

Annual Report 2014



The Rockhampton Grammar School

Established 1881

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

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R. SKILLING, B.Comm. CPA



THE
ROCKHAMPTON
GRAMMAR
SCHOOL

ABN 71 055 702 035

4 March 2015

The Honourable Kate Jones MP
Minister for Education
30 Mary Street
Brisbane
QLD 4000

Dear Minister

I am pleased to present the Annual Report 2014 and Financial Statements for year ended 31 December 2014 for The Rockhampton Grammar School.

I certify that the report complies with:

- the prescribed requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2009 and
- the detailed requirements set out in the Annual Report Requirements for Queensland Government Agencies.

A checklist outlining the Annual Reporting Requirements can be accessed at www.rgs.qld.edu.au

Yours Faithfully

Bob Skilling
Secretary to the Board of Trustees

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The Rockhampton Grammar School At A Glance

Who We Are And What We Do

The Rockhampton Grammar School was founded in 1881 and is one of the eight schools in Queensland governed by the *Grammar Schools Act 1975*.

The Rockhampton Grammar School is an independent non – denominational co-educational day and boarding school catering for students from Early Learning to Year 12. Boarding students are enrolled from Years 7 to 12. Enrolments are drawn from Rockhampton and the Central Queensland region. The School is the largest independent boarding school in Queensland and the second largest co-educational boarding school in Australia. It is a leading school in regional Queensland and one of the foremost schools in regional Australia. Primary education was reintroduced in 1990, Prep was introduced in 2005 and The Rockhampton Grammar School Early Learning Centre opened in 2007. The School offers an affordable education, quality teaching and boarding facilities and a caring environment.

At the date of the 2014 Commonwealth census on 1 August 2014 the total enrolment was 1414 students, of whom 335 were boarders. Primary school enrolment was 549, from the Preparatory year to Year 7, and secondary enrolment at census date was 865.

The School's principal place of business is Archer Street, Rockhampton. The School also operates an Outdoor Education Facility, "Ritamada", at Emu Park on the Capricorn Coast. It has a small farm at Port Curtis on the southern outskirts of Rockhampton and has a rowing facility on the Fitzroy River.

GOVERNANCE

LEGISLATIVE BASIS

The Board of Trustees of the Rockhampton Grammar School is constituted under the *Grammar Schools Act 1975* and is a Statutory Body within the meaning given in the *Financial Accountability Act 2009* and subject to audit by the Queensland Audit Office.

MINISTER RESPONSIBLE FOR ADMINISTRATION OF LEGISLATION

The Minister for Education, Training and Employment is responsible for the administration of the *Grammar Schools Act 1975* (*The Act*).

Functions and Powers

The functions of the Board of Trustees are specified in Section 14 of the *Grammar Schools Act 1975* as follows:

- (a) to supervise, maintain and control the conduct of the school for which the Board is constituted;
- (b) to erect, alter, add to, purchase or sell buildings used or to be used for or in connection with the school;
- (c) to effect general improvements to the premises used or to be used for or in connection with the school;
- (d) to provide in the school courses of instruction;
- (e) to make rules with respect to –
 - (i) fees and charges to be paid in relation to students enrolled or to be enrolled at the School;
 - (ii) the management and control of the School; and
 - (iii) the discipline and conduct of students enrolled at the School.

The powers of the Board of Trustees as set out in Part 3 Divisions 1 and 2 of the *Grammar Schools Act 1975* are as follows:

Division 1 - General Powers

Powers and functions generally

A Board shall have and may exercise and perform such powers and functions as are conferred or imposed upon it by or under this Act.

By-law making power

- (1) a Board may make by-laws about elections under this Act, including by-laws about –
 - (a) an electoral eligibility amount for the Board; and
 - (b) when an election is held; and

Appointment of employees

- (1) a Board –
 - (a) shall appoint and at all times have a secretary; and
 - (b) shall appoint a secretary when and as often as a vacancy occurs in that office; and
 - (c) may appoint and employ such administrative officers, teachers, clerks and other employees as it considers necessary for the proper exercise and performance of its powers and functions.
- (2) a Board may enter into, perform and discharge any agreement with respect to the payment of salary, wages, expenses or other moneys to be paid to or in respect of any person who performs functions on behalf of the Board for the purposes of this Act.

Superannuation scheme

- (1) a Board may –
 - (a) establish or amend superannuation schemes; or
 - (b) join in establishing or amending superannuation schemes; or
 - (c) take part in superannuation schemes.
- (2) the auditor-general may audit the schemes.
- (3) Subsection (2) is subject to the *Auditor- General Act 2009*.

Division 2 – Power to enter into financial arrangements

Boards are statutory bodies

- (1) Under the *Statutory Bodies Financial Arrangements Act 1982*, a Board is a statutory body.
- (2) The *Statutory Bodies Financial Arrangements Act 1982*, part 2B sets out the way in which a Board's powers under this Act are affected by the *Statutory Bodies Financial Arrangements Act 1982*.

Procedure before borrowing

Before proceeding to borrow money under the *Statutory Bodies Financial Arrangements Act 1982*, a Board must cause the following to be prepared –

- (a) plans and specifications of the projects or full details of other undertakings for which the money to be borrowed is required;
- (b) an estimate of the cost of those projects or other undertakings;
- (c) a statement showing details of the proposed expenditure of the money to be borrowed.

Trustees

Membership of the Board for 2014 was:

Chairman	Mr B V R Beasley, LL. B (Hons), J.P	Elected Member
Deputy Chair	Mr M J Birkbeck, B. Bus. (Acct), FCPA	Elected Member
Member	Emeritus Professor D J Clayton M.App.Sci., B.App.Sci.,Grad.Dip.Sci.Ed., GAICD	Ministerial Nominee
Member	Mr S K Irwin, MBA	Ministerial Nominee
Member	Dr J South, B.Sc. (Hons), Ph.D	Ministerial Nominee
Member	Mrs K M Wilson, B.A. (UQ), Dip. Ed. (UQ)	Ministerial Nominee
Member	Mrs J M Volck, B. Ag. Econ. (UQ)	Elected member

The Board met formally on eight occasions during 2014.

Members of the Board perform their duties on a part-time basis for no remuneration.

PRINCIPAL PLACE OF BUSINESS

The School's principal place of business is Archer Street, Rockhampton. The School also operates an Outdoor Education Facility on the Capricorn Coast at Ritamada, Emu Park. It has a small farm at Port Curtis and has a rowing facility on the Fitzroy River.

EXTERNAL SCRUTINY

As a Statutory Authority of the Queensland Government the School's financial accounts are subject to audit by the Queensland Audit Office. The School's financial year is a calendar year and there are no material issues outstanding from the 2014 audit.

Develop conceptually the Rockhampton Grammar School's Learning Framework which will incorporate Dimensions of Learning, Habits of Mind, Literacy, Positive Education and General Capabilities from the Australian Curriculum.

The conceptual development of The Rockhampton Grammar School's learning framework has progressed well during the year. After a presentation to all teaching staff at the start of the school year to justify and introduce the idea of developing an individual school learning framework the Coordinator of Dimensions of Learning engaged in concentrated bi-weekly meetings with all Heads of Department in secondary and regular meetings with the Assistant Head of Primary. Additionally, the role of the Dimensions of Learning Committee (now Learning Framework Team) was re-focused to provide a platform for teachers from key departments and primary to work directly on the framework and be a source of information and communication between themselves and teachers.

Input regarding the proposed framework was sought during departmental meetings with the Leadership Team, Coordinator of Dimensions of Learning and the RGS Literacy Coach. It became clear that in order for teachers to comment meaningfully on the proposed framework they needed to engage in at least planning using the framework. During Term 2 there has been a strong focus on each secondary department planning a least one unit in the new framework. This focus has also been encouraged in Primary.

Overall the response to the proposed framework has been very positive. When teachers have actively engaged with the framework they have found it to be more in line with their goals and the goals of the National Curriculum. The framework has generated a great deal of discussion regarding the role and concept of assessment in the Middle School. While many teachers began their interaction with the proposed framework with the mindset that they already did much of what was proposed, the challenge to work collaboratively, make thinking and reflecting conscious, and formalize formative assessment has been positive.

Planning in all subjects for Year 7 2015 has been done in the new framework and each year level in Primary and subject area in Secondary will have had at least one unit planned and ready to teach in 2015.

Pursue the establishment and commencement of the 1881 Endowment Fund with the first students to attend the School through the programme in 2015.

The 1881 Endowment has accrued sufficient funds to allow the School to provide up to two bursaries in 2015. An advertising campaign over the first part of 2014 directed applicants to the School's website where a link enabled interested parties to apply (under guidelines already established for use with other bursaries) by the end of August 2014. The 1881 Committee scrutinises the applications and makes recommendations to the Board.

All staff and students were surveyed early in Term 4 regarding the LMS and Student Café. It is envisioned that all Year 7-9 students will use the LMS in 2015.

Completion of the Physical Master Plan for all sites of The Rockhampton Grammar School.

In 2014 a new Master Planning document has been developed. The document was produced from Volumes 1 and 2 of the Master Plan which as used to guide the School's response to the State Government's "Flying Start" initiative, as well as shape strategic infrastructure development at the campuses of the School.

The new booklet has five sections:

- Introduction
- Planning Guidelines
- Taking Stock
- Master Plan Priorities for School Campuses
- Projects to be included in a 20 Year Master Plan

The following projects in priority order have been identified as short term high priority:

1. Primary drop off area – required as the first stage in traffic management around the School. Recommended to the Resources sub-committee that the project go to tender in August.
2. Development of area between Palmer, Woolcock and Birkbeck buildings – this area will be the dominant gathering place for Year 7 students. It is important for these students to have an appealing place to "hang out".
3. Refurbishment of dining facilities – the dining room and kitchen area requires modernisation and this project would add significantly to the boarding experience. Refurbishment would also help with catering for additional numbers in boarding in 2015.
4. Refurbishment of School House – upgrading of facilities needed due to the age of current infrastructure.
5. Stage 1 ELC development and landscaping – this project is needed due to demands placed on the Early Learning Centre. The School is currently working through the approvals process, with the intersection between Archer and Reservoir Street proving to be difficult.
6. Development of a dance space and relocation of the gym – bringing the Dance School on campus is a high priority for 2016. While relocation of the gym is currently the best option, other options will be explored in the next few months. The Dance School will provide both high quality development of the disciplines of dance as well as an enrolment advantage over other Rockhampton schools.

