

Sydney Catholic Schools Trust

ABN 26 158 447 082

Annual Financial Report

31 December 2018



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Trustees' Report

For the year ended 31 December 2018

The Trustees present their report together with the audited financial statements and independent auditor's report, on the Sydney Catholic Schools Trust (referred to hereafter as the 'Trust' or 'SCS') for the financial year ended 31 December 2018.

1. Trustee Company

The Trustee of the Trust is Sydney Catholic Schools Limited (SCS Ltd). The trustees who served on the Board of SCS Ltd at any time during or since the end of the financial year are:

Bishop Anthony Randazzo (Chairman)	Appointed 25 August 2017 to Current
Reverend Dr Gerald Patrick Gleeson	Appointed 18 May 2017 to Current
Yolanda Chorazyczewski	Appointed 25 August 2017 to Current
Loretta Di Mento	Appointed 25 August 2017 to Current
Anthony Joseph Lane	Appointed 25 August 2017 to Current
Anna Dickinson	Appointed 25 August 2017 to Current
Stephen Newton	Appointed 25 August 2017 to Current
Dominic McLoughlin	Appointed 25 August 2017 to Current
Reverend Fr Michael Lawrence McLean	Appointed 25 August 2017 to Current
Hayden William Jordon Ramsay	Appointed 16 May 2017 to Current
Michael Bryan Digges	Appointed 16 May 2017 to Current
Clare Baxter	Appointed 13 December 2017 to Current

The SCS Trust was established on 18 May 2017. The Trust did not commence operations until 1 January 2018 when it acquired the operations, assets and liabilities of Sydney Catholic Schools (ABN 82 780 246 140) also known as Catholic Education Office Sydney.

2. Information on company secretary

Peter Gerard John Ireland	Appointed 20 October 2017 to Current
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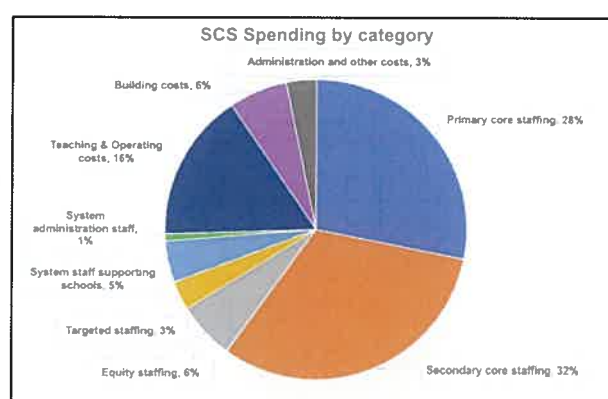
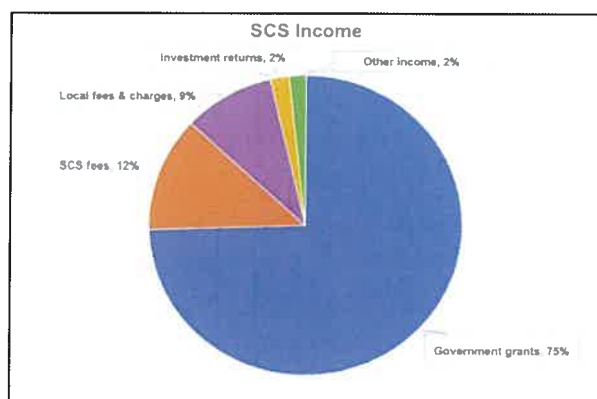
3. Principal activities

The principal activities of SCS during the course of the financial year was for the provision of school education for students from Kindergarten to Year 12 across 152 Catholic systemic schools in the Archdiocese of Sydney.



4. Review of results

Income Statement		2018
		\$'000
Recurring Grants		
Commonwealth Government		585,210
State Government		179,872
		765,082
School Fees		219,160
Finance Income		19,113
Other income		20,353
Total Income		1,023,708
Employee related expenses		736,147
Operating expenses		178,365
Depreciation and Amortisation		50,466
Finance costs		11,170
Other expenses		4,684
Net Result		42,876



SCS total income in 2018 was \$1,023.7 million. Included in total income was \$765.1 million in Commonwealth and State Government Grants. Grants are received in January, June, October and November of each year. The recurrent grants from Commonwealth and State Government are required to be spent and have been spent in the calendar year in which the grants were provided. Consequently, no government funds are retained as reserves for future obligations.

Private fees and levies amounted to \$219.2 million and include tuition fees, building and ICT levies and local school-based fees which supplement the cost of staffing our schools and for providing modern, contemporary learning spaces for our students.

