Agricultural College (or such other institution as shall succeed Tocal College if Tocal College should change its name) with the object of improving land pastures and stock particularly sheep and beef cattle and secondly for the general purposes of the College".

During 2017 the Board of the CB Alexander Foundation approved outsourcing the management of this bequest with oversight by a committee appointed by the Board. A tender process was used to select Macquarie Investment Management Limited to manage the bequest funds and terms of reference were developed to guide the committee. The new arrangements commenced in July 2017.

### SUMMARY

McLachlan bequest	8,356,694	7,785,831
Scholarship prize funds	859,433	870,917
<b>TOTAL</b>	9,216,127	8,656,748

**Note 10: Property, Plant and Equipment**

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Jewellery and Artefacts	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2017 - fair value</b>					
Gross carrying amount	21,738,115	402,893	1,032,470	176,935	23,350,413
Accumulated depreciation and impairment	(332,060)	(221,706)	(113,768)	-	(667,534)
Net carrying amount	21,406,055	181,187	918,702	176,935	22,682,879
<b>At 30 June 2018 - fair value</b>					
Gross carrying amount	21,747,355	567,766	1,068,152	176,935	23,560,208
Accumulated depreciation and impairment	(472,723)	(224,755)	(156,683)	-	(854,161)
Net carrying amount	21,274,632	343,011	911,469	176,935	22,706,047

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below:

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Jewellery and Artefacts	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2018</b>					
Net carrying amount at beginning of year	21,406,055	181,187	918,702	176,935	22,682,879
Additions	9,240	194,873	35,682	-	239,795
Disposals		(308)	-	-	(308)
Depreciation expense	(140,663)	(32,741)	(42,915)	-	(216,319)
Net carrying amount at end of year	21,274,632	343,011	911,469	176,935	22,706,047

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Jewellery and Artefacts	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2016 - fair value</b>					
Gross carrying amount	21,632,017	359,506	974,919	272,555	23,238,997
Accumulated depreciation and impairment	(277,077)	(214,410)	(75,896)	-	(567,383)
Net carrying amount	21,354,940	145,096	899,023	272,555	22,671,614
<b>At 30 June 2017 - fair value</b>					
Gross carrying amount	21,738,115	402,893	1,032,470	176,935	23,350,413
Accumulated depreciation and impairment	(332,060)	(221,706)	(113,768)	-	(667,534)
Net carrying amount	21,406,055	181,187	918,702	176,935	22,682,879

## Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below:

	Land and Buildings	Plant and Equipment	Infrastructure Systems	Jewellery and Artefacts	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2017</b>					
Net carrying amount at beginning of year	21,354,940	145,096	899,023	272,555	22,671,614
Additions	182,749	62,485	57,551	-	302,785
Net revaluation increment less revaluation decrements	-	-	-	(95,620)	(95,620)
Depreciation expense	(131,634)	(26,394)	(37,872)	-	(195,900)
Net carrying amount at end of year	<u>21,406,055</u>	<u>181,187</u>	<u>918,702</u>	<u>176,935</u>	<u>22,682,879</u>

## Recognition and Measurement

### **Acquisition of property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Plant and equipment acquired upon the purchase of the Numeralla property was valued by the CB Alexander Foundation based on estimated useful remaining life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Plant and equipment acquired with Tocal Homestead is regarded primarily as having an historic value and is being used as exhibits for public display as they are restored, valued and catalogued. A separate insurance policy exists for contents, plant and artefacts.

### **Daly Kidd Cottage**

Work on restoration of the Daly Kidd Cottage was completed in May 2017. Work included interior fitout, installation of bathroom and kitchen, completion of back verandah and steps and completion of basement / garage. The cottage has been refurbished to house the Homestead Caretakers and it is expected that the Caretakers will occupy this dwelling in late July 2017.

An independent rental valuation was undertaken to obtain a value for rent for the Caretakers.

### **Poultry Farm, Coolroom, Sheds and Infrastructure**

All work had been completed on the conversion of the Numeralla Farm to free range eggs as at 30 June 2016. During 2017, a replacement machinery shed was constructed. The new shed replaced an old structure that was written off in 2015 as being beyond economic repair.

### **Capitalisation thresholds**

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. All other repairs and maintenance are charged to the statement of profit or loss & other comprehensive income during the financial period in which they are incurred.

**Major inspection costs**

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

**Restoration costs**

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

**Depreciation of property, plant and equipment**

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

All material identifiable components of assets are depreciated separately over their useful lives.