- ▶ **Complete the high priority short term projects for all sites of The Rockhampton Grammar School including, the Primary School set down and pick up zone, refurbishment of the Dining Room and kitchen, upgrading of the School House dormitory, construction of Stage 1 of the expanded Early Learning Centre.**
- ▶ **Archiving of School architectural and associated plans as a School based record.**

Risk Management

The Board of Trustees had previously decided that the School was not large enough to warrant a permanent Risk Management and Audit committee meeting separately but that the risks identified and the actions required to manage and reduce these risks should be a matter for the whole Board and therefore Risk Management is now a permanent item on Board agendas.

The Risk Management Strategy document allows the School to continue to develop a robust risk management framework and clearly demonstrate that it has proactive management practices in place to ensure that risks are identified, managed, monitored and reviewed.

The School continues to review and update the policies that underpin the risk management strategy. These efforts focus on student and staff welfare, financial health, governance issues, regulatory and legal issues, information technology systems and stakeholder interests.

Committees of the Board

The Rockhampton Grammar School Board of Trustees has two sub committees;

The Capital Resources Committee is responsible to the Board for the capital development and maintenance of the school's built environment. The committee meets every month two weeks prior to meetings of the Board.

In 2014 the Committee was very busy overseeing the development of two major projects at the School. The first was the building of a Year 7 Centre to accommodate Year 7 students on the secondary campus in 2015 when that year level becomes a secondary stream in accordance with the governments "Flying Start" programme. The other major project involved the conversion of some secondary classrooms to additional boarding spaces.

The Finance Committee, which was set up in 2013, is responsible to the Board for oversight of the School's financial results and audit. The committee meets four times a year to monitor financial progress in the course of the year and to examine the final statements of account before they are signed off for audit.

Trustee members of these committees do not receive any remuneration.

We have further pursued our 1881 Endowment program for funding of bursaries at the School and the Board is pleased with the success achieved to date such that we are on target to have our first students attend under this program next year.

Given the general economic conditions prevailing in Central Queensland and the extensive building program the School is in the process of completing, the Board has been vigilant with its obligation for the proper financial management of the School during what has been an expensive and challenging part of our history.

Under the watchful eyes of our Board Secretary, Mr Bob Skilling, and our Board Finance Committee Chair, Mr Mark Birkbeck, I am pleased to report that the School will again record an operating surplus for the year and continues to maintain its financial strength in these times of significant change.

I pay tribute to our School's leadership. Our Headmaster, Dr Moulds, has met the challenges placed before him both educationally and financially with a great deal of competence. As the School has now been faced with back to back years of change, it is a credit to Dr Moulds' leadership and the experience and dedication of our executive team to be able to see clear light for the beginning of 2015.

I regularly comment upon the quality of our people and all members of our teaching, administrative and boarding staff have acquitted themselves admirably to make 2014 another stand-out year in our long and proud history.

I also wish to pay tribute to our grammar parents – we cannot fulfil our students' ambitions and requirements without them. Their involvement in the three way partnership that exists between them, their children and the School is critical for success. I urge all our parents to work hard to make the partnership continue as we believe the results are outstanding in producing quality young people.

Rockhampton Grammar is extremely proud of our student body. The fields of endeavour continue to amaze not just through the academic results achieved, but also in the cultural, sporting, boarding service, charitable and social aspects of school life. Our students do us proud. Their achievements drive the School not to compromise its principles to achieve the very best we can for them.

From a governance view, I am fortunate to be supported by six highly intelligent and forward thinking Board Members. We work cohesively and at times put personal opinions to one side to achieve the best outcomes for the School. To my fellow Trustees I say thank you.

To those students who are leaving us, I trust Grammar has prepared you well for the opportunities and challenges that lie ahead. I am confident to say that the Year 12 departing cohort is equal to the best Grammar has seen. Take your dreams and ambitions with you, regularly remember your days at Grammar and visit us from time to time.

For our students transitioning into 2015, I urge you to uphold the values and traditions of our School.

Australian Championships and Gold and Bronze Medallists at the Queensland Secondary Schools Championships in Sport Aerobics;

Gold, Silver and Bronze medals at the Queensland Secondary Schools Rowing Championships; State Champions in Junior Mixed Touch, State Champions for Opti-minds, Bronze Medallists at the Girls State School Tennis Championships and Queensland Country Champions; North Queensland Champions in Open and U15 Rugby; Rockhampton District Sport Champions in the three championship sports - Athletics, Cross Country and Swimming as well as Cycling, Football, Rugby, Netball, Swimming and Water polo, Rockhampton Champions in Cricket.

Additionally, students from RGS have been selected for state and national teams in a wide range of sports and activities including cycling, baton twirling, outrigger, rodeo, athletics, swimming, equestrian, surf lifesaving, touch, tennis, hockey, rowing, Japanese speaking, Mathematics Problem Solving and the Rostrum Speaking Competition. The depth and breadth of such achievements by the teams and individuals of the School are to me astounding, and marks the co-curricular programme as a special and unique part of an education at RGS.

There have been great achievements in the cultural life of the School. Two highlights were the magnificent Musical Performances with the Senior musical performance of *The Addams Family*, and the Primary Musical performance of *The Little Mermaid Junior* playing to delighted and packed houses. The Music Department delivered an outstanding Musical Festival, with the programme providing a wide range of musical styles, ensembles and individual performances. Additionally, 55 members of the School community participated in a tour the East Coast of the USA with performances including Trump Tower, Disney World and Universal Studios. The School's Art Show showcased the tremendous creativity of Grammar students who exhibited works in a range of mediums including paint, photography and ceramics. Our Drama students also engaged our thoughts and minds across the year with a range of performances.

There have been positive developments in the pastoral care area in 2014. Optimism is one of the greatest assets a person can have in life. It goes hand in hand with confidence. Despite the expression, 'a born optimist', people are not born with either of these qualities – they have to be developed, encouraged and nurtured. They are qualities that destine people for success, which give them the strength to be leaders of others. Being confident and positive gives students the capacity to make good choices, it equips them to take responsible risks and have the courage both to tackle problems and to pursue adventure. Consequently, the pastoral care team, boarding house and the team developing the School's learning framework have been exploring the potential of positive education at RGS. It is being discovered that the approach is both worthwhile and integrates exceedingly well with Dimensions of Learning and Habits of Mind.

students into the future. Student global experiences this year have featured student exchanges with schools from the United States, Canada, United Kingdom, Japan, Singapore and New Zealand. In 2014 RGS became a regional member of Round Square, which is a world-wide association of schools on five continents which promotes 6 ideals of learning: internationalism, democracy, environment, adventure, leadership and service. Grammar's involvement provides the opportunity to arrange teacher and student exchanges across the round square network. Students will also have the opportunity to participate in local and international community service projects and leadership conferences.

This year marks the graduation of the first two students who were recipients of Dr Mark Lupton bursaries, and the growth of the 1881 Endowment Programme, with in excess of \$600 000 in pledges being made to the fund. To the two students who have graduated this year as part of this programme, please know how proud the School is of your achievements and the fact that you have taken full advantage of the opportunities available at RGS, the people you have become, as well as what you have given back to the School. Thank you to Dr Lupton and donors to the 1881 Endowment fund who make these opportunities available for students to attend RGS who otherwise would not be able to do so, due to financial constraints. It gives me great pleasure to inform the community that due to the growth of the 1881 Endowment Fund two places have been made available to students in 2015 as well as a Lupton bursary.

The boarding experience has a special place at RGS. The Rockhampton Grammar School is a Boarding School rather than a school with boarders. A very important distinction. This fact was highlighted for me at the Year 7 and 8 Formal Dinner in a Speech made by two Year 12 students, Kate and Sam, who shared some of their thoughts with the audience. In their words, *"My journey at Grammar began in Year 10. I couldn't understand why my mother would want to send me away from home. I mean, I was a professional at vacuuming and folding the washing. What more could you ask for? But she wasn't doing it because she didn't like me, or because she was trying to punish me, she simply wanted to open up a whole new world of opportunities for me. Boarding at Grammar has given me the opportunity to meet new people, involve myself in co-curricular activities and embrace the academic excellence and support that this school has to offer. Since coming to Grammar I have been involved in netball, sport aerobics, soccer and rowing, all of which I never had the opportunity to play before."* and *"I moved to RGS as a boarder just last year and in that time I have achieved more and grown more as a person than I ever did at my previous school. Just over a year ago I was struggling. I had made some poor life choices, affecting relationships with my whole family. After some serious discussion my parents went in search of a school with greater opportunities, and found RGS. I was confused and uncertain about moving to a whole new place, with hundreds of strangers. One year later, those strangers have become my friends. My eyes opened up to the wealth of opportunity that this place has to offer. As boarders, we don't just learn here, we live and learn. This is our second home, and there is so much on offer here that no other home can provide."*

The Board of Trustees of the School are a critical element to the School's success. While they bring an impressive range of skills and experience to the governance of the School, they share

STAFF INFORMATION

LIST OF SENIOR STAFF

Headmaster	Dr P. A. Moulds, B.Sc., Dip.Ed (Qld), B.Mus. (Qld), B.Ed.St.(Hons) (Qld), Ph.D. (Qld), M.A.C.E., F.A.I.M.
Board Secretary	Mr R. Skilling, B. Com., CPA, JP (C. Dec).
Deputy Headmaster and Head of Middle School	Mr A. A. Kelly, B.Ed., M.Ed. Stud, N.T.S.D., H.Dip.Ed.
Head of Senior School	Ms. Denise Wright, B.Sc. (Hons), Grad. Dip. Tchg.
Head of Primary School	Mr. G R Hadwen, Dip.Tchg., Grad. Dip. (Ed. Admin.)
Director of Teaching	Mrs. N K Murphy, B.Ed.Grad. Dip. Ed. M.Learning Mgmt., M.A.C.E.
Director of Learning	Mrs. R E Carter, B.Ed (Hons), Cert IV (Training and Assessment)
Director of Co-Curriculum	Mr. T R Wells, B.HMS. B.Ed.
Director of Early Learning	Mrs. A S Shackleton, Adv. Dip (Children's Services), Cert.IV (Training and Assessment)
Director of Boys' Boarding	Mr. S J Norford, B.Ed., Dip. Tchg.
Director of Girls' Boarding	Mrs. D J Skilling, Dip. Ed. (Phys. Ed. UCPE)

MANAGEMENT TRAINING AND DEVELOPMENT

The School has a policy of providing paid leave and contributing to the associated training costs of staff to attend training and professional development courses approved by the School.