The major costs for SCS are the salary costs of teachers and support staff for schools and amount to \$736.1 million for 2018. Salary costs represented 96% of the total value of recurrent grants received from Government in 2018.



Cash and financial assets

SCS manages its cash and financial assets to ensure it has asset reserves for the long term financial stability and sustainability of SCS. Financial reserves are specifically held for known liabilities, employee entitlements, school fee bursary funds, the future expansion and upgrade of schools and unexpected risks. The cash and financial reserves of SCS have been built up over time from fees and private income of SCS. The proposed application of cash and financial assets at the 31 December 2018 was:

	2018 \$'000
Cash and Financial assets	
Cash and Cash Equivalents	300,015
Short Term Financial Assets	105,222
Long Term Financial Assets	136,967
Total holding of cash and financial assets	542,204
Less Allocated reserves	
Employee entitlements	150,990
School fee bursary funds	115,161
Current liabilities	103,865
Total allocated cash as reserves	370,016
Amount set aside for future use	172,188

The Board of Directors considers that the cash reserves of \$172m is sufficient to complete \$43m of capital works in progress and to provide a prudent reserve to ensure that SCS is able to meet its ongoing operational obligations (salaries, operating expenses etc) in the event of any unplanned events.

As at the end of December 2018, a net loss of \$13.5m was recorded on the revaluation of managed fund investments (included within Short Term and Long-Term Financial Assets), due to the decline in equity markets at the balance date. Since then these losses have largely been recouped.

Borrowings

SCS borrowings are \$207.6 million and are used to fund the capital works program. The borrowings are on market commercial terms with facilities arranged through the Catholic Development Fund of the Archdiocese of Sydney.

Financial Assistance

SCS provides financial support to families experiencing financial difficulties to support students to gain a Catholic education:

	2018
Financial Assistance	
Number of bursaries awarded	3,727

The annual value of the financial assistance provided by SCS to families receiving student bursaries is equivalent to \$12 million in school fees and charges.



Capital Works

In 2018 SCS spent \$125.1m on the acquisition of new school sites and the refurbishment and construction of new learning environments. Major school projects in 2018 included:

School Projects	2018 \$000
ASHFIELD, Bethlehem College	7,600
AUSTRAL, St Anthony of Padua Catholic Primary	3,400
BANKSTOWN, St Brendan's Catholic Primary	2,800
FIVE DOCK, All Hallows Catholic Primary	4,300
GYMEA, St Catherine Laboure Catholic Primary	5,000
MORTLAKE, St Patrick's Catholic Primary	1,700
NORTH STRATHFIELD, Our Lady of the Assumption Primary	10,600
NORTH SYDNEY, St Mary's Catholic Primary	1,600
PADDINGTON, St Francis of Assisi Catholic Primary	4,700
PENSHURST, Marist College	10,100
REVESBY HEIGHTS, De La Salle College	7,500
WEST HOXTON, Clancy Catholic College	3,300
REFURBISHMENT of school facilities	37,900
Land acquired for schools	24,600
Total Capital Investments in schools during the year	125,100

Land and Buildings

Property, Plant and Equipment	2018 \$000
Land held for future use	103,567
Land and Buildings – school sites	1,992,267
Furniture & equipment, vehicles	20,360
Computers	12,310
	2,128,504

The land and buildings of SCS are held on its behalf by the Trustees of the Roman Catholic Church for the Archdiocese of Sydney, ABN 40 938 125 422. The land and buildings on the balance sheet of SCS represent the school sites acquired over many decades from the contributions from the local parishes and from the building levies paid by families whose students have attended Catholic schools. School buildings located within the precincts of Archdiocesan parishes are used and maintained by SCS under a license agreement, Archdiocesan parishes do not receive rents or any other contributions from SCS for use of the school buildings. SCS also acquires and holds land for the purposes of expanding schools and setting up of new schools to meet the predicted increase in demand for Catholic Education in the Archdiocese.



