



Cire Services Inc
Financial Report 2021

**CIRE SERVICES INC.
ABN 51 933 700 538**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

CIRE SERVICES INC.
ABN 51 933 700 538
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	7,131,821	5,714,066
Trade and other receivables	4	413,290	274,813
TOTAL CURRENT ASSETS		<u>7,545,111</u>	<u>5,988,879</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	5,978,045	4,889,564
Investments		10,000	10,000
Right of use assets	6	4,094,016	1,303,256
TOTAL NON-CURRENT ASSETS		<u>10,082,061</u>	<u>6,202,820</u>
TOTAL ASSETS		<u>17,627,172</u>	<u>12,191,699</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,794,660	1,277,782
Provisions	8	984,121	971,155
Lease liabilities	9	625,778	311,197
Borrowings	10	6,317	5,888
TOTAL CURRENT LIABILITIES		<u>3,410,876</u>	<u>2,566,022</u>
NON-CURRENT LIABILITIES			
Provisions	8	94,088	100,165
Lease liabilities	9	3,468,238	992,059
TOTAL NON-CURRENT LIABILITIES		<u>3,562,326</u>	<u>1,092,224</u>
TOTAL LIABILITIES		<u>6,973,202</u>	<u>3,658,246</u>
NET ASSETS		<u>10,653,970</u>	<u>8,533,453</u>
EQUITY			
Accumulated surplus		10,613,970	8,493,453
Asset revaluation reserve		40,000	40,000
TOTAL EQUITY		<u>10,653,970</u>	<u>8,533,453</u>

The accompanying notes form part of this financial report.

CIRE SERVICES INC.
ABN 51 933 700 538
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		\$	\$
Revenue	2	16,452,849	14,619,368
Employee expenses		(11,054,017)	(9,548,579)
Operational expenses		(2,312,355)	(1,525,462)
Rent and utilities		(161,404)	(145,346)
Depreciation		(740,701)	(676,293)
Advertising		(63,647)	(63,397)
Borrowing costs		(208)	(2,870)
Surplus/ (deficit) before income tax		<u>2,120,517</u>	<u>2,657,421</u>
Income tax expense		-	-
Total comprehensive income		<u><u>2,120,517</u></u>	<u><u>2,657,421</u></u>

The accompanying notes form part of this financial report.

CIRE SERVICES INC.
ABN 51 933 700 538
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Accumulated Surplus \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 January 2020		5,836,032	40,000	5,876,032
Surplus/ (deficit) for the period		2,657,421	-	2,657,421
Balance at 31 December 2020		<u>8,493,453</u>	<u>40,000</u>	<u>8,533,453</u>
Balance at 1 January 2021		8,493,453	40,000	8,533,453
Surplus/ (deficit) for the period		2,120,517	-	2,120,517
Balance at 31 December 2021		<u>10,613,970</u>	<u>40,000</u>	<u>10,653,970</u>

The accompanying notes form part of this financial report.

CIRE SERVICES INC.
ABN 51 933 700 538
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		17,936,436	15,923,776
Interest received		8,521	22,162
Interest paid		(208)	(2,870)
Payments to suppliers and employees		(14,698,241)	(12,238,933)
Net cash provided by/ (used in) operating activities	11	<u>3,246,508</u>	<u>3,704,135</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,489,766)	(1,128,457)
Net cash used in investing activities		<u>(1,489,766)</u>	<u>(1,128,457)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/ repayment of borrowings		429	(203,413)
Payment for right-of-use assets		(339,416)	(132,799)
Net cash from/ (used in) financing activities		<u>(338,987)</u>	<u>(336,212)</u>
Net increase/ (decrease) in cash held		1,417,755	2,239,466
Cash and cash equivalents at beginning of financial year		5,714,066	3,474,600
Cash and cash equivalents at end of financial year	11	<u><u>7,131,821</u></u>	<u><u>5,714,066</u></u>

The accompanying notes form part of this financial report.

CIRE SERVICES INC.
ABN 51 933 700 538
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Note 1: Summary of Significant Accounting Policies

These financial statements cover Cire Services Inc as an individual entity. Cire Services Inc is an incorporated association.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012* . The entity is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

The entity is exempt for income tax purposes.

(b) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present. The recoverable amount is assessed as the depreciated replacement cost of an asset.