During 2014 the School spent \$219,137 on training and associated costs. Staff attended external training courses as well as those that were internally designed and conducted on campus.

The School is committed to the professional development of its teachers to acknowledge and support the high standards of teaching expected from them.

The ongoing professional development of our staff forms a critical element in the delivery of effective education and pastoral care at The Rockhampton Grammar School.

Within its active professional learning culture, an extensive annual programme, delivered by highly qualified educational consultants and researchers, informs all aspects of the School.

As well as seven new classrooms the Beasley Centre incorporates a new staff room, administration offices and a purpose built Outside School Hours Care facility.

The RGS Early Learning Centre with its pre-prep class will continue to help sustain the growth in the Primary School.

The secondary campus was also undergoing major changes in the course of 2014 with the construction of a new Year 7 Centre, the Birkbeck Building, which will open at the start of Term 1 in 2015 when Year 7 in Queensland becomes a secondary year of education.

The conversion of five classrooms in Boland Wing into accommodation for boarders was also underway over the course of 2014. This new dormitory includes twenty five beds, two common areas and staff accommodation and was necessary for the increased numbers of Year 7 boarders coming to the School in 2015 as part of the “Flying Start” initiative.

The boarding population average over the year was 335 and the boarding school continues to hold its’ market share. This is due in no small part to the excellent facilities and “value for money” fees and boarding numbers are expected to increase in 2015 to 365.

The School operates a 1 to 1 tablet computer programme for all students from Year 7 to Year 12.

SERVICES PROVIDED

Curriculum

Primary (Years Prep – 7)

Grammar Primary prides itself on its achievements in the academic areas and students invariably achieve very well on state and national tests.

Complementing classroom work in Key Learning Areas is extension in academically stimulating areas such as Future Problem Solving and Tournament of Minds. Teachers have also constructed learning programs for extension and reinforcement under diverse titles such as Challenger, Right Frame of Mind, Day of the Notables and Student Enterprises Expo.

A rotational program on Wednesdays allows students to have regular lessons in Science, Thinking Skills, Health, Japanese, Public Speaking, Social Development, Lego Technology and Computing. Specialist teachers are also used for Home Economics, Physical Education, Music and Art.

Middle School (Years 8 – 10)

The Middle School Course is divided into two sections:-

Section A: Core Subjects (each of 6 periods per week)

Subjects - English, Mathematics, Science and Humanities. All students are required to study the four core subjects. In Mathematics and Science students are streamlined into sets according to ability and performance.

BOARDING

Ethos

To provide quality pastoral care to all those students (male and female) who choose to board at the School and to help and guide them to reach their full potential.

The Rockhampton Grammar School is the largest co-ed boarding school in Queensland and we believe in the top four in Australia. Our boarding facilities are fully occupied by Australian students and we have no international students enrolled at this time. The School's focus on boarding is that we are a *boarding school* not a school with a boarding section.

The Boarding Houses are:

Luck House – Year 11 and 12 boys – 43 single studies

Coombe House – Year 11 boys – 21 double studies

Girls House – Senior Dormitory – 31 single studies for Year 12 girls, 8 twin studies for some Year 11 girls, Year 8 – 11 in dormitory style accommodation.

Boland Girls – 40 Year 11 girls in single or twin accommodation.

School House – Junior Boys – in dormitory style accommodation.

The senior boys Houses, Luck and Coombe, are 'state of the art' for boarding. Fully air conditioned single or double accommodation with direct line access to the internet.

The junior boys house, known as School House and situated in the original school building, is the home for 110 boys in Years 8 to 10. It also is home for our primary boy boarders. This House has 2 separate wings or Houses, Wheatcroft and Wheatley, each with their own common room area.

Each House has its own Head of House who is supported by appropriate staffing levels. The living arrangement for students is of the bed/set arrangement.

Girls House and Palmer Girls dormitory are modern dormitories that are home for some 144 girls ranging from Year 7 to Year 12. Palmer is a senior dormitory with single room accommodation while the lower floor of Girls House also is a senior area with single rooms.

Middle and Upper Girls are dormitory style accommodation but split into pods of four beds which assist with privacy. Palmer and Lower Girls houses features refurbished study areas and large common room areas. The House is also linked to the internet.

Boland Girls is accommodation for Year 11 girls in single or twin cubicle accommodation

All boarding accommodation is fully air conditioned.

Professional and experienced carers and their families staff all of these houses. The majority of our boarding staff are teachers, full time boarding staff or people actively involved in tertiary education.

FINANCIAL RESULTS AND KEY STATISTICS

In 2014 The Rockhampton Grammar School recorded another healthy operating surplus and ended the year in a strong financial position. There was an operating surplus of \$1,504,108 after interest payments and depreciation and excluding Capital Grants of \$1,919,595

<u>REVENUE</u>	<u>2014</u>	<u>2013</u>
Fee Income	\$17,370,217	\$16,242,101
Grants Income	\$14,361,936	\$11,504,563
Other Income	\$3,735,943	\$3,391,583
TOTAL	\$35,468,096	\$31,138,246
<u>EXPENSES</u>		
Employee Expenses	\$21,735,615	\$19,897,326
Supplies and Services	\$7,586,775	\$7,897,752
Depreciation	\$1,620,625	\$1,316,349
Finance Costs	\$1,101,377	\$820,240
TOTAL	\$32,044,393	\$29,931,667
Operating Result From Continuing Operations	\$3,423,703	\$1,206,579

KEY PERFORMANCE INDICATORS

STUDENT / STAFF NUMBERS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Primary	416	426	450	450	549
Secondary	852	863	849	864	865
Total Students	1269	1289	1299	1314	1414
Boarding	325	325	331	345	335

OPERATING EFFICIENCY (PROFITABILITY) PER STUDENT

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Income	\$26 974 871	\$27 073 056	\$28 335 488	\$31 138 246	\$35 468 096
Net Surplus	\$2 922 182	\$3 521 812	\$2 395 138	\$3 343 168	6 145 705
Net Operating Margin (Before Depreciation and Interest)	0.10	0.11	0.13	0.08	0.17
Benchmark	0.11	0.12	0.12	0.12	0.12
Student Numbers	1269	1289	1299	1314	1414
Operating Efficiency(Profitability Per Student)	\$2303	\$2732	\$1844	\$2544	\$4346

Net Operating Margin measures the cash surplus from every dollar of gross income. This means that from every dollar of income 12 cents is available for strategic development. Income includes Capital Receipts from Government.

CAPITAL INFRASTRUCTURE

A great deal of work has gone into maintaining the physical fabric of the School in 2014 to ensure a quality environment for students and staff and to cater appropriately with the growth of the School.

The Beasley Centre opened in January 2014, a purpose built Primary building including an Outside School Hours Care facility, was the culmination of an ambitious development and building programme started in 2013 that would see the Primary School grow from two classes at each year level to three classes. This development was based on continued enrolment demand in the Primary School and detailed financial modelling.

In 2014 the School also commenced two building projects to cater for the government's "*Flying Start*" initiative that will see Year 7 as a Secondary year of education in 2015. These projects saw the development of a new Year 7 Centre, the Birkbeck Building, and the conversion of five secondary classrooms in Boland Wing to additional boarding spaces.

In addition to these major projects the School has commenced a new drop off and pickup zone at the Primary School which will provide safer access to the School and enhance traffic flows at peak times. A boutique boarding facility at the Quarry Street campus has been extensively upgraded with assistance of a grant from the "*Flying Start*" boarding programme

Students with Disabilities

The Rockhampton Grammar School values the diversity of all students including those with special educational needs, recognizes the right of all students to equitable access to the curriculum and offers education programmes specific to the needs of students with disabilities.

The School has a written Disabilities Policy.

Community Objectives

The School has contributed to the State Government's stated objectives for the community by:

- Improving frontline services for families by the school assisting in making Queensland one of the leading states for literacy and numeracy by 2020.
- Deliver better infrastructure and better planning through building a better School. Through the government assistance from the "*Flying Start*" initiative the School is building new classrooms and boarding facilities to accommodate Year 7 in the secondary school in 2015.

INFORMATION SYSTEMS

The School operates the following computer systems at the School: -

1. TASS.
2. Meridian

The TASS system is a fully integrated data base package that handles all areas of the School's administration both financial and academic. Meridian is a payroll management system.

The School has extensive computer resources for educational use including a 1 to 1 Tablet PC programme for Years 7 to 12. All teaching staff are supplied with a Tablet PC.

In 2014 the School introduced an additional TASS module; "Student Cafe". This module allows students to access their timetables, email contact with their teachers, academic reports, class assignments and other student relevant information. Another Tass module "Parent Lounge" runs in a similar fashion to allow access to school happenings, reports and fee accounts.

The School aims to be compliant with the principles underpinning both Information Standard 40: Recordkeeping and Information Standard 31: Retention and Disposal of Public Records. A draft Grammar Schools Sector Retention and Disposal Schedule has been completed. Queensland State Archives has not yet approved the schedule.

Other Matters

Information about the following matters can be found on the School's website at: www.rgs.qld.edu.au/annual-reports or on the Queensland Government Open Data Website at: www.data.qld.gov.au.