Key Ratios

	2018
Student Numbers (August 2018 Census)	
Primary	39,232
Secondary	30,649
	69,881
Catholicity of students	
Primary	77.5%
Secondary	72.4%
	75.3%
Number of Schools	
Primary	114
Secondary	38
	152
Staff Numbers (FTE)*	
School based staff	
Full time	4,193
Part time	3,415
	7,608
Central office staff (FTE)*	
Full time	424
Part time	105
	529
Total Staff	
Full time	4,617
Part time	3,520
	8,137

*FTE = Full time equivalent



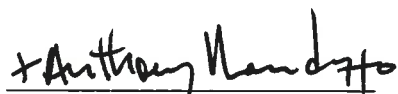
5. Significant changes in the state of affairs

On the 16 May 2017 an incorporated trustee known as 'Sydney Catholic Schools Ltd ACN 66 619 137 343 as trustee for the Sydney Catholic Schools Trust ABN 26 158 447 082' was formed. Sydney Catholic Schools Ltd is an Australian public company. On the 18 May 2017 Sydney Catholic Schools Trust ABN 26 158 447 082 ('SCS Trust' or 'SCS') was formed. SCS Trust is a discretionary investment trust and is a registered charity with the Australian Charities and Not for Profits Commission (ACNC).

The SCS Trust acquired the assets and liabilities of Sydney Catholic Schools (ABN 82 780 246 140) as at 1 January 2018, also known as Catholic Education Office Sydney.

Details of the acquisition are explained in note 27.

Approved by the Sydney Catholic Schools Limited as Trustee for the Sydney Catholic Schools Trust

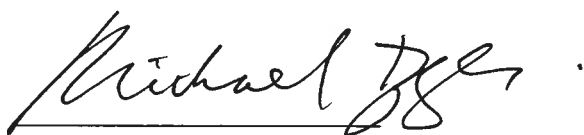


Bishop Anthony Randazzo (Chairman)

Director of Sydney Catholic Schools Limited on behalf of Sydney Catholic Schools Limited

Dated at 6 June 2019

Sydney, Australia



Michael Digges

Director of Sydney Catholic Schools Limited on behalf of Sydney Catholic Schools Limited

Dated at 6 June 2019

Sydney, Australia



Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	Notes	2018 \$'000
Revenue		
Government grants	8	765,082
Fees and charges	9	219,160
Interest and dividends	10	19,113
Other income	11	20,353
TOTAL REVENUE		1,023,708
Expenses		
Employee related expenses	12	736,147
Operating expenses		178,365
Depreciation and Amortisation	18, 19	50,466
Finance costs		11,170
Other expenses	13	4,684
TOTAL EXPENSES		980,832
NET RESULT		42,876
Other comprehensive income		
Items that will not be reclassified to Profit or Loss:		
Net loss on revaluation of financial assets	25	(13,543)
TOTAL COMPREHENSIVE INCOME		29,333

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes



Statement of financial position

For the year ended 31 December 2018

	Notes	2018 \$'000
Assets		
Current Assets		
Cash and cash equivalents	14	300,015
Trade and other receivables	15	24,235
Financial assets	16	105,222
Other current assets	17	15,601
TOTAL CURRENT ASSETS		445,073
Non-Current Assets		
Property, plant and equipment	18	1,664,336
Financial assets	20	136,967
Intangible assets	19	493
Other non-current assets	17	235
TOTAL NON-CURRENT ASSETS		1,802,031
TOTAL ASSETS		2,247,104
Liabilities		
Current Liabilities		
Trade and other payables	22	81,249
Deferred revenue	23	3,263
Loans and borrowings	21	19,353
Provisions	24	133,597
TOTAL CURRENT LIABILITIES		237,462
Non-Current Liabilities		
Loans and borrowings	21	188,277
Provisions	24	17,392
TOTAL NON-CURRENT LIABILITIES		205,669
TOTAL LIABILITIES		443,131
NET ASSETS		1,803,973
Equity		
Accumulated funds		42,876
Reserves on acquisition	25, 27	1,774,640
Fair value reserve	25	(13,543)
TOTAL EQUITY		1,803,973

The above statement of financial position should be read in conjunction with the accompanying notes



Statement of changes in equity

For the year ended 31 December 2018

	Notes	Reserves on Acquisition \$'000	Accumulated Surplus \$'000	Fair value Reserve \$'000	Total Equity \$'000
Balance at 1 January 2018		-	-	-	-
Acquisition of operations	27	1,774,640			1,774,640
Net result for the year		-	42,876		42,876
Revaluation of investments	25	-	-	(13,542)	(13,542)
Revaluation recognised upon sale of investment		-	-	(1)	(1)
Total comprehensive income for the year		1,774,640	42,876	(13,543)	1,803,973
BALANCE AT 31 DECEMBER 2018		1,774,640	42,876	(13,543)	1,803,973

The above statement of changes in equity should be read in conjunction with the accompanying notes