Depreciation

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

Leasehold improvements are depreciated over the estimated useful life of the asset, and does not take into consideration the lease term.

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

Buildings	1%
Leasehold improvements	20%
Plant & equipment	10%-20%
Motor vehicles	23%

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(c) Leases

The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach is applied for all leases, except for short-term leases and leases of low-value assets. The entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

(iii) Short term leases and leases of low value assets

The short-term lease recognition exemption is applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

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FOR THE YEAR ENDED 31 DECEMBER 2021

Classification and subsequent measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into amortised costs.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss (FVPL)):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. The entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such 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 comprehensive income.

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(f) Employee Provisions

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year of the end of the reporting period have been measured at the amounts expected to be paid when the liability is settled. 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. In determining the liability, consideration is given to employee wage increases and related on-costs and the probability that the employee may not satisfy any vesting requirements. The estimated cash outflows are discounted using market yields on national government bonds with maturity terms that match the expected timing of cash outflows.

Obligations for long term employee benefits are classified as non-current except where there is no unconditional right to defer payment, in which case they are presented as current.

(g) Cash and Cash Equivalents

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

(h) Trade and Other Debtors

Trade and other debtors include amounts due from customers for events, services, and goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

(i) Revenue and other income

Revenue arises mainly from the provision of education services.

To determine whether to recognise revenue, the entity follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the entity satisfies performance obligations by transferring the promised services to its customers. Where there are no performance obligations, revenue is recognised on receipt of funds.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

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Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

(j) 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.

Receivables and payables in the statement of financial position are shown inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Trade and Other Payables

Trade and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the entity during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Critical Accounting Estimates and Judgments

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

	2021	2020
	\$	\$
Note 2: Revenue		
Government grants	11,695,580	8,590,175
Childcare benefit	2,514,891	1,291,824
Fees	1,745,640	1,054,722
Other revenue	258,960	227,638
Minor grants	125,776	134,045
COVID-19 government funding	103,481	3,282,810
Dividends and interest	8,521	22,162
Profit on sale of assets	-	15,992
Total revenue	<u>16,452,849</u>	<u>14,619,368</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	2021	2020
	\$	\$
Note 3: Cash and Cash Equivalents		
Cash at bank	7,131,821	5,714,066
Note 4: Trade and Other Receivables		
Trade debtors	94,609	125,255
Provision for doubtful debts	(12,577)	(16,662)
Prepayments	331,258	166,220
	413,290	274,813
Note 5: Property, Plant and Equipment		
Land at cost	935,577	935,577
Buildings at cost	4,028,927	3,958,796
Less accumulated depreciation and impairment	(1,383,433)	(1,318,484)
	2,645,494	2,640,312
Leasehold improvements at cost	427,565	358,418
Accumulated depreciation	(197,855)	(114,328)
	229,710	244,090
Motor vehicles at cost	1,421,084	832,654
Less accumulated depreciation	(320,494)	(213,165)
	1,100,590	619,489
Plant and equipment at cost	1,459,673	792,719
Less accumulated depreciation	(534,840)	(306,887)
Less provision for impairment	(22,843)	(105,316)
	901,990	380,516
Work in progress	164,684	69,580
	164,684	69,580
Total property, plant and equipment	5,978,045	4,889,564

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Note 5: Property, Plant and Equipment (Continued)

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Leasehold improve	Motor Vehicles	WIP	Plant & Equip	Total
	\$	\$	\$	\$		\$	\$
Balance at beginning	935,577	2,640,312	244,090	619,489	69,580	380,516	4,889,564
Additions	-	70,131	69,147	588,430	137,650	624,408	1,489,766
Transfer	-	-	-	-	(42,546)	42,546	-
Depreciation expense	-	(64,949)	(83,527)	(107,329)	-	(145,480)	(401,285)
	<u>935,577</u>	<u>2,645,494</u>	<u>229,710</u>	<u>1,100,590</u>	<u>164,684</u>	<u>901,990</u>	<u>5,978,045</u>

	2021	2020
	\$	\$
Right of use assets - properties	4,717,428	1,587,252
Less accumulated amortisation	(623,412)	(283,996)
Total intangible assets	<u>4,094,016</u>	<u>1,303,256</u>