Overseas Travel on behalf of the School
Consultancies



**BOARD OF TRUSTEES OF THE
ROCKHAMPTON GRAMMAR SCHOOL
GENERAL PURPOSE FINANCIAL REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2014

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

FINANCIAL STATEMENTS 2014

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General Information

These financial statements cover The Rockhampton Grammar School.

The Rockhampton Grammar School is a statutory authority established under the *Grammar Schools Act 1975*.

The head office and principal place of business of the School is:

Archer Street
Rockhampton Qld 4700

The Rockhampton Grammar School is a co-educational boarding school, for students from the Preparatory Year to Year 12.

For information relating to the School's financial report, please contact Mr Bob Skilling, telephone 07 4936 0602, email bskilling@rgs.qld.edu.au

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Notes	2014 \$	2013 \$
Income from Continuing Operations			
Fee income	2(a)	17,370,217	16,242,101
Grant income	2(a)	14,361,936	11,504,563
Other income	2(a)	<u>3,735,943</u>	<u>3,391,583</u>
Total Income from Continuing Operations		<u>35,468,096</u>	<u>31,138,246</u>
Expenses from Continuing Operations			
Employee expenses	2(b)	21,708,820	19,897,326
Supplies and services	2(b)	7,586,779	7,897,751
Depreciation	2(b)	1,620,625	1,316,349
Finance costs	2(b)	<u>1,101,377</u>	<u>820,240</u>
Total Expenses from Continuing Operations		<u>32,017,601</u>	<u>29,931,666</u>
Operating Result from Continuing Operations		<u>3,450,495</u>	<u>1,206,580</u>
Other Comprehensive Income			
Increase (decrease) in asset revaluation surplus	10	<u>-</u>	<u>-</u>
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>3,450,495</u>	<u>1,206,580</u>

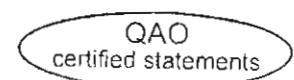
The accompanying notes form part of these statements

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Notes	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	3	5,587,304	8,579,191
Receivables	4	535,664	576,540
Other	5	365,187	321,024
Total Current Assets		<u>6,488,155</u>	<u>9,476,755</u>
Non-Current Assets			
Land and buildings	6	71,220,867	65,975,050
Plant and equipment	6	2,012,746	1,615,117
Total Non-Current Assets		<u>73,233,613</u>	<u>67,590,167</u>
Total Assets		<u>79,721,768</u>	<u>77,066,921</u>
Current Liabilities			
Payables	7	1,112,620	1,453,892
Other financial liabilities	8	2,001,568	901,483
Accrued employee benefits	9	986,610	826,457
Other	7	576,860	504,830
Total Current Liabilities		<u>4,677,658</u>	<u>3,686,662</u>
Non-Current Liabilities			
Other financial liabilities	8	15,574,790	17,575,221
Accrued employee benefits	9	2,629,336	2,415,549
Total Non-Current Liabilities		<u>18,204,126</u>	<u>19,990,770</u>
Total Liabilities		<u>22,881,784</u>	<u>23,677,432</u>
Net Assets		<u>56,839,984</u>	<u>53,389,489</u>
Equity			
Retained surpluses		36,497,120	33,046,625
Asset revaluation surplus	10	20,342,864	20,342,864
Total Equity		<u>56,839,984</u>	<u>53,389,489</u>

The accompanying notes form part of these statements



BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014**

	Accumulated Surpluses \$	Asset Revaluation Reserve (Note 10) \$	Total Equity \$
Balance 1 January 2014	33,046,625	20,342,864	53,389,489
Operating result from continuing operations	3,450,495	-	3,450,495
Balance 31 December 2014	<u>36,497,120</u>	<u>20,342,864</u>	<u>56,839,984</u>
Balance 1 January 2013	31,840,046	20,342,864	52,182,910
Operating result from continuing operations	1,206,579	-	1,206,579
Balance 31 December 2013	<u>33,046,625</u>	<u>20,342,864</u>	<u>53,389,489</u>

The accompanying notes form part of these statements

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	Notes	2014 \$	2013 \$
Cash Flows from Operating Activities			
Inflows:			
Fee income		17,389,737	16,313,745
Grant income		14,344,870	11,515,547
Other income		3,459,873	3,124,963
Interest income		288,136	245,136
GST received from ATO		1,085,099	777,098
GST collected from customers		1,044,085	970,092
		<u>37,611,800</u>	<u>32,946,581</u>
Outflows:			
Employee expenses		21,319,303	19,454,500
Supplies and services		8,338,885	7,489,684
Interest paid		1,101,377	820,240
GST remitted to ATO		640,368	583,022
GST paid to suppliers		1,405,854	1,196,617
		<u>32,805,788</u>	<u>29,544,063</u>
Net cash provided by operating activities	12(b)	<u>4,806,012</u>	<u>3,402,518</u>
Cash Flows from Investing Activities			
Inflows:			
Sales of property, plant & equipment		5,000	10,500
Outflows:			
Payments for property, plant & equipment		<u>6,902,553</u>	<u>5,672,607</u>
Net cash used in investing activities		<u>(6,897,553)</u>	<u>(5,662,107)</u>
Cash Flows from Financing Activities			
Inflows:			
Borrowings		-	8,000,000
Outflows:			
Borrowing redemptions		900,347	722,030
Net cash from/(used) in financing activities		<u>(900,347)</u>	<u>7,277,970</u>
Net increase (decrease) in cash held		(2,991,888)	5,018,381
Cash and cash equivalents at beginning of financial year		8,579,191	3,560,810
Cash and cash equivalents at end of financial year	12(a)	<u>5,587,304</u>	<u>8,579,191</u>

The accompanying notes form part of these statements

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

Notes to and forming part of the financial statements for the year ended 31 December 2014

Note 1 Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. In addition the financial statements comply with the Treasurer's Minimum Reporting Requirements, and section 43 of the *Financial and Performance Management Standard 2009*. The School is established under the *Grammar Schools Act 1975* and is a State Government Statutory Body.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The following is a summary of the significant accounting policies adopted by The Rockhampton Grammar School in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

(b) The Reporting Entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of The Rockhampton Grammar School ("the School"). For financial reporting purposes, the entity is a not-for-profit entity.

(c) Income

Fees and charges including Tuition and Boarding Fees that are charged by the School are recognised as income when invoices for the related goods/services are issued.

Interest Income is recognised as income at the end of each month that it is received. Other Sundry Income is recognised as income as it accrues.

(d) Grants and Contributions

Grant income received from the State or Commonwealth Government are recognised in the Statement of 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 Rockhampton Grammar School and the amount of the grant can be measured reliably.

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

Where grant income is received whereby The Rockhampton Grammar School incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant income 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.

(e) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 31 December as well as deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the School's or issuer's option and that are subject to a low risk of changes in value, and bank overdrafts.

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 14 days from invoice date.

The collectibility of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 31 December. Increases for provision for impairment are based on loss events as disclosed in Note 13.

Other debtors generally arise from transactions outside the usual operating activities of the School and are recognised at their assessed values. Terms are a maximum of 30 days, no interest is charged and no security is obtained.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

Notes to and forming part of the financial statements for the year ended 31 December 2014

Note 1 Summary of Significant Accounting Policies (cont)

(g) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(h) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Buildings and Infrastructure	\$10,000
Land	\$1
Other (including heritage & cultural)	\$1,000

Items with a lesser value are expensed in the year of acquisition.

Land improvements undertaken by the School are included with Buildings.

The land on which the school is situated is subject to a Deed of Grant in Trust. This trust states that the land is retained by the Crown, however due to the land being administered by the school, and all economic benefits being attributable to the school, the value of the land \$4,250,000 is recognised in the face of these financial statements.

(i) Revaluations of Non-Current Physical and Intangible Assets

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement*, and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

Plant and equipment, other than major plant and equipment, are measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Non-current physical assets measured at fair value are comprehensively revalued at least once every three years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been material movement in the indices from year to year.

Any revaluation increment arising on the revaluation of an asset is reassigned in other comprehensive income and accumulated in the asset revaluation reserve of the appropriate asset, except to the extent it reverses a revaluation decrement for the asset previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that asset.

On revaluation, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Only those assets, the total values of which are material compared to the value of the class of assets to which they belong, are comprehensively revalued.

Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the School.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

Notes to and forming part of the financial statements
for the year ended 31 December 2014

Note 1 Summary of Significant Accounting Policies (cont)

(j) Amortisation and Depreciation Property, Plant and Equipment

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the School.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	Rate %
Buildings and Land Improvements	1 to 7
Infrastructure	2.5
Heritage assets	1 to 3
Plant & Equipment	
Motor Vehicles	10 to 15
Computer Equipment	20 to 25
Furniture	10
Other	1 to 20

(k) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the School determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant asset/class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also note 1(i).

(l) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and the invoice, and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms or sooner.

(n) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the School becomes party to the contractual provisions of the financial instrument.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

Notes to and forming part of the financial statements
for the year ended 31 December 2014

Note 1 Summary of Significant Accounting Policies (cont)

(n) Financial Instruments (cont)

Classification

Financial instruments are classified and measured as follows:

- Cash and Cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Payables - held at amortised cost
- Borrowings - held at amortised cost

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, where appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that the School has an unconditional right to defer settlement until at least 12 months after balance date.

The School does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the School holds no financial assets classified at fair value through profit and loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the School are included in Note 13.

(o) Employee Benefits

Wages, Salaries, Recreation Leave, Sick Leave, and Long Service Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the nominal salary rates. Workers' compensation insurance is a consequence of employing employees, but is not included in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee related expenses. Employer superannuation contributions, recreation leave, and long service leave are regarded as employee benefits.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values, and are based on recent historical trends of long service leave and annual leave taken or paid. Entitlements not due to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Superannuation

Employer superannuation contributions are paid to the employees' choice of Queensland Independent Education and Care Superannuation Trust (QIEC), The Rockhampton Grammar School Staff Superannuation Plan (AMP CustomSuper), BT Lifetime Super – Employer Plan, and QSuper. Contributions are expensed in the period in which they are paid or payable. The School's obligation is limited to its contributions to these funds. Therefore, no liability is recognised for accruing superannuation benefits in these financial statements.