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings such as the Homestead may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	0% - 2.5%
Plant and equipment	10% - 33.33%
Infrastructure	2.5% - 10%

**Revaluation of property, plant and equipment**

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy. This policy adopts fair value in accordance with AASB 13, AASB 116 and AASB 140 Investment Property.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 11 for further information regarding fair value.

Revaluations shall be made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The entity conducts a comprehensive revaluation at least every five years for its land and buildings (except infrastructure and land under infrastructure) where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment.

The last comprehensive revaluation of land, buildings and infrastructure was completed on 31 March 2014 and was based on an independent assessment provided by provided by Land & Property Information, a division of the Department of Finance & Services on the 31 March 2014 and are undertaken in conjunction with Department of Industry, (formerly NSW Department of Primary Industry) revaluation policy.

With the conversion of the Numeralla property from broiler chicken production to free range egg production a revaluation of the property based on an independent assessment was commissioned. The Valuation was completed in February 2015. The revised valuation is reflected in the accounts.

Revaluation of furniture and artefacts was undertaken during 2017 by the relevant experts. Jewellery and artefacts were valued by Ann Newman, Hunter Region Valuation Services and furniture was valued by Swan Murray and Hain. Both valuations were completed by 30 June 2017.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

## Note 11: Fair Value Measurement of Non-Financial Assets

### Fair value measurement and hierarchy

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- \* Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- \* Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- \* Level 3 - inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### (a) Fair value hierarchy

	2018 Level 1	Level 2	Level 3	Total fair value
Property, plant and equipment (Note10):				
- Land and buildings			21,274,632	21,274,632
- Plant and equipment			343,012	343,012
- Infrastructure systems			911,469	911,469
- Jewellery and artefacts			176,935	176,935
Available-for-sale financial assets (Note8):				
Managed funds at fair value	4,908,867			4,908,867
Shares in listed companies at fair value	2,082,518			2,082,518
	6,991,385		22,706,047	29,697,432
	2017 Level 1	Level 2	Level 3	Total fair value
Property, plant and equipment (Note10):				
- Land and buildings			21,406,055	21,406,055
- Plant and equipment			181,188	181,188
- Infrastructure systems			918,702	918,702
- Jewellery and artefacts			176,935	176,935
Available-for-sale financial assets (Note 8):				
Managed funds at fair value				
Shares in listed companies at fair value	4,729,626			4,729,626
	4,729,626		22,682,879	27,412,505

There were no transfers between Level 1 or 2 during the periods.

#### (b) Valuation techniques, inputs and processes

##### Land

Land is valued at fair value having regard to current use.

The subject land has been valued using the direct comparison approach. A rate per hectare of land has been deduced from market sales. These rates have then been directly compared to the subject property having regard to matters such as heritage restrictions, zoning, location, topography, aspect, frontage, size, shape, date of contract execution and current market sentiment.

### Buildings

Where current market buying prices cannot be observed, an asset's fair value is best measured by its depreciated replacement cost. Given the specialised nature of the Tocal Homestead and Numeralla improvements, this is considered the appropriate method of valuation. Specialised properties are valued at written down replacement cost, assuming a modern technical equivalent asset.

The only exception to this rule is when valuing Heritage buildings. These buildings have to be replicated according to their heritage characteristics with replacement costs higher in comparison to a modern equivalent building.

Please refer to Note 10 for further information.

#### (c) Reconciliation of recurring Level 3 fair value measurements

	Property, plant and equipment	Total Recurring Level 3 Fair value
Fair value as at 1 July 2017	22,682,879	22,682,879
Additions	239,795	239,795
Disposals	(308)	(308)
Depreciation expense	(216,319)	(216,319)
<b>Fair value as at 30 June 2018</b>	<b>22,706,047</b>	<b>22,706,047</b>
	Property, plant and equipment	Total Recurring Level 3 Fair value
Fair value as at 1 July 2016	22,671,614	22,671,614
Additions	302,785	302,785
Revaluation increments/ decrements recognised in other comprehensive income - included in line item / Changes in revaluation	(95,620)	(95,620)
Disposals		
Depreciation expense	(195,900)	(195,900)
<b>Fair value as at 30 June 2017</b>	<b>22,682,879</b>	<b>22,682,879</b>

### Note 12: Trade and Other Payables

	This Year \$	Last Year \$
<b>CURRENT</b>		
Trade creditors	15,064	20,734
Payroll liabilities	25,996	25,049
GST payable	44,653	21,046
Accrued salaries, wages and on-costs	8,765	6,601
Other accrued expenses	45,551	31,988
Income in advance	140,000	-
<b>TOTAL CURRENT</b>	<b>280,028</b>	<b>105,418</b>

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 15.