Movements in carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year:

	Properties	Total
	\$	\$
Balance at the beginning of the year	1,303,256	1,303,256
Additions	3,130,176	3,130,176
Depreciation expense	(339,416)	(339,416)
Balance at the end of the year	<u>4,094,016</u>	<u>4,094,016</u>

Note 7: Trade and Other Payables

Trade creditors	448,777	159,385
Other payables	603,011	503,666
Accrued expenses	335,250	249,973
GST payable	407,622	364,758
	<u>1,794,660</u>	<u>1,277,782</u>

CIRE SERVICES INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
Note 8: Provisions		
CURRENT		
Annual leave	717,021	679,062
Long service leave	267,100	292,093
	984,121	971,155
NON-CURRENT		
Long service leave	94,088	100,165
Note 9: Lease liabilities		
CURRENT		
Relating to right-of-use assets	625,778	311,197
NON-CURRENT		
Relating to right-of-use assets	3,468,238	992,059
<u>Leases - relating to right-of-use assets</u>		
Payable - minimum lease payments:		
- not later than 12 months	625,778	311,197
- between 12 months and five years	1,934,238	992,059
- later than five years	1,534,000	-
Minimum lease payments	4,094,016	1,303,256
Less future finance charges	-	-
Present value of minimum lease payments	4,094,016	1,303,256
Note 10: Borrowings		
CURRENT		
Bendigo Bank loans (a)	6,317	5,888
(a) The Bendigo Bank loans are secured over Cire Service property and a fixed and floating charge over all assets of the entity.		
Note 11: Cash Flow Information		
Cash in the statement of cash flows is reconciled to the statement of financial position		
Cash and cash equivalents	7,131,821	5,714,066
Reconciliation of cash flows from operating activities		
Surplus/ (deficit) after income tax	2,120,517	2,657,421
Depreciation & amortisation	740,701	676,293
Decrease/ (increase) in trade and other receivables	(138,477)	(121,046)
Increase/ (decrease) in trade and other payables	516,878	197,397
Increase/ (decrease) in provisions	6,889	294,070
Net cash provided by/ (used in) operating activities	3,246,508	3,704,135

CIRE SERVICES INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Note 12: Contingent Assets and Contingent Liabilities

There are no contingent assets or contingent liabilities at balance date.

Note 13: Events After the Reporting Period

Other than the impact of COVID-19, there have been no events after the reporting period requiring disclosure.

Note 14: Key Management Personnel Compensation

Any person having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including committee members, is considered key management personnel.

The totals of remuneration paid to key management personnel of the entity during the year are as follows:

	2021	2020
	\$	\$
Key management personnel compensation	1,017,427	850,361

Note 15: Other Related Party Transactions

There are no other related party transactions.

Note 16: Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, loans to related entities, accounts receivable and payable.

The carrying amounts for each category of financial instruments are as follows:

Financial assets

Cash and cash equivalents	7,131,821	5,714,066
Receivables	413,290	274,813
Total financial assets	<u>7,545,111</u>	<u>5,988,879</u>

Financial liabilities

Financial liabilities at amortised cost:

Trade and other payables	1,794,660	1,277,782
Lease liabilities	4,094,016	1,303,256
Borrowings	6,317	5,888
Total financial liabilities	<u>5,894,993</u>	<u>2,586,926</u>

CIRE SERVICES INC.
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FOR THE YEAR ENDED 31 DECEMBER 2021

Note 17: Impact of COVID-19

There have been some programs that COVID-19 has impacted, however management have determined that COVID-19 has not had a material negative impact on the financial performance or financial position of the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. Should the impact of COVID-19 restrictions significantly affect the entity's financial position, then the entity has significant cash reserves to draw upon.

Note 18: Entity Details

The registered office and principal place of business of the entity is:

211 Main Street

Lilydale Vic 3140

**CIRE SERVICES INC.
COMMITTEE DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board of Cire Services Inc , declare that:

1. The financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position of the association as at 31 December 2021 and of its performance for the year then ended.
2. At the date of this declaration, there are reasonable grounds to believe that Cire Services Inc will be able to pay its debts as and when they fall due.

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



Name: Julian Carle

Position: Chair of the Board



Name: Janet Xi

Position: Board Treasurer

Date: 9 March 2022