(p) Financing/Borrowing Costs

Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs include interest on bank overdrafts and short-term and long-term borrowings.

QAO
certified statements

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

Notes to and forming part of the financial statements for the year ended 31 December 2014

Note 1 Summary of Significant Accounting Policies (cont)

(q) Insurance

The School's non-current physical assets and other risks are insured through AON Risk Services Australia Limited, premiums being paid on a risk assessment basis. In addition, the School pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(r) Executive Remunerations

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to Note 15 for the disclosures on key executive management personnel and remuneration.

(s) Taxation

The School is a state body as defined under the Income Tax Assessment Act 1963 and is exempt from Commonwealth taxation except for Fringe Benefit Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the school. As such, input tax credits receivable and GST payables from/to the Australian Taxation Office are recognised and accrued as part of receivables or payables in the Statement of Financial Position. Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; 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 and the GST component of the cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(t) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairman of the Board of Trustees of The Rockhampton Grammar School at the date of signing the Management Certificate. The Board has the power to amend and re-issue the financial statements.

(u) Judgements and Estimates

The School has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(v) Rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest dollar.

(w) New and Revised Accounting Standards

In accordance with Queensland Treasury and Trade's updated Non-Current Asset Policies NCAP1 (October 2014), for the 2014 financial year, the School changed its accounting policy in respect of asset recognition thresholds. Commencing with the 2014 financial year, the School's asset recognition threshold for plant and equipment is \$1,000 (in prior years this was \$5,000).

The School has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the School and effective for the current reporting period. The adoption of these amendments has not resulted in any changes to the School's accounting policies and have not affected the amounts reported for the current or prior period, except as described in Note 1(y).

The School is not permitted to early adopt a new or amended accounting standards ahead of the specified commencement date unless approval is obtained from the Queensland Treasury and Trade. Consequently, the School has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The School applies standards and interpretations in accordance with their respective commencement dates.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 1 Summary of Significant Accounting Policies (cont)

(w) New and Revised Accounting Standards (cont)

All Australian accounting standards and interpretations with future commencement dates are either not applicable to the School's activities, or are not expected to have a material impact on the School.

(x) Fair Value Measurement

The School measures the following assets at fair value on a recurring basis:

- Land
- Buildings

Fair value hierarchy

In accordance with AASB 13, fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

All fair value measurements are recurrent and categorised as either Level 2 or Level 3. The School does not hold any assets valued using Level 1 inputs. Where all significant inputs used to value the asset are observable, the asset is valued at Level 2. However, if one or more of the significant inputs are unobservable, the asset is valued as Level 3. The rationale for making a determination between Level 2 and Level 3 on specific categories of assets is described below.

Valuation techniques

The School's valuation policy and procedures are set by the Finance Committee and reviewed every year. Annual reviews of depreciation, impairment, asset lives and asset balances are conducted by the finance team. The School's current policy for the recurrent valuation of property, plant and equipment is documented in Note 1. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques which maximise, to the greatest extent possible, the use of observable market data.

Where land and buildings relate to capital works in progress, they are recognised at cost until such time as the capital works are completed.

The valuation techniques selected by the School are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by the market transactions for similar or identical assets or liabilities.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Recognised fair value measurements

The fair value of assets measured and recognised at fair value at 31 December 2014 is as per the table below.

31 December 2014

Description	Gross value	Written down value	Level 2	Level 3
Land	15,725,000	15,725,000	15,725,000	
Buildings	57,716,360	55,495,868		55,495,868

31 December 2013

Description	Gross value	Written down value	Level 2	Level 3
Land	15,725,000	15,725,000	15,725,000	
Buildings	51,294,184	50,250,049		50,250,049

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

Notes to and forming part of the financial statements
for the year ended 31 December 2014

Note 1 Summary of Significant Accounting Policies (cont)

(x) Fair Value Measurement (cont)

Additional disclosure in respect of land and buildings is included in Note 6 to the financial statements.

There were no transfers between Level 2 and Level 3 during the year. The School's policy is to recognise transfers in and out of the fair value hierarchy levels (if any) at the end of the reporting period.

Disclosed fair values

Apart from land and buildings, there are no other fair values disclosed in the financial report. The carrying amounts of all other assets and liabilities are assumed to approximate their fair values due to their short term nature.

Valuation techniques and inputs used to derive fair values

The specific valuation techniques used to value the School's assets are documented below. Fair value represents the highest and best use of the assets having regard to the optimal financial, physical and legal use of the asset.

The sensitivity of the fair value to the Level 3 inputs is provided in a table following each class. There is a clear inter-relationship between the asset condition, the assumed level of consumed service potential and remaining life for all assets valued at depreciated replacement cost. In these cases, the lower the asset condition; the higher the level of consumed service potential; and the lower the remaining life. No other relationships between Level 3 inputs are noted.

Land

The fair value of freehold land and buildings, and the land subject to a Deed of Grant in Trust, is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the finance team review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using observable market data.

All of the School's land was comprehensively valued in December 2012 by qualified independent external valuers, Aon Risk Solutions. The valuation was based on publicly available data on sales of similar land in the region.

A direct comparison method was used as at December 2012 to value all freehold land. Direct comparison involves the analysis of sales evidence and comparison with the subject land, taking into account such matters as area, location and other general site characteristics. Where an active market exists and there are no unreasonable restrictions as to use and/or sale, the land was deemed to be valued as Level 2. All land currently owned by the School was deemed to fit this category.

Buildings

All buildings were valued as at December 2012 by independently qualified external valuers, Aon Risk Solutions.

The valuation of residential buildings was based on publicly available data on sales of similar properties in the region.

Other buildings were valued on the basis of depreciated replacement costs. This was determined using a bill of quantities with costing reference to the Australian Institute of Quantity Surveyors Current Construction Costs and Building Costs Index and Rawlinson's Australian Construction Handbook for Civic Works and Buildings. The economic life of buildings have been adopted with reference to published Commissioner for Taxation recommended economic lives and industry standards.

Where an active market exists and there are no unreasonable restrictions as to use and/or sale or where data inputs are directly observable from external sources, the buildings were deemed to be valued as Level 2. All investment properties and residential buildings currently owned by the School were deemed to fit this category.

The School has sought to maximise the use of external data and observable inputs, however given the specialised nature of School buildings, inputs such as useful lives and residual values are likely to require some degree of estimation and thus could be considered to be 'unobservable' inputs.

The School has considered the additional disclosure required for assets classified as "level 3" values, as follows:

Quantitative information about significant unobservable inputs: The School considers that the major unobservable inputs in relation to Property, Plant and Equipment relate to useful lives and residual values. The inputs used in the valuation of such assets are consistent with the useful lives disclosed in the accounting policy at note 1j.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 1 Summary of Significant Accounting Policies (cont)

(x) Fair Value Measurement (cont)

Buildings (cont)

Reconciliation from opening balance at the start of the year to closing balance at the end of the year for assets classified as 'level 3': Reconciliations of the movement in all items of property, plant and equipment is included in Note 6.

Gains and losses in profit or loss relating to unrealised movements in Level 3 assets: No such gains or losses arose.

Sensitivity analysis for 'reasonably possible alternatives': The School does not consider it practical to provide detailed sensitivity analysis for all inputs for all assets on account of the large number and variety of assets that were independently valued. In addition, the School has an accounting policy of only amending asset values where there is an indication of significant movement in the fair value as overall values in the region have been steady in recent years. As such, a small change in an observable input would be unlikely to result in an adjustment to the financial statements, as it would not result in a significant movement in the fair value of the asset. Furthermore, small movements in the fair value of the School's property, plant and equipment will not have a material impact on the assessment of the going concern or of the School's operations by users of the financial report. As a result of these factors, the School has not prepared detailed sensitivity analysis in respect of level 3 inputs in this financial report.

(y) Change in Accounting Policies

For the year ended 31 December 2014, the School has determined to early-adopt "Non-Current Accounting Policy ("NCAP") 1 – Recognition of Assets", as issued by Queensland Treasury and Trade.

As allowed by this standard, the School has changed the threshold for capitalising plant and equipment from \$5,000 to \$1,000, as described in note 1(h). According to NCAP 1, such a change represents a change in accounting policy in accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors. The impact of this change in accounting policy in the current financial reporting year was to capitalise assets with a value of \$438,961 that otherwise would have been expensed under the previous accounting policy. Such assets are currently being depreciated at the rates described in note 1(j) to the financial statements.

AASB 108 also requires that changes in accounting policies are applied retrospectively, however the School has determined that it is not practicable to retrospectively apply the standard due to the availability of data and uncertainty around estimates that would have had to be made at the time such assets were acquired. Notwithstanding this however, preliminary analysis of the School's portable and attractive assets register suggests that the total gross value of assets that would have been on hand at the end of the previous financial period (the year ended 31 December 2013) that had an original cost greater than \$1,000 but less than \$5,000 and thus would have been expensed rather than capitalised in previous financial periods, would have been approximately \$100,000. Accumulated depreciation on these assets would likely have been approximately \$50,000, resulting in a retrospective adjustment of approximately \$50,000. This amount is clearly insignificant compared to total property, plant and equipment, which at 31 December 2013 exceeded \$67 million.