#### Recognition and measurement

Payables represent liabilities for goods and services provided to the entity and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

**Note 13: Financial Liabilities**

	This Year \$	Last Year \$
<b>CURRENT</b>		
Commercial Loan - Secured	90,000	90,000
<b>TOTAL CURRENT</b>	<b>90,000</b>	<b>90,000</b>
<b>NON-CURRENT</b>		
Commercial Loan - Secured	1,670,000	1,760,000
<b>TOTAL NON-CURRENT</b>	<b>1,670,000</b>	<b>1,760,000</b>
<b>TOTAL</b>	<b>1,760,000</b>	<b>1,850,000</b>

In order to finance the transition from Broiler growing to Free Range Eggs a flexible loan facility of \$2,000,000 was secured through the National Australia Bank. In accordance with the CB Alexander Foundation Act to secure the loan the Foundation was required to seek and obtained the NSW Governor's consent to register a mortgage over the entity's properties known as "Numeralla" and "Clements Farm". These properties are represented as Lot 171, DP610453 and Lot 8, 975697 respectively.

The carrying amounts/fair values of the properties pledged as security are as follows:

Numeralla	1,500,000
Clements Farm	1,000,000
<b>TOTAL</b>	<b>2,500,000</b>

Details regarding liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 15.

**Recognition and measurement**

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Finance lease liabilities are determined in accordance with AASB 117.

Changes in liabilities arising from financing activities:

	1 July 2017	Cash flows	30 June 2018
Commercial Loan - Secured	1,850,000	(90,000)	1,760,000
	1,850,000	(90,000)	1,760,000

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**Note 14: Provisions**

	This Year	Last Year
	\$	\$
<hr/>		
CURRENT		
Provision for Annual Leave	38,256	18,390
Provision for Long Service Leave	33,255	25,808
<b>TOTAL CURRENT</b>	<b>71,511</b>	<b>44,198</b>

**Recognition and Measurement**

***Employee benefits and related on-costs***

***Salaries and wages, annual leave and sick leave***

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

***Long service leave and superannuation***

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

***Consequential on-costs***

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

## Note 15: Financial Instruments

The entity's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the entity's operations. The entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The entity's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

A finance committee consisting of committee members meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the entity. Risk management policies are approved and reviewed by the entity on a regular basis. These include credit risk policies and future cash flow requirements.

### a) Financial instrument categories

Class	Note	Category	This Year Carrying Amount	Last Year Carrying Amount
<b>Financial Assets</b>				
Cash and cash equivalents	5	N/A	2,179,633	4,033,008
Trade and other receivables	6	Loans and receivables at amortised cost	328,753	241,270
Financial assets at fair value	8	Available-for-sale financial assets	6,991,385	4,729,626
<b>TOTAL</b>			<b>9,499,771</b>	<b>9,003,904</b>
<b>Financial Liabilities</b>				
Payables	12	Financial liabilities measured at amortised cost	280,028	105,419
Borrowings	13	Financial liabilities measured at amortised cost	1,760,000	1,850,000
<b>TOTAL</b>			<b>2,040,028</b>	<b>1,955,419</b>

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

### b) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers the financial asset:

\* where substantially all the risks and rewards have been transferred; or

\* where the entity has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

**c) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**d) Financial risks**

**i. Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

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

*Cash and cash equivalents*

Cash includes cash on hand, investments and cash in the bank. Interest is earned on a daily basis on bank account balances. The average interest rate during the year was .05% (2017: .05%). This rate is variable depending upon cash held within the account.

*Receivables - trade debtors*

All trade debtors are recognised as receivables at balance date. Collectability of trade debtors is reviewed on an ongoing basis.

No provision for impairment has been used as all outstanding amounts are considered to be fully collectable. The credit risk is the carrying amount.

No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on thirty-day terms.

*Managed funds and shares in listed companies*

The fair value of listed shares held directly in the prior year was determined using closing quoted bid prices at the end of the 2017 reporting period obtained from the active market of the Australian Stock Exchange.

The fair value of managed funds and listed company shares was determined using closing quoted prices at the end of the 2018 reporting period obtained from the fund manager Macquarie Investment Management Limited.