Statement of cash flows

For the year ended 31 December 2018

	Notes	2018 \$'000
Cash flows from operating activities		
Surplus for the year		42,876
<i>Adjustments for:</i>		
Depreciation and amortisation	18, 19	50,466
Net gain on disposal of property, plant and equipment		(35)
Net loss on sale of investments		5
Dividend income	10	(10,707)
Interest income	10	(8,406)
Interest expense	21	10,587
		<hr/> 84,786
<i>Change in operating assets and liabilities:</i>		
Decrease in trade and other receivables		5,923
Increase in other operating assets		(8,661)
Increase in trade and other payables		4,601
Increase in other provisions		11,176
Increase in deferred revenue		702
		<hr/> 98,527
Interest income		8,406
Interest expense		(10,587)
NET CASH FROM OPERATING ACTIVITIES		<hr/> 96,346
Cash flows from investing activities		
Cash acquired through acquisition of operations	27	318,356
Dividends received		10,707
Proceeds from sale of property, plant and equipment		322
Proceeds from sale of investments		715
Investment in long term deposits		(6,021)
Purchases of property, plant and equipment	18	(140,846)
Purchases of intangible assets	19	(189)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		<hr/> 183,044
Cash flows from financing activities		
Proceeds from loans and borrowings	21	40,116
Repayment of loans and borrowings	21	(19,491)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		<hr/> 20,625
Net increase in cash and cash equivalent		300,015
Cash and cash equivalents at the beginning of the financial year		-
CASH AND CASH EQUIVALENT AT THE END OF THE FINANCIAL YEAR	14	<hr/> 300,015

The above statement of cash flows should be read in conjunction with the accompanying notes



Notes to the financial statements

For the year ended 31 December 2018

1. Reporting entity

These financial statements comprise Sydney Catholic Schools Trust (SCS Trust) and are as at and for the year ended 31 December 2018. SCS Trust is a discretionary investment trust and is a not-for-profit entity, registered with the Australian Charities and Not-for-profit Commission (ACNC).

2. Basis of accounting

These financial statements are general purpose financial statements that have been prepared in accordance with:

- Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and
- Australian Charities and Not-for-profit Commission Act 2012.

These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for the issue by the Trustee on 29 May, 2019. Details of the Trust's significant accounting policies are included in note 7.

3. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Trust's functional currency.

4. Comparative information

The Trust was formed on 18 May 2017 and acquired the operations, assets and liabilities of Sydney Catholic Schools on 1 January 2018 as a common control transaction (note 27). There were no transactions or balances related to the Trust prior to 1 January 2018 and therefore no comparative information is presented.

5. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Trust's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Estimates and judgements

Information about estimates and judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Current assets - Trade and other receivables (note 15)
- Provisions – Long service leave (note 12, 24)
- Provisions – Uninsured claims (note 24)



6. Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments for which the fair value basis of accounting has been applied.

7. Significant accounting policies

The Trust has consistently applied the following accounting policies in these financial statements.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Income tax

Under Division 50, subsection 5 of the Income Tax Assessment Act 1997, the Sydney Catholic Schools Trust is exempt from income tax. Consequently no income tax has been provided for in the financial report.

Goods and services tax

Revenues, expenses and assets are recognised net of Goods and Services Tax (GST) except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In such circumstances, the GST is recognised as part of the expense or cost of the asset. Receivables and payables are stated at the amounts including GST. The net amount of GST recoverable from or payable to the ATO is stated as a current asset or current liability at balance date.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are recognised when SCS Trust becomes a party to the contractual provision of the instrument. A financial instrument is initially measured at fair value plus transactions costs that are directly attributable to its acquisition.

Classification

On initial recognition, a financial instrument is classified as fair value through other comprehensive income (FVOCI) or as measured at amortised cost. SCS Trust's managed investment funds are classified as FVOCI financial instruments. All other financial instruments are classified as measured at amortised cost.

Subsequent measurement

Financial instruments classified as FVOCI are subsequently measured at fair value. Dividend income is recognised in profit or loss unless the dividend clearly represents a recovery of part of the investment. Other net gains and losses are recognised in other comprehensive income. Financial instrument classified as measured at amortised cost are subsequently measured at amortised cost. The amortised cost of a financial asset is reduced by impairment loss.



Reserves on Acquisition

Reserves on Acquisition are recognised on the basis that the same party, being the Catholic Archdiocese of Sydney, had power and control over the operations, assets and liabilities that were transferred to the Trust, before and after the transfer. Accordingly, the assets and liabilities acquired by the Trust have been recognised using their respective book values at the date of transfer.

8. Revenue – Government Grants

	2018
	\$'000
Commonwealth – general recurrent grants	584,810
Commonwealth – specific purpose grants	400
State – per capita grants	169,626
State – specific purpose grants	10,246
	<hr/> 765,082

Recognition and measurement

Government grants with no conditions

Grants with no conditions attached are recognised immediately as per AASB 1004 Contributions.

Government grants with conditions and related to income

Government grants are recognised as revenue in the period in which the grants are intended to be utilised. Grants received for the specific purpose that services are delivered, or conditions fulfilled, are considered reciprocal. Such grants are recognised as revenue as services are performed or conditions fulfilled.

Government grants with conditions and related to assets

Grants related to assets are government grants whose primary condition is that the Trust should purchase, construct or otherwise acquire long-term assets. Government grants received specifically for capital works such as Capital Block Grant Authority (CBGA), are recorded in the statement of financial position. Capital works are defined as depreciable assets. The grants related to depreciable assets are recognised in the profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised. The asset acquisition and depreciable value is reduced by the grant received, thereby recognising the grant over the life of the asset as a reduction of the depreciation expense.



9. Revenue – Fees and Charges

	2018 \$'000
School building levies	26,141
Information and communication technology levies	12,722
School fees	180,297
	<hr/> 219,160

As at 31 December 2018, SCS has deferred revenue of \$2,650,070 for school fees and charges paid in advance (see note 23).

Recognition and measurement

Building levies, tuition fees and school based charges invoiced to parents and carers are recognised as revenue in the school year in which the services were rendered. Fee discounts are recognised as a reduction in fees and charges, and in the same period the revenue was recognised.

At the reporting date, the amounts owed to the Trust (Trade and other receivables – see note 15) were assessed as to the probable recovery. Based on this assessment a provision for impairment was raised which is recognised in the profit or loss under operating expense.

10. Interest and dividends

	2018 \$'000
Interest income	8,406
Dividends and imputation credits	10,707
	<hr/> 19,113

Recognition and measurement

Interest income is recognised using the effective interest method. Dividend income is recognised in the profit or loss on the date that the Trust's right to receive payment is established.



11. Other income

	2018 \$'000
Donations and fundraising	5,966
Rent	3,396
Gain on sale of fixed assets	44
Other income	10,947
	<hr/> 20,353

Recognition and measurement

Donations and fundraising

Income from donations and fundraising is recognised in the period in which the donations were received or fundraising event were conducted.

Rent income

Income from rent is recognised in the period on a straight-line basis. Discounts are recognised as a reduction in rent income, and in the same period the revenue was recognised.

Other income

Other income includes sale of goods such as canteen and uniform sales. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns and discounts.

12. Employee related expenses

	2018 \$'000
Wages and salaries	598,457
Superannuation	85,536
Workers compensation	3,134
Stipends	1,719
Fringe benefits tax	10,469
Other employee costs and benefits	36,832
	<hr/> 736,147

Recognition and measurement

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Liabilities for salaries and wages, including annual leave and on-costs are measured on an undiscounted basis.

The provision for annual leave is based on the employee's pro-rata entitlement and valued at current salary rates including on-costs and leave loading. Annual leave is expected to be settled within 12 months and accounted for as a current liability.



Defined contribution plans

Obligations for contributions to a defined contribution plan are expensed as the related service is provided.

Long service leave

The provision for long service leave is based on current award entitlements and where appropriate includes associated on-costs.

Long service leave is recognised and measured for all employees from the date of employment. Long service leave is valued including on-costs as at the reporting date and is based on an independent actuarial valuation performed on a regular basis.

13. Other expenses

	2018
	\$'000
Canteen expenses	2,829
Uniform shop expenses	1,073
Public performance and displays	363
Other expenses	419
	4,684

14. Current assets - Cash and cash equivalents

	2018
	\$'000
Cash at bank and on hand	100,673
Bank deposits at call	126,969
Bank deposits at call – set aside for long service leave	70,622
Bank deposits at call – set aside for Education Foundation	1,751
	300,015

Recognition and measurement

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

Short-term highly liquid investments with original maturities greater than three months are recognised as current financial assets (see note 16).



15. Current assets - Trade and other receivables

	2018 \$'000
Trade receivables due from external parties	21,857
Trade receivables due from a related party (Sydney Catholic Early Childhood Services)	1,001
Less: Provision for impairment of receivables	(4,696)
	18,162
Other receivables	6,073
	24,235

Impairment losses

The movement in the allowance for impairment in respect of trade and other receivables was as follows:

	2018 \$'000
Balance at 1 January 2018	-
Acquisition of operations (note 27)	5,164
Impairment loss recognised	503
Amounts written off	(971)
Balance at 31 December 2018	4,696

Trade receivables and provision for doubtful debts

Trade receivables	Provision for doubtful debts
\$'000	\$'000
21,857	(4,696)

Recognition and measurement

Trade and other receivables include amounts due for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Impairment

The portfolio approach is used to calculate impairment due to the significant number of individual receivable accounts. Due to the nature of the education industry, portfolios are based on years. To determine the expected credit losses for the portfolio, a provision matrix is used. The provision matrix is based on its historical observed default rates, adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated to reflect current and forecast credit conditions.



16. Current assets – Financial assets

	2018
	\$'000
Term deposits	105,222
	<hr/>
	105,222

Recognition and measurement

Current financial assets are short-term highly liquid investments with original maturities greater than three months. See Accounting Policies for Financial Instruments note 7.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash at bank, current term deposits and bank overdrafts. Term deposits maturing three months or less are classed as cash equivalents as they can be converted to cash without significant penalties.

17. Other assets

	2018
	\$'000
Prepayments	15,836
	<hr/>
Current	15,601
Non-current	235

Prepayments expected to be expensed within 12 months of the end of the reporting period are classified as current assets. Remaining prepayments are classified as non-current assets.



18. Non-current assets – Property, plant and equipment

Cost	Future School Sites \$'000	Construction In Progress \$'000	Land and Buildings \$'000	Plant and Equipment \$'000	Fixture and Fittings \$'000	Motor Vehicles \$'000	Computer Hardware \$'000	Total \$'000
Balance at 1 January 2018	-	-	-	-	-	-	-	-
Acquisition of operations (note 27)	124,497	109,223	1,737,031	3,811	3,429	1,368	8,794	1,988,153
Additions	6,280	-	118,803	833	10,809	557	3,564	140,846
Movement of work in progress	-	(66,491)	66,491	-	-	-	-	-
Transfer asset class	(27,210)	-	27,210	-	-	-	-	-
Disposals	-	-	-	-	-	(447)	(48)	(495)
Balance at 31 December 2018	103,567	42,732	1,949,535	4,644	14,238	1,478	12,310	2,128,504
Accumulated depreciation								
Balance at 1 January 2018	-	-	-	-	-	-	-	-
Acquisition of operations (note 27)	-	-	404,759	1,791	807	474	6,641	414,472
Depreciation	-	-	45,976	780	1,056	195	1,897	49,904
Disposals	-	-	-	-	-	(173)	(35)	(208)
Balance at 31 December 2018	-	-	450,735	2,571	1,863	496	8,503	464,168
Carrying amount								
As at 31 December 2018	103,567	42,732	1,498,800	2,073	12,375	982	3,807	1,664,336



Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Land and buildings

Land and buildings are shown at deemed cost, less subsequent depreciation for buildings.

Parish Land and buildings that schools have a right to use have been accounted for as follows:

- Land has not been recognised on the balance sheet.
- Buildings brought on to the balance sheet prior to 1 January 2013 were valued at deemed cost at that date. Buildings acquired by SCS after 1 January 2013 are recorded at cost.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment using the straight-line basis over their estimated useful lives commencing from the time the asset is available for use, and are recognised in profit or loss. The estimated useful lives of property, plant and equipment are as follows:

Buildings	40 years
Demountable/transportable Buildings	10 years
Grounds	10 years
Motor Vehicles	8 years
Furniture and Fittings	10 years
Computer hardware	3 years
Plant and Equipment	5 years

See Accounting Policies in note 7.



19. Non-current assets – Intangible assets

	Computer Software	Total
Cost	\$'000	\$'000
Balance at 1 January 2018	-	-
Acquisition of operations (note 27)	5,291	5,291
Additions	189	189
Balance at 31 December 2018	5,480	5,480
Accumulated amortisation		
Balance at 1 January 2018	-	-
Acquisition of operations (note 27)	4,425	4,425
Amortisation	562	562
Balance at 31 December 2018	4,987	4,987
Carrying amount		
As at 31 December 2018	493	493

Recognition and measurement

Intangible assets that are acquired by the Trust and have a finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Any gain and loss on disposal of an intangible asset is recognised in profit or loss.

In the event the carrying amount of an intangible asset is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other expenditure is recognised as expenses in profit or loss in the financial period in which they are incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets using the straight-line basis over their estimated useful lives commencing from the time the asset is available for use, and are recognised in profit or loss. The estimated useful lives of intangibles assets are as follows:

Computer software	3 Years
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20. Non-current assets – Financial assets

	2018 \$'000
<i>Managed Funds Investments</i>	
Australian equity managed funds	123,861
International equity managed funds	13,106
	<hr/>
	136,967

Managed funds have been designated as at fair value because they are managed on a fair value basis and their performance actively monitored.

Dividends paid to SCS during the year from equity securities amounted to \$10,706,865.
See Accounting Policies in note 7.

21. Loans and borrowings

	2018 \$'000
Current liabilities	19,353
Non-current liabilities	188,277
	<hr/>
	207,630
	2018 \$'000
Balance at 1 January 2018	-
Acquisition of operations (note 27)	187,005
Proceeds from loans and borrowings	40,116
Repayment of loans and borrowings	(19,491)
	<hr/>
Balance at 31 December 2018	207,630

All bank loans are funded through the Catholic Development Fund and are unsecured and there are no loan covenants. The interest paid on borrowings was \$10,587,501 for the reported period. The average interest rate on borrowings is 5.4%.

See Accounting Policies in note 7.

22. Current liabilities - Trade and other payables

	2018 \$'000
Other trade payables	4,430
Accrued expenses	76,819
	<hr/>
	81,249

Recognition and measurement

Trade and other payables represent the liabilities of goods and services received by the Trust that remain unpaid at the end of the reporting period. These are recognised at cost and are non-interest bearing. See financial instruments note 7.



23. Current liabilities – Deferred revenue

	2018 \$'000
School fees and charges paid in advance	2,650
World Youth Day 2019 charges paid in advance	613
	<u>3,263</u>

24. Provisions

	Long service leave \$'000	Annual leave \$'000	Claims \$'000	Total \$'000
Balance at 1 January 2018	-	-	-	-
Acquisition of business (note 27)	134,392	5,422	-	139,814
Provisions used during the year	(17,404)	(10,224)	-	(27,628)
Additional provisions recognised	22,354	10,507	6,397	39,258
Transfers between related entities	(455)	-	-	(455)
Balance at 31 December 2018	<u>138,887</u>	<u>5,705</u>	<u>6,397</u>	<u>150,989</u>
Current	127,892	5,705	-	133,597
Non-current	10,995	-	6,397	17,392
	<u>138,887</u>	<u>5,705</u>	<u>6,397</u>	<u>150,989</u>

See employee related expenses in note 12 for recognition and measurement.

Claims

The claims provision is the estimate for the uninsured component of future claims in respect of historical breaches of duty, determined based on an analysis of the number of historic claims and the probability of future claims.

25. Equity - Reserves

	2018 \$'000
Reserves on acquisition (see note 27)	1,774,640
Fair value reserve	(13,543)
	<u>1,761,097</u>

Nature and purpose of reserves

Reserves on acquisition

Refer to note 27.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the financial assets.

26. Commitments

The Trust's capital expenditure commitment as at 31 Dec 2018 is \$143,759,728.



27. Acquisition of operations, assets and liabilities from Sydney Catholic Schools (ABN 82 780 246 140)

On the 1 January 2018, Sydney Catholic Schools transferred its operations, assets and liabilities (the 'Schools') to Sydney Catholic Schools Trust (the 'Trust'). The transaction is a common control transaction on the basis that the same party had power and control over the Schools that were transferred to the Trust, before and after the transfer. Accordingly, the assets and liabilities acquired by the Trust have been recognised using their respective book values at the date of transfer.

1 January 2018
\$'000

Assets

Current Assets

Cash and cash equivalents	318,356
Trade and other receivables	29,988
Financial assets	99,201
Other current assets	7,175
TOTAL CURRENT ASSETS	454,720

Non-Current Assets

Property, plant and equipment	1,573,681
Financial assets	151,231
Intangible assets	866
Other non-current assets	170
TOTAL NON-CURRENT ASSETS	1,725,948
TOTAL ASSETS	2,180,668

Liabilities

Current Liabilities

Trade and other payables	76,677
Deferred revenue	2,531
Loans and borrowings	18,906
Provisions	129,896
TOTAL CURRENT LIABILITIES	228,010

Non-Current Liabilities

Loans and borrowings	168,099
Provisions	9,919
TOTAL NON-CURRENT LIABILITIES	178,018
TOTAL LIABILITIES	406,028

NET ASSETS	1,774,640
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Equity

Reserves on acquisition	1,774,640
TOTAL EQUITY	1,774,640

Cash and cash equivalents

In the statement of cash flows, cash acquired through acquisitions includes cash at bank and on-hand, and bank deposits at call.



28. Related parties

Key management personnel compensation

The key management personnel of the Trust includes the Executive Director and the senior leadership. The Trust has policies and procedures in place that require staff to register any transactions that take place with related parties or entities and a requirement that documentation be provided to confirm that any transactions made with a related party are at a reasonable market value. The key management personnel compensation was \$2,429,246 for the year ended 31 December 2018.

Key management personnel are:

Dr Dan White	Executive Director (Retired)
Dr Vicki Lavorato	Regional Director – Southern West
Elizabeth O’Carrigan	Regional Director – Eastern Region
Dr Michael Krawec	Regional Director – Inner Western Region
Dr Jane Comensoli	Director of Human Resources
Dr Anthony Cleary	Director of Religious Education and Evangelisation
Glenn McLachlan	Director of System Stewardship
Genevieve Moss	Director of Teaching and Learning
Peter Ireland	Head of Governance, Policy and Risk
Anthony Smith	Chief Financial Officer

Other related party transactions

The trustee of the Trust is Sydney Catholic Schools Ltd (SCS Ltd). The directors of SCS Ltd received no compensation. During the year, the Trust, as an entity within the Archdiocese of Sydney, has undertaken transactions with related entities. These transactions were performed on commercial terms and on an arm’s length basis, other than as disclosed elsewhere in these financial statements.

Services during the period	Services Type	Services Received (Paid To) \$’000	Services Performed (Paid From) \$’000
Catholic Development Fund, Archdiocese of Sydney (Interest paid on loans and interest received on deposits)	Banking	11,761	8,864
Catholic Church Insurance	Insurance	13,282	-
Catholic Church for Employment Relations	Industrial Relations	612	-
Catholic Care	Counselling	4,255	-
Catholic Education Network	IT	4,855	-
		34,765	8,864



Payable to and receivables from as at 31 December 2018

	Payable	Receivable
	<i>\$'000</i>	<i>\$'000</i>
Catholic Development Fund, Archdiocese of Sydney	207,630	988
Catholic Church Insurance	50	-
Catholic Church Employment Relations	-	-
Catholic Care	-	-
Catholic Education Net work	686	-
Sydney Catholic Early Childhood Services	-	1,001
	208,366	1,989

Related party licence agreements

School land and buildings located within the precincts of Archdiocesan parishes are used and maintained by the Trust under a license agreement. Archdiocesan parishes do not receive rents or any other contributions from the Trust for use of the school buildings.

29. Contingencies

There are no contingent liabilities as at the date of approval of these financial statements.

30. Subsequent events

There are no events subsequent to balance date that would materially affect the asset value or operations of the Trust.

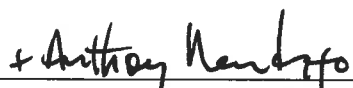


Trustees' declaration

In the opinion of the Directors of Sydney Catholic Schools Ltd as Trustee for the Sydney Catholic Schools Trust (the Trust):

- 1) the Trust is not publicly accountable;
- 2) the financial statements and notes that are set out on pages 9 to 28 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - i) the Trust's financial position as at 31 December 2018 and of its performance present fairly, for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2012; and
- 3) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Approved by the Sydney Catholic Schools Limited as Trustee for the Sydney Catholic Schools Trust



Bishop Anthony Randazzo (Chairman)

Director of Sydney Catholic Schools Limited on behalf of Sydney Catholic Schools Limited

Dated at 6 June 2019

Sydney, Australia



Michael Digges

Director of Sydney Catholic Schools Limited on behalf of Sydney Catholic Schools Limited

Dated at 6 June 2019

Sydney, Australia



Independent auditor's report





Independent Auditor's Report

To the Trustee of Sydney Catholic Schools Trust

Opinion

We have audited the **Financial Report**, of the Sydney Catholic Schools Trust (the Trust).

In our opinion, the accompanying **Financial Report** of the Trust is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

- i. giving a true and fair view of the Trust's financial position as at 31 December 2018, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2018.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Trustee's declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Trust in accordance with the auditor independence requirements of the *ACNC Act* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Sydney Catholic Schools Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Trustees are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Trustee for the Financial Report

The Trustee is responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC Act.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to

fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ii. Obtain an understanding of internal control relevant to the Audit 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 registered Trust's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- iv. Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Trust to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

KPMG



KPMG

Kevin Leighton

Partner

Sydney

6 June 2019