As a result of it being impracticable to determine the exact amount of any retrospective adjustment, and the fact that any such adjustment would be clearly insignificant, no retrospective adjustment has been made to these financial statements.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

Notes to and forming part of the financial statements
for the year ended 31 December 2014

Note 2 Operating Result

Operating Result before income tax includes the following items:

(a) Revenue

	2014	2013
	\$	\$
Fee Income		
Tuition	11,174,776	10,098,586
Enrolment & Application Fees	68,558	125,003
Music	304,798	289,513
Remedial	186,113	250,881
Other Classes	313,637	318,741
Class Set Levy	52,275	52,443
Boarding	<u>5,270,060</u>	<u>5,106,933</u>
	17,370,217	16,242,101
State Government Grants		
Recurrent grant	2,649,032	2,461,246
Endowment	18,500	18,500
Capital Grants	1,919,595	164,700
Other	<u>63,163</u>	<u>27,610</u>
	4,650,290	2,672,056
Commonwealth Government Grants		
Recurrent grant	9,661,637	8,401,578
Capital grants	-	305,663
Other	<u>50,009</u>	<u>125,266</u>
	9,711,646	8,832,507
Total Grant Income	<u>14,361,936</u>	<u>11,504,563</u>
Other Income		
Interest - General Fund	238,925	196,637
Interest - Education Fund	483	47
Interest - Building Fund	5,814	3,911
Interest - Trust Fund	<u>42,914</u>	<u>44,541</u>
	288,136	245,136
Other Income (cont)		
Maintenance Levies	424,125	397,463
Technology Levies	282,865	264,975
Early Learning Centre	1,767,988	1,597,662
Hire of School Facilities	111,677	151,146
Donations – General Fund	99,620	133,071
Donations – Education Fund	237,832	59,963
Donations – Building Fund	100	12,400
Proceeds - Sale of Assets	5,000	10,500
Residents' Board, Meals	2,621	3,150
Camps & Excursions	243,693	241,511
Rental Receipts	32,240	32,240
Miscellaneous	<u>222,979</u>	<u>231,381</u>
	3,430,740	3,135,462
Grants and Subsidies - Other		
VET Grant	<u>17,066</u>	<u>10,984</u>
	17,066	10,984
Total Other Income	<u>3,735,943</u>	<u>3,391,583</u>
Total Revenue from Ordinary Activities	<u>35,468,096</u>	<u>31,138,246</u>

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 2 Operating Result (cont)

	2014	2013
	\$	\$
(b) Expenses		
Employee Expenses		
Teachers' Salaries	10,867,123	9,846,196
Library Salaries	295,618	307,270
Teacher Aide Salaries	726,063	575,862
Remedial Staff Salaries	234,506	290,664
Music Staff Salaries	388,235	362,626
Superannuation - Tuition	1,336,695	1,200,906
Boarding Salaries	1,870,727	1,747,530
Superannuation - Boarding	207,675	196,471
Health Centre Salaries	276,347	268,231
Property Salaries & Wages	1,354,116	1,176,368
Superannuation - Property	136,414	113,258
Early Learning Centre Salaries & Wages	1,129,316	1,036,324
Superannuation - Early Learning	104,663	88,959
Administration Salaries	1,900,042	1,807,797
Superannuation - Administration	202,748	201,798
Employee Entitlements Provided	459,147	482,253
Fringe Benefits Tax	130,369	116,339
	<hr/>	<hr/>
	21,619,804	19,818,851
Insurance - Worker's Compensation	89,016	78,475
	<hr/>	<hr/>
	21,708,820	19,897,326
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:	254.6	236.8
Board Members receive no remuneration.		
Supplies and Services		
Teaching Requisites	814,498	794,208
Camps & Excursions	236,898	211,968
Library	74,354	68,048
Tuition Supplies and Services	<hr/>	<hr/>
	1,125,750	1,074,224
Catering	1,124,013	1,063,056
Laundry	103,625	103,243
Health Centre	28,641	27,405
Other - Boarding	167,413	153,805
Boarding Supplies and Services	<hr/>	<hr/>
	1,423,692	1,347,509
Repairs and Maintenance Boarding	174,755	190,116
Repairs and Maintenance General	796,723	840,262
Furniture & Equipment Replacements	79,162	71,035
Ritamada	99,807	103,404
Light and Power	635,936	611,403
Cleaning	229,098	195,599
Council Rates	278,865	240,170
Property Supplies and Services	<hr/>	<hr/>
	2,294,346	2,251,989
Early Learning Centre	194,652	220,928

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BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 2 Operating Result (cont)

	2014	2013
	\$	\$
(b) Expenses		
Supplies and Services (cont)		
Staff Recruitment	88,219	117,267
Public Relations	226,122	231,009
Insurance	173,223	219,673
Postage & Telephone	128,447	124,495
Photocopiers	139,423	151,456
Computers	399,144	628,922
Training	219,137	167,748
Bad Debts Provided	22,643	20,915
Audit Fees	28,900	27,900
Levies & Subscriptions	27,681	28,648
Disposal Fixed Asset	-	247,723
Legal & Consulting	63,101	36,669
Motor Vehicles	118,649	103,583
Bursary and Prize Payments	12,661	7,344
Other	216,609	196,743
Operating Lease Payments	684,380	693,004
Administration Supplies and Services	<u>2,548,339</u>	<u>3,003,100</u>
Total Supplies and Services	7,586,779	7,897,751
Depreciation		
Buildings	1,176,358	1,045,122
Plant, Equipment and Motor Vehicles	444,267	271,227
	<u>1,620,625</u>	<u>1,316,349</u>
Finance/Borrowing Costs		
Borrowing Cost Expense	1,101,377	820,240
Total Expenses from Ordinary Activities	<u><u>32,017,601</u></u>	<u><u>29,931,666</u></u>

(c) Auditor's Remuneration

Queensland Audit Office – External Audit	28,900	27,900
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The auditors did not receive any remuneration for non-audit services.

(d) Impairment Losses

No impairment losses were recognised during 2014.

Note 3 Cash and Cash Equivalents

General Fund

Westpac – Cheque Account	456,185	595,346
Westpac – Cheque Account ELC	28,659	15,123
Qld Treasury - 24 Hr Call	3,437,975	6,561,487
Westpac Term Deposits	1,118,648	9,238
Petty Cash and Floats	1,940	1,940
	<u>5,043,407</u>	<u>7,183,134</u>

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 3 Cash and Cash Equivalents (cont)

	2014	2013
	\$	\$
Building Fund		
Westpac – Cheque Account	8,187	8,059
Qld Treasury - 24 Hr Call	39,849	38,582
Westpac Term Deposits	<u>126,878</u>	<u>122,400</u>
	174,914	169,040
Bursary & Bequest Funds		
Westpac – Cheque Account	2,931	761
Qld Treasury - 24 Hr Call	4,436	4,295
Westpac Term Deposits	<u>110,325</u>	<u>1,176,365</u>
	117,692	1,181,421
Education Fund		
Westpac – Cheque Account	11,291	45,595
Westpac Term Deposit	<u>240,000</u>	<u>-</u>
	251,291	45,595
Total Cash and Cash Equivalents	5,587,304	8,579,191

Cash deposited with Queensland Treasury Corporation earned interest between 3.21% to 3.58% in 2014 (3.35% to 4.00% in 2013). Interest earned on cash held with the Westpac Banking Corporation earned between 0.35% to 3.65% in 2014 (0.35% to 4.35% in 2013).

There are no restrictions over the use of cash except for the Building Fund and Education Fund, which are endorsed by the ATO as Deductible Gift Recipient funds. The use of cash held in both of these funds is restricted, subject to the requirements of a DGR (as specified by the ATO).

As per ATO guidelines, a school building fund is solely for providing money to acquire, construct or maintain school or college buildings. It cannot be used for any other purpose. Expenditure on capital improvements and maintenance, as well as installing and maintaining fixtures, are accepted outlays of a school building fund.

Note 4 Receivables

General Fund

Debtors	491,383	457,732
Debtors-Sundries	36,368	-
Less Provision for Impairment	(90,872)	(83,858)
Debtors – Other	27,654	41,179
GST Receivable	<u>71,131</u>	<u>161,487</u>
Total Receivables	535,664	576,540

**Movements in the allowance of
provision for impairment**

Balance at beginning of year	83,858	67,179
Amounts written off during the year	(15,629)	(8,896)
Amounts recovered during the year	5,205	4,660
Increase/decrease in allowance recognised in profit or loss	17,438	20,915
Balance at the end of the year	<u>90,872</u>	<u>83,858</u>

Note 5 Other Current Assets

Prepayments	365,187	321,024
Total Other Current Assets	365,187	321,024

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 6 Property, Plant and Equipment

Independent valuations of land, buildings, infrastructure, heritage and cultural assets, plant and equipment were performed as at 31 December 2012 by Aon Valuation Services using "fair value" principles in accordance with AASB116. At that date, the valuation of land and buildings was based on depreciated current replacement cost and market values on the basis of direct comparison of similar assets. For infrastructure, and heritage and cultural assets, the bases of valuation were depreciated current reproduction cost and depreciated current replacement cost, respectively. Residential properties were valued on the basis of direct comparison appraisal whereby the property was compared to the sale of other comparable units in the local area. Consideration was given as to whether there were any factors indicating that an updated revaluation of land and buildings was required as at 31 December 2014. After referring to relevant indices and market research, it was determined that no such factors existed and as a result, no updated independent valuation was required.

Infrastructure assets are defined as reasonable site preparation earthworks, underground services such as trunk stormwater and sewer drainage, water supply, fire ring main and electrical mains and sub-mains, roadworks and parking areas and associated drainage, access lighting, pathways and paving, sports oval, general landscaping, fencing, isolated shade structures and covered links, play areas adjacent to primary teaching blocks. Motor vehicles are valued at cost.

No assets are offered as security for borrowings.