**ii. Liquidity risk**

Liquidity risk is the risk that the entity will be unable to meet its payment obligations when they fall due.

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

During the current and prior year, there were no defaults of loans payable.

*Bank Overdrafts*

The entity has a bank overdraft limit of \$50,000. The interest rate for the facility is 6.87% (2017: 6.87%). This facility is presently unused.

*Credit Card Facility*

The entity introduced a credit card facility in April 2013 and a card was issued to the Secretary. The card is not used to obtain petty cash and no interest is payable as monthly transactions are cleared automatically by the bank at the end of each month. Interest for the facility is 15.5%.

*Payables*

Liabilities are recognised for amounts due to be paid in the future for goods or services received whether or not invoiced. Amounts owing to suppliers (all unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was paid during the year.

*Financial Liabilities*

The entity currently has a flexible rate loan of \$2,000,000. At 30 June \$1,760,000 of the loan has been drawn with \$1,000,000 fixed until 31 January 2019 at 5.47%. The interest rate on the remaining \$760,000 at 30 June 2018 is 5.309% Repayment of the loan commenced from October 2015. The facility has an expiry date of 30 September 2030.

CB Alexander Foundation  
Notes to the Financial Statements for the year ended 30 June 2018

The table below summarises the maturity profile of the entity's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

**Maturity analysis and interest rate exposure of financial liabilities**

	Interest Rate Exposure					Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 year	1-5 years	> 5 years
<b>2018</b>								
Payables					280,028	280,028		
Borrowings	5.34%	2,558,945	1,032,221	1,526,724	-	182,895	681,133	1,694,916
<b>2017</b>								
Payables					105,418	105,418		
Borrowings	5.25%	2,737,881	1,086,921	1,650,950	-	187,646	697,546	1,852,689

Note: The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the amounts in the Statement of Financial Position.

**iii. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The entity's exposures to market risk are primarily through interest rate risk on the entity's borrowings and other price risks associated with the movement in the share and unit prices of the Macquarie Investment Management Limited portfolios. The entity has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2017. The analysis assumes that all other variables remain constant.

*Interest rate risk*

Exposure to interest rate risk arises primarily through the entity's interest bearing liabilities. This risk is minimised by undertaking managed with a mixture of fixed and floating rate debt. The entity does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The entity's exposure to interest rate risk is set out below.

	Carrying Amount	-1%		1%	
		Net Result	Equity	Net Result	Equity
<b>2018</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	2,179,633	(21,796)	(21,796)	21,796	21,796
<b>Financial Liabilities</b>					
Borrowings	1,760,000	(17,600)	(17,600)	17,600	17,600
<b>2017</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	4,033,008	(40,330)	(40,330)	40,330	40,330
<b>Financial Liabilities</b>					
Borrowings	1,850,000	(18,500)	(18,500)	18,500	18,500

*Other price risk - Macquarie Investment Management Limited portfolios*

Exposure to 'other price risk' primarily arises through the investment in Macquarie Investment Management Limited (Macquarie) portfolios, which are held for strategic rather than trading purposes. The entity holds equity investments through two separately managed Macquarie accounts and holds units in a number of investment trusts through a Macquarie management investments portfolio as follows:

Facility	Investment Sectors	Investment Horizon	This Year Carrying Amount	Last Year Carrying Amount
RAM Australian Diversified Fixed Interest & Credit Securities Managed Account	Australian listed credit securities	1.5 years to 3 years	444,747	0
Macquarie PPM Core Australian Equity Managed Account	Australian listed equities	3 years to 7 years	1,637,771	0
N/A	Directly held Australian equities	3 years to 7 years	0	4,729,626
Macquarie Managed Investment Trusts	Infrastructure, Australian and international bonds, listed property and International shares	7 years and over	4,908,867	0

Macquarie manages credit risk and interest rate risk exposures applicable to specific fixed-interest investments of the entity in accordance with an asset portfolio mandate agreed between the two parties. For this service Macquarie receives a fee based on the dollar value of the portfolio.

The Macquarie investment team closely monitor risk at a stock, sector and thematic level using Macquarie's proprietary risk management systems. Derivatives are not used. Investment in the Macquarie portfolios limits the entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

At reporting date the carrying value of securities, investment trusts and funds at call, managed by Macquarie stood at \$7,920,424 (2017: \$Nil).

