



Consolidated Financial Statements

The Cairnmillar Institute

ABN 27 005 085 423

31 December 2016

The Cairnmillar Institute and Controlled Entities
ABN 27 005 085 423

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Directors' report

The Directors present their report on the Company and its Controlled Entities for the year ended 31 December 2016.

Directors

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

- Mr Clive Appleton
- Mr Ian Chisholm
- Mr Rowan Kennedy
- Dr Julie Shaw
- Dr James Potter AM (resigned on 24 November 2016)
- Mr Les Posen (appointed 20 December 2016)
- Mr David Norman Loader (appointed 9 November 2016)
- Mrs Kathryn Von Treur (appointed 25 October 2016)
- Ms Carolyn Deveny (appointed 23 October 2016)
- Ms Sarah Lowe (resigned 30 March 2016)

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

Objectives

Short term

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

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

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

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

Long term

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

To expand the research profile and publications of Cairnmillar;

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

Directors' report

Strategy for achieving the objectives

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

Principal activities

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

Performance measures

Treatment

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

Education

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

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

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

Research

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

Directors' report

Directors' Meetings

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

	Number of meetings eligible to attend	Number attended
Clive Appleton	6	1
Ian Chisholm	6	3
Rowan Kennedy	6	6
Julie Shaw	6	6
James Potter	6	6
Les Posen	-	-
David Norman Loader	2	1
Kathryn Von Treur	1	1
Carolyn Deveny	1	1
Sarah Lowe	1	1

Qualification of Directors

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

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

Mr Ian Chisholm FAICD FCMI

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

Directors' report

Mr Rowan Kennedy LLB BCom, Chairman

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

Dr Julie Shaw PhD MBA MSc BA FCMI

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

Dr James Potter AM BSc, MAppSc, (Hons) LL.D (Melb)

Dr James Potter has had a distinguished career as an engineer, has worked as an academic in an engineering faculty and in academic management and governance. He originally studied engineering at RMIT, and has held the rank of Lieutenant Colonel in the Australian Armed forces. Dr Potter was Registrar at the University of Melbourne for many years, where he played a key administrative role, including responsibility for promulgation, and consistent application and compliance with policies and procedures relating to students, student discipline and grievances, and student services. He was a founding member of the Senatus (Academic Board) of The Cairnmillar Institute School of Psychology Counselling and Psychotherapy and now holds the position of Chair.

Ms Carolyn Deveny BCom CA

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

Directors' report

Mr Les Posen MedPsych

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

Associate Professor David Loader OAM MEd BSc(Gen)

Associate Professor David Loader OAM is a former Principal of Wesley and Methodist Ladies' Colleges, a Fellow in the Faculty of Education at Melbourne University, a Board Member of Swinburne University and Independent Colleges of Australia. He was awarded the Sir James Darling Medal and the Centenary Medal, for his outstanding contribution to education. He has been a valued member of the Cairnmillar Academic Board for a number of years.

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

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

Directors' report

Ms Sarah Lowe CA BCom (Accounting and Finance)

Ms Sarah Lowe is a partner in the Financial Services Audit Practice of a Big 4 Accounting Firm. She specialises in the provision of accounting and audit services, the majority of which is in relation to the banking and finance sectors. Sarah has also spent time in a technical accounting role where her specialisation was the interpretation and application of the International Financial Reporting Standards (IFRS) framework. Her current clients include financial services firms in the ASX Top 100 as well as non-listed financial services clients.

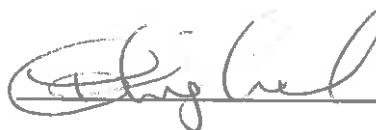
Auditor's Independence Declaration

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

Signed in accordance with a resolution of Directors:



Director



Director

Dated this 25th day of May 2017

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2016

	Notes	Consolidated Group		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
Revenue from ordinary activities	2	4,897,978	4,828,106	4,843,829	5,082,699
Bequest and other income	2	115,032	1,065,025	115,032	1,054,098
Employee benefits expense		(3,364,575)	(3,047,260)	(3,364,575)	(3,047,260)
Consultancy fees		(201,359)	(244,496)	(201,359)	(244,496)
Depreciation and amortisation expense	3	(22,924)	(49,924)	(22,924)	(49,924)
Other expenses from ordinary activities		(843,840)	(891,707)	(843,879)	(890,004)
Profit from ordinary activities before income tax expense		580,312	1,659,744	526,124	1,905,113
Income tax expense		-	-	-	-
Net profit from ordinary activities after income tax expense		580,312	1,659,744	526,124	1,905,113
Other comprehensive income / (loss):					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
<i>Available-for-sale financial assets:</i>					
- Current year (losses)/ gains		(19,117)	(27,218)	-	-
- Reclassification to profit or loss		-	(10,803)	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
- Revaluation of land and building		1,700,000	-	1,700,000	-
Other comprehensive income/ (loss)		1,680,883	(38,021)	1,700,000	-
Total comprehensive income		2,261,195	1,621,723	2,226,124	1,905,113