	2014	2013
	\$	\$
Land		
At independent valuation	<u>15,725,000</u>	<u>15,725,000</u>
	15,725,000	15,725,000
Buildings		
At cost	6,115,762	1,669,480
At independent valuation	39,195,000	39,195,000
Less accumulated depreciation	<u>(1,918,436)</u>	<u>(893,107)</u>
	43,392,326	39,971,373
Heritage assets		
At independent valuation	3,192,000	3,192,000
Less accumulated depreciation	<u>(172,238)</u>	<u>(86,119)</u>
	3,019,762	3,105,881
Buildings Under Construction		
At cost	<u>6,731,598</u>	<u>4,755,704</u>
	6,731,598	4,755,704
Infrastructure		
At independent valuation	2,482,000	2,482,000
Less accumulated depreciation	<u>(129,819)</u>	<u>(64,909)</u>
	2,352,181	2,417,091
Total Land & Buildings	71,220,867	65,975,050
Plant & Equipment		
At cost	2,372,623	1,566,181
Less accumulated depreciation	<u>(660,539)</u>	<u>(268,067)</u>
	1,712,084	1,298,114
Furniture & Fittings		
At cost	31,530	29,075
Less accumulated depreciation	<u>(7,490)</u>	<u>(5,502)</u>
	24,039	23,573
Motor Vehicles		
At cost	517,239	538,348
Less accumulated depreciation	<u>(240,616)</u>	<u>(244,919)</u>
	276,623	293,429
Total Plant & Equipment	2,012,746	1,615,117
Total Property, Plant & Equipment	<u><u>73,233,613</u></u>	<u><u>67,590,167</u></u>

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 6 Property, Plant and Equipment (cont) Reconciliation

	Land	Buildings	Heritage Assets	Buildings Under Construction	Infrastructure	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount at 1 January 2014	15,725,000	39,971,370	3,105,881	4,755,704	2,417,091	1,298,114	23,574	293,429	67,590,163
Acquisitions		943,743		5,478,433		806,442	2,454	33,000	7,264,072
Transfers between classes		3,502,539		(3,502,539)					-
Depreciation		(1,025,328)	(86,119)		(64,909)	(392,472)	(1,988)	(49,805)	(1,620,621)
Carrying amount at 31 December 2014	15,725,000	43,392,324	3,019,762	6,731,598	2,352,182	1,712,084	24,040	276,624	73,233,614

	Land	Buildings	Heritage Assets	Buildings Under Construction	Infrastructure	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount at 1 January 2013	15,725,000	39,433,000	3,192,000	468,249	2,482,000	1,030,220	25,521	341,172	62,697,162
Acquisitions		1,549,745		4,471,690		435,639			6,457,074
Disposals		(237,015)				(10,708)			(247,723)
Transfers between classes		119,735		(184,235)		64,500			-
Depreciation		(894,095)	(86,119)		(64,909)	(221,537)	(1,947)	(47,743)	(1,316,350)
Carrying amount at 31 December 2013	15,725,000	39,971,370	3,105,881	4,755,704	2,417,091	1,298,114	23,574	293,429	67,590,163

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BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 7	Payables		
		2014	2013
		\$	\$
	Creditors		
	Creditors	273,670	171,666
	Other Payables	435,086	442,258
	Accrued Creditors	402,512	838,482
	Special Purpose Endowments	1,352	1,486
		<u>1,112,620</u>	<u>1,453,892</u>
	Other Liabilities		
	Fees in Advance	536,672	489,479
	Accrued Income	36,248	-
	Class Levies	3,940	15,349
	Total Fees in Advance	<u>576,860</u>	<u>504,830</u>

Note 8 Other Financial Liabilities

Current

Qld Treasury Corporation Borrowings	<u>2,001,568</u>	<u>901,483</u>
	2,001,568	901,483

Non-Current

Qld Treasury Corporation Borrowings	<u>15,574,790</u>	<u>17,575,221</u>
	15,574,790	17,575,221

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 10 March 2017 to 28 November 2032. There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears at rates ranging from 5.08% to 8.14% for Queensland Treasury Corporation borrowings.

The fair value of the School's borrowings (QTC) at 31 December 2014, as notified by the Queensland Treasury Corporation, was \$20,933,965 (2013 \$19,803,110). The fair value is calculated using discounted cash flow analysis and the effective interest rate.

As it is the intention of the School to hold its borrowings for their full term, no fair value adjustment is made to the carrying amount of the borrowings.

All borrowings of the Board are guaranteed by the Government of Queensland.

Note 9 Accrued Employee Benefits

Current

Employee entitlements		
- Wages outstanding	522,925	404,586
- Annual leave	246,615	235,835
- Long service leave	217,070	186,037
	<u>986,610</u>	<u>826,457</u>

Non-current

- Long service leave	<u>2,629,336</u>	<u>2,415,549</u>
	2,629,336	2,415,549

The current provision for long service leave is based on the amount of leave expected to be taken or paid within 12 months. The total entitlement to long service leave within the next 12 months for all employees with at least 7 years of service is \$2,553,765 (2013 \$2,188,666).

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 10 Asset Revaluation Surplus by Class

	Land	Buildings & Improvements	Heritage Assets	Plant & Equipment, Furniture	Infrastructure	Total
	\$	\$	\$	\$	\$	\$
Balance 1 January 2014	11,273,573	7,271,216	1,250,233	51,301	496,541	20,342,864
Revaluation Increments/(Decrements)	-	-	-	-	-	-
Balance 31 December 2014	11,273,573	7,271,216	1,250,233	51,301	496,541	20,342,864

	Land	Buildings & Improvements	Heritage Assets	Plant & Equipment, Furniture	Infrastructure	Total
	\$	\$	\$	\$	\$	\$
Balance 1 January 2013	11,273,573	7,271,216	1,250,233	51,301	496,541	20,342,864
Revaluation Increments/(Decrements)	-	-	-	-	-	-
Balance 31 December 2013	11,273,573	7,271,216	1,250,233	51,301	496,541	20,342,864

The asset revaluation surplus represents the net effect of upwards and downwards fair value revaluations of assets.



BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 11 Bursaries and Bequests	2014	2013
	\$	\$
Kingel Fryer Fund	107	103
CC Boland Bequest	2,945	2,844
Theo Kingel Memorial	268	259
Sylvia Dixon Bequest	187	181
Dale Neville Dunlop Memorial	13,472	12,999
Mrs Wheatcroft Prize Fund	134	129
W J Geddes Memorial	134	129
Fitzroy Jardine Memorial Bursary	667	691
Cedric Luck Bursary	989	1,001
C & M Petersen Bursary	1,216	1,220
Japanese Fund	-	9,132
R V Considine Gift	3,007	2,901
R M Brown History Prize	4,332	4,322
J E Blair Memorial Scholarship	21,287	20,709
RJ & G Chudleigh Prize	134	129
Est JBR Flowers Deceased	1,339	1,293
Donald Frazer Bequest	169	163
Maefarlane Bursary	731	753
AEC Butler – P & F Bursary	5,519	5,467
KG Gillam Trust	18,142	17,505
Alan Mace Family Bursary	2,040	1,967
Andrews & Girle Architect Bursary	1,571	1,515
Estate William Price Anderson	2,677	2,586
Class of 95 Economics Prize	669	646
Frank & Marilyn Luck Bursary	5,878	5,814
RM Brown Bequest	18,690	18,034
GAP Communications Short-Story Prize	1,255	675
J & R Bath Bursary	1,365	1,220
LoMonaco Family Prize-Mooting	793	765
NKF Yewdale Bursary	2,821	2,817
Malan Family Trophy	545	526
Wilson Family Prize	182	175
John & Linda Crossland Prize	3,055	-
	<u>116,320</u>	<u>118,674</u>

Note 12 Statement of cash flows - disclosures

(a) Cash at the end of the year, as shown in the Statement of Cash Flows

Cash on hand	1,940	1,940
Cash at bank	507,253	664,884
Deposits at call	3,482,260	6,604,364
Term deposits	1,595,851	1,308,004
	<u>5,587,304</u>	<u>8,579,192</u>

(h) Reconciliation of net cash from operating activities to net result for the period

Net result for the period	3,450,495	1,206,580
Depreciation	1,620,625	1,316,349
Bad debts	10,424	4,236
Disposal of non-current assets	(5,000)	237,223
Revaluation decrement	-	-
Change in operating assets and liabilities		
Decrease (increase) in receivables	(52,510)	7,727
Decrease (increase) in GST input tax credits receivable	82,962	(32,449)
Decrease (increase) in prepayments	(44,163)	46,861
Increase (decrease) in payables	(702,791)	132,462
Increase (decrease) in other liabilities	72,030	63,917
Increase (decrease) in accrued employee entitlements	373,940	419,613
Net cash from operating activities	<u>4,806,012</u>	<u>3,402,518</u>

There are no non-cash financing or investing activities.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 13 Financial instruments

(a) Categorisation of Financial Instruments

The School has the following categories of financial assets and financial liabilities:

Category	Note	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	3	5,587,304	8,579,191
Receivables	4	<u>535,664</u>	<u>576,540</u>
Total		<u><u>6,122,968</u></u>	<u><u>9,155,731</u></u>
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	7	1,112,620	1,453,892
Other financial liabilities - QTC borrowing	8	<u>17,576,357</u>	<u>18,476,705</u>
Total		<u><u>18,688,977</u></u>	<u><u>19,930,596</u></u>

(b) Financial Risk Management

The School's activities expose it to a variety of financial risks: interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is managed by the Business Manager and Accountant under policies approved by the Board of Trustees.

The School measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the School may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is represented by the carrying amount of those assets as indicated in the Statement of Financial Position. There are no concentrations of credit risk as exposure is spread over a large number of counter parties and customers. The School engages a debt collection agency to assist in managing the credit risk of its customers.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position, unless required or permitted by an Australian accounting standard.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit assessments. The main factors affecting the current calculation for provisions are disclosed below as loss events.

The movement in the provision is \$7,014 for the current year. This is a decrease of \$9,665 from 2013 and is due to some debts being written off during 2014, and new debts now being considered impaired.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 13 Financial instruments (cont)

(c) Credit Risk Exposure (cont)

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2014 Financial Assets Past Due But Not Impaired

Overdue (\$)

	Not Overdue	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Total	Total Financial Assets
Financial Assets							
Receivables	-	149,382	17,766	5,217	363,299	535,664	535,664
Total	-	149,382	17,766	5,217	363,299	535,664	535,664

2013 Financial Assets Past Due But Not Impaired

Overdue (\$)

	Not Overdue	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Total	Total Financial Assets
Financial Assets							
Receivables	-	226,335	268,725	72,946	8,533	576,540	576,540
Total	-	226,335	268,725	72,946	8,533	576,540	576,540

2014 Impaired Financial Assets

Overdue (\$)

	Not Overdue	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Total	Total Financial Assets
Financial Assets							
Receivables	-	-	-	10,909	79,963	90,872	90,872
Total	-	-	-	10,909	79,963	90,872	90,872

2013 Impaired Financial Assets

Overdue (\$)

	Not Overdue	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Total	Total Financial Assets
Financial Assets							
Receivables	-	-	-	12,781	71,077	83,858	83,858
Total	-	-	-	12,781	71,077	83,858	83,858

Debts that are past due are not impaired until information from the family and/or debt collection agency indicates there is a strong chance of non-collection.