	Carrying Amount	-10%		10%	
		Net Result	Equity	Net Result	Equity
<b>2018</b>					
Financial assets at fair value	6,991,385	(699,139)	(699,139)	699,139	699,139
<b>2017</b>					
Financial assets at fair value	4,729,626	(472,963)	(472,963)	472,963	472,963

**e) Fair value measurement**

**i. Fair value compared to carrying amount**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Macquarie investment facilities are measured at fair value. Management assessed that the carrying amount of all other financial instruments approximate their fair values, largely due to the short-term maturities of these instruments.

**ii. Fair value recognised in the Statement of Financial Position**

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

\* Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.

\* Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

\* Level 3 - inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
RAM Australian Diversified Fixed Interest & Credit Securities Managed Account	444,747	-	-	444,747
Macquarie PPM Core Australian Equity Managed Account	1,637,771	-	-	1,637,771
Macquarie Managed Investment Trusts	4,908,867	-	-	4,908,867
	2017			
	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Shares in listed Australian equities	4,729,626	-	-	4,729,626

There were no transfers between Level 1 or 2 during the periods.

## **Note 16: Equity**

### **Recognition and Measurement**

#### **Revaluation surplus**

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the entity's policy on the revaluation of property, plant and equipment as discussed in Note 10.

#### **Accumulated Funds**

The category 'Accumulated Funds' includes all current and prior period retained funds.

#### **Reserves**

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or AAS (e.g. revaluation surplus and foreign currency translation reserve).

### Note 17: Cash Flow Information

	Note	This Year \$	Last Year \$
<b>RECONCILIATION OF CASH</b>			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents	5	2,179,633	4,033,007
		<u>2,179,633</u>	<u>4,033,007</u>
<b>RECONCILIATION OF CASH FLOWS</b>			
Cash flows from operations are reconciled to profit from ordinary activities after income tax as follows:			
Profit from ordinary activities after income tax		813,811	734,586
Non-cash flows in profit from ordinary activities after income tax			
Depreciation		216,319	195,900
Net (gains)/losses on disposals of property, plant and equipment		(3,328)	-
Net (gains)/losses on disposals of investments		(957,685)	-
Total non-cash flows in profit from ordinary activities after income tax		(744,694)	195,900
Changes in assets and liabilities			
(Increase)/Decrease in trade and other receivables		(87,483)	(166,552)
(Increase)/Decrease in inventories		1,907	3,651
Increase/(Decrease) in trade and other payables		(174,608)	17,196
Increase/(Decrease) in provisions		27,313	9,416
Total changes in assets and liabilities		116,345	(136,289)
<b>TOTAL CASH FLOWS FROM OPERATIONS</b>		<u>185,462</u>	<u>794,197</u>

### Note 18: Emoluments

Members of the Foundation act in an honorary capacity and have not sought reimbursement of expenses incurred or for fees normally payable to part time members of State authorities.

### Note 19: Commitments

The entity has negotiated a contract to purchase a parcel of land joining Dunnings Hill for \$160,000. Proposed Lot 2 in Subdivision of Lot 141 DP 703054 (vendor's property) and Lot 18 DP 1184842 being CB Alexander Foundation land. The land purchase will result in a boundary realignment to the Dunnings Hill property.

### Note 20: Contingent Liabilities

There were no contingent liabilities in respect of the entity as at 30 June 2018 (nil in 2017).

### Note 21: Segment Reporting

The entity operates predominantly in one business and geographical segment, being the promotion and advancement of agricultural education at the CB Alexander Agricultural College.

## Note 22: Related Party Disclosure

During the year, the CB Alexander Foundation incurred Nil Expenses in respect of those key management personnel, having authority and responsibility for planning, directing and controlling the activities of CB Alexander Foundation.

During the year, the entity did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

### *Terms and conditions with related parties*

All transactions with related parties are conducted on an arm's length basis and on normal commercial terms. During the year, the Department of Industry provided the CB Alexander Foundation with administration services of \$186,739 (2017 \$201,500). The Department waived the costs in favour of the Foundation.

During the year, the entity entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions (incurred in the normal course of business) in aggregate are a significant portion of the entity's revenue and expenses, and the nature of these significant transactions are detailed below.

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Entity	Nature of Transaction
Audit Office of NSW	Independent audit services of the Trust's financial statements
Department of Industry	Administrative, secretarial support and operational assistance

## Note 23: Events Subsequent to Balance Date

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There are no known subsequent events as at the date of this report.

## Note 24: Foundation Details

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The principal place of business is:

CB Alexander Foundation  
815 Tocal Road  
Paterson NSW 2421