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2016

	Notes	Consolidated Group		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
Assets					
Current					
Cash and cash equivalents	4	1,855,717	2,915,969	1,623,825	2,457,736
Trade and other receivables	5	411,346	172,508	421,181	371,152
Other financial assets	6	-	640,951	397,947	1,038,898
Other current assets	7	1,414,811	84,450	1,414,811	84,450
Non-current assets held for sale	9	5,000,000	-	5,000,000	-
Total Current Assets		8,681,874	3,813,876	8,757,764	3,952,236
Non-Current					
Available-for sale financial assets	8	793,054	812,235	-	-
Property, plant and equipment	10	72,054	3,386,778	72,054	3,386,778
Intangible assets	11	-	-	-	-
Total Non-Current Assets		865,108	4,199,013	72,054	3,386,778
Total Assets		9,546,982	8,012,889	8,829,818	7,339,014
Liabilities					
Current					
Trade and other payables	12	302,803	204,335	308,200	217,949
Short-term provisions	13	155,079	449,919	155,079	449,919
Other current liabilities	14	144,195	46,010	144,195	46,010
Related party payable	16	-	640,951	-	640,951
Total Current Liabilities		602,077	1,341,215	607,474	1,354,829
Non-Current					
Long-term provisions	13	69,550	57,515	69,550	57,515
Total Non-Current Liabilities		69,550	57,515	69,550	57,515
Total Liabilities		671,627	1,398,730	677,024	1,412,344
Net Assets		8,875,355	6,614,159	8,152,794	5,926,670
Equity					
Reserves	15	5,453,594	3,772,711	4,880,239	3,180,239
Retained earnings		3,421,760	2,841,448	3,272,555	2,746,431
Total Equity		8,875,355	6,614,159	8,152,794	5,926,670

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2016

	Retained Earnings \$	Available-for- sale Financial Assets Reserve \$	Revaluation Surplus \$	Other Reserves \$	Big Tent Reserve \$	Total Equity \$
CONSOLIDATED GROUP						
At 31 December 2014	1,181,704	221,088	2,629,762	416,630	543,252	4,992,436
Profit for the year	1,659,744	-	-	-	-	1,659,744
Other comprehensive income for the year						
- Change in fair value of Available-for-sale securities	-	(27,218)	-	-	-	(27,218)
- Write back investments sold	-	(10,803)	-	-	-	(10,803)
At 31 December 2015	2,841,448	183,067	2,629,762	416,630	543,252	6,614,159
Profit for the year	580,312	-	-	-	-	580,312
Other comprehensive income for the year						
- Change in fair value of Available-for-sale securities	-	(19,117)	-	-	-	(19,117)
- Revaluation of land and building	-	-	1,700,000	-	-	1,700,000
At 31 December 2016	3,421,760	163,950	4,329,762	416,630	543,252	8,875,355
PARENT ENTITY						
At 31 December 2014	841,318	-	2,629,762	7,225	543,252	4,021,557
Profit for the year	1,905,113	-	-	-	-	1,905,113
At 31 December 2015	2,746,431	-	2,629,762	7,225	543,252	5,926,670
Profit for the year	526,124	-	-	-	-	526,124
Other comprehensive income for the year						
- Revaluation of land and building	-	-	1,700,000	-	-	1,700,000
At 31 December 2016	3,272,555	-	4,329,762	7,225	543,252	8,152,794

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2016

	Notes	Consolidated Group		Parent Entity	
		2016	2015	2016	2015
		\$	\$	\$	\$
Cash Flow from Operating Activities					
Receipts from tuition, bequest and fees		5,241,073	6,129,358	5,254,904	6,181,370
Interest received		56,203	53,194	51,665	43,855
Payments to employees and others		(5,032,978)	(4,632,211)	(5,029,992)	(4,868,456)
Payments for income tax		-	(113,548)	-	-
Net cash provided by operating activities	17(b)	264,297	1,436,793	276,577	1,356,769
Cash Flow from Investing Activities					
Purchase of available-for-sale securities		-	(39,165)	-	-
Proceeds on sale of available-for-sale securities		-	40,048	-	-
Dividends received		51,542	174,482	-	417,143
Payments of deposit for purchase of property		(1,350,000)	-	(1,350,000)	-
Payments for property, plant and equipment		(26,091)	(51,497)	(26,091)	(51,497)
Net cash (used in) / provided by investing activities		(1,324,549)	123,868	(1,376,091)	365,646
Cash Flow from Financing Activities					
Payments (to) / from subsidiaries		-	-	165,603	(193,497)
Repayment of hire purchase financing		-	(9,908)	-	(9,908)
Net cash provided by/ (used in) financing activities		-	(9,908)	165,603	(203,405)
Net (decrease)/ Increase in cash held		(1,060,252)	1,550,753	(933,911)	1,519,010
Cash at beginning of year		2,915,969	1,365,216	2,457,736	938,726
Cash at end of year	17(a)	1,855,717	2,915,969	1,523,825	2,457,736

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2016

1. Statement of significant accounting policies

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

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

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

Basis of preparation

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

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 25 May 2017 by the directors of the company.

Adoption of new and revised accounting standards

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

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

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

Notes to the Financial Statements

for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

Principles of Consolidation

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

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

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

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

Going Concern

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

Income Tax

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Financial Instruments

Initial recognition and measurement

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

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

Notes to the Financial Statements

for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

Financial Instruments (continued)

Effective interest rate method

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

Classification and subsequent measurement

Loans and receivables

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

Available-for-sale financial assets

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

Financial liabilities

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

Property, Plant and Equipment

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

Property

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

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

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

Plant and equipment

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

Notes to the Financial Statements

for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

Property, Plant and Equipment (continued)

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

Depreciation

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

The depreciation rates used for each class of assets are:

Equipment	10% - 50%
Office furniture	10%
Motor vehicles	25%

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

Impairment of Assets

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

Intangibles

Software

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

Non-current Assets and Liabilities Classified as Held for Sale

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

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

Notes to the Financial Statements

for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

Revenue

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

Bequest and grants

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

Employee Benefits

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Members Guarantees

The company is a public company limited by the guarantee of its members. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$20 (2015: \$20) each towards meeting any outstanding obligations of the company. At 31 December 2016, the number of members was 8 (2015: 8).

Goods and Services Tax (GST)

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

Comparatives

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

Critical accounting estimates

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

Notes to the Financial Statements

for the year ended 31 December 2016

1. Statement of significant accounting policies (continued)

Critical accounting estimates (continued)

Key judgements - provision for impairment of receivables

The Consolidated Group assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the depreciated replacement cost of the asset is determined. Value-in-use calculations performed in assessing depreciated replacement cost incorporate further estimates.

Key judgements - provision for doubtful debts

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

Key judgements - revaluation of non-current assets

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

Deed of guarantee

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

Notes to the Financial Statements

for the year ended 31 December 2016

2. Revenue

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue from operating activities:				
Tuition and short course fees	3,959,085	3,692,567	3,959,085	3,692,567
Clinical fees and trust subsidies	593,794	601,401	595,724	643,260
Dividends	51,542	174,482	-	417,143
Marriage counselling grant	135,839	136,227	135,839	136,227
Big Tent donations	68,455	75,413	68,455	75,413
General donations, subsidies and scholarships	26,435	60,670	26,435	40,670
SAGE and other income	6,626	34,152	6,626	33,564
Total revenue from operating activities	4,841,776	4,774,912	4,792,164	5,038,844
Revenue from non-operating activities:				
Interest revenue	56,203	53,194	51,665	43,855
Total revenue from non-operating activities	56,203	53,194	51,665	43,855
Total revenue from ordinary activities	4,897,978	4,828,106	4,843,829	5,082,699
Bequest and other income:				
Bequest income	115,032	1,054,098	115,032	1,054,098
Profit on sale of available-for-sale financial assets	-	10,927	-	-
Total other income	115,032	1,065,025	115,032	1,054,098

3. Profit before tax

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

Depreciation and amortisation				
- Depreciation of property, plant and equipment	19,869	42,942	19,869	42,942
- Amortisation of intangibles	3,055	6,982	3,055	6,982
Total depreciation and amortisation	22,924	49,924	22,924	49,924
Loss on disposal of property, plant and equipment	17,891	-	17,891	-

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

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

Notes to the Financial Statements

for the year ended 31 December 2016

4. Cash and cash equivalents

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash on hand	686	706	676	696
Cash on deposit	1,378,106	2,461,867	1,349,048	2,275,695
Term deposit	694,873	662,555	392,049	390,504
Bank Overdraft Secured (refer (a) below)	(217,948)	(209,159)	(217,948)	(209,159)
Total cash and cash equivalents	1,855,717	2,915,969	1,523,825	2,457,736

(a) The bank overdraft is secured by a registered mortgage over the property at 993 Burke Road Camberwell, Victoria.

5. Trade and other receivables

Trade receivables

Trade debtors	55,288	32,574	55,288	32,574
Provision for impairment of receivables	(25,400)	(25,400)	(25,400)	(25,400)
	29,888	7,174	29,888	7,174
Fee Help	361,349	142,857	361,349	142,857
Total trade receivables	391,237	150,031	391,237	150,031

Other receivables

Loan – The Cairnmillar Institute School of Psychology Counselling & Psychotherapy Pty Ltd	-	-	28,014	185,241
Loan – Cairnmillar Trust	-	-	1,930	22,870
Other receivables	20,109	22,475	-	13,010
Total other receivables	20,109	22,475	29,944	221,121
Total trade and other receivables	411,346	172,506	421,181	371,152

6. Other financial assets

Investment on behalf of related party	-	640,951	-	640,951
Investment in controlled entities at cost (refer note 18)	-	-	397,947	397,947
Total other financial assets	-	640,951	397,947	1,038,898

7. Other current assets

Deposit paid on purchase of property	1,350,000	-	1,350,000	-
Prepayments	64,811	84,450	64,811	84,450
	1,414,811	84,450	1,414,811	84,450

Notes to the Financial Statements

for the year ended 31 December 2016

8. Available-for-sale financial assets

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
Available-for-sale financial assets at fair value				
- Shares in listed entities	793,054	812,235	-	-

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

9. Assets classified as held for sale

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

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

10. Plant and equipment

Equipment				
At cost	127,315	203,655	127,315	203,655
Less accumulated depreciation	(89,522)	(154,351)	(89,522)	(154,351)
	37,793	49,304	37,793	49,304
Office Furniture				
At cost	132,513	112,627	132,513	112,627
Less accumulated depreciation	(98,252)	(96,100)	(98,252)	(96,100)
	34,261	16,527	34,261	16,527
Land and Buildings				
Freehold land at valuation	-	2,000,000	-	2,000,000
Buildings at valuation	-	1,300,000	-	1,300,000
	-	3,300,000	-	3,300,000
Motor vehicles under hire purchase				
At cost	-	104,000	-	104,000
Less accumulated depreciation	-	(83,053)	-	(83,053)
	-	20,947	-	20,947
Total Plant and Equipment	72,054	3,386,778	72,054	3,386,778

Notes to the Financial Statements

for the year ended 31 December 2016

11. Intangible assets

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
Current				
Software				
At cost	13,970	13,970	13,970	13,970
Less accumulated amortisation	(13,970)	(13,970)	(13,970)	(13,970)
Total intangible assets	-	-	-	-

12. Trade and other payables

Trade Payables	114,922	84,043	114,922	84,043
Sundry creditors and accruals	187,881	120,292	191,228	119,292
The Cairnmillar Trust	-	-	2,050	14,614
Total trade and other payables	302,803	204,335	308,200	217,949

13. Provisions

- Provision for Annual Leave	135,354	249,906	135,354	249,906
- Provision for Long Service Leave	19,725	200,013	19,725	200,013
	155,079	449,919	155,079	449,919
Non-current				
- Provision for Long Service Leave	69,550	57,515	69,550	57,515
	69,550	57,515	69,550	57,515
Total provisions	224,629	507,434	224,629	507,434

14. Other Current Liabilities

Income received in advance	144,195	46,010	144,195	46,010
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15. Reserves

Available-for-sale financial assets reserve (i)	163,950	183,067	-	-
Revaluation surplus (ii)	4,329,762	2,629,762	4,329,762	2,629,762
Other reserves				
- Special reserve (iii)	7,225	7,225	7,225	7,225
- Capital funds reserve (iv)	400,000	400,000	-	-
- Committed projects reserve (iv)	9,405	9,405	-	-
- Big Tent project reserve (v)	543,252	543,252	543,252	543,252
Total reserves	5,453,594	3,772,711	4,880,239	3,180,239

Notes to the Financial Statements

for the year ended 31 December 2016

15. Reserves (continued)

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

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

(iii) Discretionary reserve held by The Cairnmillar Institute.

(iv) Discretionary reserves held by The Cairnmillar Trust.

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

16. Related party transactions

	Consolidated Group		Parent Entity	
	2016	2015	2016	2015
	\$	\$	\$	\$
Balance of related party payable at year end:				
- Payable to Dr Macnab	-	640,951	-	640,951

17. Cash flow information

a) Reconciliation of cash

Cash on hand and at bank (Note 4)	2,073,665	3,125,128	1,741,773	2,666,895
Bank overdraft (Note 4)	(217,948)	(209,159)	(217,948)	(209,159)
	<u>1,855,717</u>	<u>2,915,969</u>	<u>1,523,825</u>	<u>2,457,736</u>

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

Profit from ordinary activities after income tax	580,312	1,659,744	526,124	1,905,113
Adjustments:				
Amortisation	3,055	6,982	3,055	6,982
Depreciation	19,869	42,942	19,869	42,942
Dividends received	(51,542)	(174,482)	-	(417,143)
Loss on disposal of property, plant and equipment	17,891	-	17,891	-
Profit on sale of available-for-sale financial assets	-	(10,927)	-	-
Changes in assets and liabilities:				
(Increase) / decrease in trade receivables	(241,141)	(103,167)	(241,206)	(103,167)
(Increase) / decrease in prepayments & other receivables	22,005	(33,214)	32,649	(7,202)
Increase / (decrease) in trade creditors & accruals	196,653	77,441	201,000	(155,778)
Increase / (decrease) in employee entitlements	(282,805)	85,022	(282,805)	85,022
Increase / (decrease) in other liabilities	-	(113,548)	-	-
Cash flows from operations	<u>264,297</u>	<u>1,436,793</u>	<u>276,577</u>	<u>1,356,769</u>

Notes to the Financial Statements

for the year ended 31 December 2016

17. Cash flow information (continued)

c) Financing Facilities

As at 31 December 2016, The Cairnmillar Institute has a credit stand-by facility of \$455,000 (2015: \$455,000) of which \$237,052 (2015: \$245,841) remains unused by the entity. The interest rate of the facility at 31 December 2016 is 10.47% (2015: 10.82%), however the facility is subject to an offset arrangement against a deposit account included within cash on deposit (note 4). This arrangement has resulted in an effective interest rate of 0% for the year ended 31 December 2016 (2015: 0%).

18. Controlled Entities

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

Name of Entity	Country of Incorporation	Equity Holding	
		2016	2015
The Cairnmillar Institute	Australia	n/a	n/a
Equity Interests in Subsidiaries			
The Cairnmillar Institute School of Psychology Counselling and Psychotherapy Pty Ltd (CISPCP)	Australia	100%	100%
The Cairnmillar Trust	Australia	n/a	n/a

19. Events subsequent to balance sheet date

In December 2016, the Consolidated Group has entered into an agreement with a third party to sell its property at 993 Burke Road, Camberwell for \$5 million. Settlement is to be completed in September 2017. The Consolidated Group has also entered into a contract in December 2016 to purchase a property at 391-393 Tooronga Road, Hawthorn East for \$13.5 million. \$1.35 million of which was paid as deposit at 2016. Settlement of the balance occurred on 6 February 2017 via cash and a \$12.5 million loan facility entered into with Bank West in January 2017.

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

20. Company details

The registered office of the company is:

The Cairnmillar Institute
993 Burke Road
Camberwell VIC 3124

Directors' Declaration

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


The Directors of the company declare that:

1. The consolidated financial statements and notes of Cairnmillar Institute, as set out on pages 7 to 23 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (a) Giving a true and fair view of the its financial position as at 31 December 2016 and of its performance for the year ended on that date; and
 - (b) Complying with Accounting Standards to the extend described in Note 1 to the financial statements and the *Australian Charities and Not-for-profit Commission Regulation 2013*.
2. In the Directors' opinion there are reasonable grounds to believe that Cairnmillar Institute will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director



Director

Dated this 25th day of May 2017