(d) Liquidity Risk

Liquidity risk refers to the situation where the School may encounter difficulty in meeting obligations associated with financial liabilities.

The School is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The borrowings are based on the Queensland Government's gazetted floating rate.

Prudent liquidity risk management implies maintaining sufficient cash or credit facilities to meet the operating requirements of the School. This is managed through committed undrawn facilities and prudent cash flow management, including cash flow projections.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 13 Financial instruments (cont)

(d) Liquidity Risk (cont)

The following tables set out the liquidity risk of financial liabilities held by the School. They represent the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

	Note	2014 Payable in			Total
		<1 year	1-5 years	>5 years	
		\$	\$	\$	
Financial Liabilities					
Payables	7	1,112,620	-	-	1,112,620
QTC borrowing	8	2,001,568	7,683,977	16,780,382	26,465,927
Total		3,114,188	7,683,977	16,780,382	27,578,547

	Note	2013 Payable in			Total
		<1 year	1-5 years	>5 years	
		\$	\$	\$	
Financial Liabilities					
Payables	7	1,453,892	-	-	1,453,892
QTC borrowing	8	2,001,568	7,844,507	18,582,389	28,428,464
Total		3,455,460	7,844,507	18,582,389	29,882,356

(e) Market Risk

The School does not trade in foreign currency and is not materially exposed to commodity price changes. The School is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation and cash deposited in interest bearing accounts. The School does not undertake any hedging in relation to interest risk. When managing interest rate risk, the School seeks to minimise its overall cost of funds by borrowing through Queensland Treasury Corporation.

Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis depicts the outcome to profit and loss if interest rates would change by +/- 1% from the year-end rates applicable to the School's financial assets and liabilities. With all other variables held constant, the School would have a surplus and equity increase/(decrease) of \$119,891 (2013 \$98,975). This is mainly attributable to the School's exposure to variable interest rates on its borrowings from Queensland Treasury Corporation.

		2014 Interest rate risk			
		-1%		1%	
Carrying Amount (\$)		Profit (\$)	Equity (\$)	Profit (\$)	Equity (\$)
Financial Instruments					
Cash	5,587,304	(55,873)	(55,873)	55,873	55,873
QTC Borrowings	17,576,357	175,764	175,764	(175,764)	(175,764)
Overall effect on profit and equity		119,891	119,891	(119,891)	(119,891)

		2013 Interest rate risk			
		-1%		1%	
Carrying Amount (\$)		Profit (\$)	Equity (\$)	Profit (\$)	Equity (\$)
Financial Instruments					
Cash	8,579,191	(85,792)	(85,792)	85,792	85,792
QTC Borrowings	18,476,705	184,767	184,767	(184,767)	(184,767)
Overall effect on profit and equity		98,975	98,975	(98,975)	(98,975)

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 13 Financial instruments (cont)

(e) Market Risk (cont)

Fair Value

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for note disclosure purposes.

The fair value of monetary financial assets and financial liabilities, other than Borrowings, is based on market prices. The fair value of receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

The carrying amounts of all financial assets and financial liabilities, except the borrowings from Queensland Treasury Corporation are representative of their fair value. The fair value of Borrowings is determined by reference to published price quotations in an active market and reflects the value of the debt if the School repaid it in full at balance date. It is calculated using discounted cash flow analysis and the effective interest rate (refer Note 8) and is disclosed below:

	2014		2013	
	\$		\$	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
Financial liabilities at amortised cost:				
QTC Borrowings	17,576,357	20,933,965	18,476,705	19,803,110
Total	<u>17,576,357</u>	<u>20,933,965</u>	<u>18,476,705</u>	<u>19,803,110</u>

Note 14 Commitments for Expenditure

(a) Non-cancellable Operating Leases

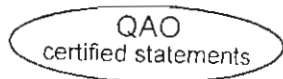
At 31 December the School had the following operating lease commitments inclusive of GST:

	2014	2013
	\$	\$
· within one year	421,526	652,889
· one to five years	<u>373,317</u>	<u>516,331</u>
	<u>794,843</u>	<u>1,169,220</u>

Operating leases are entered into as a means of acquiring access to office equipment and vehicles. Lease payments are fixed. Some leases have renewal or purchase options.

(b) Capital Expenditure Commitments

Capital expenditure commitments contracted for at reporting date but not recognised in the accounts amount to \$3,100,000 for various building projects.



BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 15 Key Executive Remuneration

The School has assessed the key executive management personnel positions in context of the School being constituted under the Grammar Schools Act 1975. Details of executive management personnel positions, responsibilities, appointment date and remuneration are detailed below. Further information on these positions can be found in the body of the Annual Report under the section relating to Governance.

Positions	Responsibilities	Contract classification and appointment authority (current incumbents)	Date appointed to position
<i>Elected Trustees</i>	To supervise, maintain and control the conduct of the School. To make rules with regards to the management and control of the School.	Elected position through roll of electors and appointed by the Governor in Council	20 Mar 2014
<i>Government Appointed Trustee</i>		Appointed by the Governor in Council	20 Mar 2014
<i>Headmaster</i>	The Headmaster is responsible for the implementation of plans and strategies as approved by the Board of Trustees. The Headmaster is responsible for the successful management of the physical, financial and human resource assets of the school, as well as taking responsibility for legal issues, school policy development, strategic planning and broad community engagement.	Contract	20 Jan 2010
<i>Deputy Headmaster - Head of Middle School</i>	The Deputy Headmaster supports the Headmaster in implementation of plans and strategies as delegated by the Headmaster	Permanent Employee	1 Jan 1999
<i>Head of Senior School</i>	Supports the Headmaster in implementation of plans and strategies as delegated by the Headmaster	Permanent Employee	1 Jan 1999
<i>Head of Primary School</i>	Supports the Headmaster in implementation of plans and strategies as delegated by the Headmaster	Permanent Employee	1 Jan 2003
<i>Head of Early Learning</i>	Supports the Headmaster in implementation of plans and strategies as delegated by the Headmaster	Permanent Employee	2 Feb 2007
<i>Secretary to the Board of Trustees</i>	Acts as Secretary to the Board of Trustees attending to Board business as required to enable the Board to carry out its statutory functions.	Permanent Employee	31 May 2004

The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

The Board of Trustees operates in a competitive environment both nationally and internationally, and relies on information from industry benchmarks from a range of industry sources, including the Australian Heads of Independent Schools Association and Independent Schools Queensland, to set remuneration packages to ensure the School is able to attract the best candidates for its executive leadership team.

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits - consisting of provision of remission for School fees, other non-monetary benefits, together with the fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave.
- Post employment benefits include amounts expensed in respect of superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- No performance bonuses were paid.

BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

**Notes to and forming part of the financial statements
for the year ended 31 December 2014**

Note 15 Key Executive Remuneration (cont)

1 January 2014 - 31 December 2014

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employee Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Elected Trustees	-	-	-	-	-	-
Government Appointed Trustees	-	-	-	-	-	-
Headmaster	294,277	71,327	3,793	37,042	-	406,439
Deputy Headmaster	-	-	-	-	-	-
Head of Middle School	152,605	16,105	4,282	19,155	-	192,147
Head of Senior School	138,875	-	3,886	17,384	-	160,145
Head of Primary School	138,529	-	3,886	17,384	-	159,799
Head of Early Learning	120,042	4,335	3,301	11,070	-	138,748
Secretary to the Board of Trustees	244,371	17,523	6,813	22,114	-	290,821

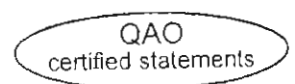
1 January 2013 - 31 December 2013

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employee Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$				
Elected Trustees	-	-	-	-	-	-
Government Appointed Trustees	-	-	-	-	-	-
Headmaster	282,156	73,913	3,035	35,497	-	394,601
Deputy Headmaster	-	-	-	-	-	-
Head of Middle School	148,170	15,837	4,157	18,597	-	186,761
Head of Senior School	134,850	-	3,773	12,071	-	150,694
Head of Primary School	134,504	-	3,773	16,878	-	155,155
Head of Early Learning	117,032	4,964	2,413	10,445	-	134,854
Secretary to the Board of Trustees	227,007	17,787	6,215	28,792	-	279,801

Note 16 Events Occurring After Balance Date

There are no material events occurring after balance date.

The Board of Trustees has the power to amend and re-issue the financial statements.



BOARD OF TRUSTEES OF THE ROCKHAMPTON GRAMMAR SCHOOL

Certificate of the Board of Trustees of the Rockhampton Grammar School

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Board of Trustees of The Rockhampton Grammar School for the year 1 January 2014 to 31 December 2014 and of the financial position of the School at the end of that year.



R SKILLING
Board Secretary

13/2/15



B V R BEASLEY
Chairman

13/2/15

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Rockhampton Grammar School

Report on the Financial Report

I have audited the accompanying financial report of the Board of Trustees of the Rockhampton Grammar School, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and the Board Secretary.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009*:

- (a) I have received all the information and explanations which I have required
- (b) in my opinion:
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Board of Trustees of the Rockhampton Grammar School for the financial year 1 January 2014 to 31 December 2014 and of the financial position as at the end of that year.

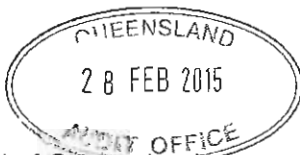
Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Board of Trustees of the Rockhampton Grammar School for the year ended 31 December 2014. Where the financial report is included on Board of Trustees of the Rockhampton Grammar School's website the Board is responsible for the integrity of Board of Trustees of the Rockhampton Grammar School's website and I have not been engaged to report on the integrity of Board of Trustees of the Rockhampton Grammar School's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



J WELSH FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane