



31 December 2021
Annual Financial Statements



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The Trustee presents 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 2021.

1. Trustee company

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

Very Reverend Dr Gerald Gleeson (Chairperson)	
Loretta Di Mento	
Stephen Newton	
Reverend Fr Michael McLean	
Hayden Ramsay	
Michael Digges	
Clare Baxter	Retired 2 August 2021
Catherine Thill	
William McCrossin	
Elizabeth Labone	Retired 4 January 2021
Bishop Daniel Meagher	Appointed 30 March 2022

2. Information on the company secretary

Desiree Blackett

3. Principal activities

The principal activities of SCS during the course of the financial year was the provision of school education for students from Kindergarten to Year 12 across 149 Catholic systemic schools in the Catholic Archdiocese of Sydney.

4. Review of results

Student and staffing statistics

	2021	2020
Student numbers (August census)		
Primary	39,509	39,262
Secondary	31,635	31,216
Total	71,144	70,478
Catholicity of students		
Primary	72.2%	74.7%
Secondary	70.9%	71.1%
Total	71.6%	73.1%
Number of schools		
Primary	111	113
Secondary	35	37
Combined	3	-
Total	149	150
Staff numbers (Permanent Staff FTE)		
Staff employed in schools		
Full time	4,335	4,261
Part time	3,574	3,488
Total	7,909	7,749
Central office staff excluding those working at schools		
Full time	496	428
Part time	83	98
Total	579	526
Total staff		
Full time	4,831	4,689
Part time	3,657	3,586
Total	8,488	8,275
Financial assistance		
Number of bursaries awarded	6,297	5,877
	\$'000	\$'000
Monetary value of bursaries awarded (\$'000):		
Bursaries provided	7,260	6,780
Covid-19 bursaries provided	5,097	6,116
Total financial assistance provided	12,357	12,896

4. Review of results continued

Income and operational expenditure

The net surplus for the Trust for the financial year amounted to \$87.7 million (2020: \$56.0 million).

A review of the Trust's operations during the financial year, and the results of those operations, is as follows:

	2021 \$'000	2020 \$'000
Revenue		
Government grants	941,690	859,299
Fees and charges	212,140	205,564
Finance and other income	25,426	24,685
Total income	1,179,256	1,089,548
Operating expenditure		
Employee related expenses	827,241	787,831
Operating expenses	170,582	166,445
Depreciation and Amortisation	75,236	63,384
Finance and other expenses	18,470	15,873
Total expenses	1,091,529	1,033,533
Net operating result	87,727	56,015

Government grants increased 9.6% from 2020 due to increases in enrolments, additional base funding and an increase in the number of students with disabilities, which attracts funding allowance.

Fees and charges increased by 3.2% from 2020 due to increased enrolments and improved fee collection after Covid impacted 2020.

Employee related expenses increased with enrolments growth and the award increase in the enterprise agreement.

Operating expenses declined by 2.5% from 2020 due to the impact of the Covid-19 pandemic on planned activities and significant event cancellations resulting in the provision of \$15.6m in fee credits to families, in line with the decreased operating expenses.

4. Review of results continued

	2021 \$'000	2020 \$'000
Capital expenditure on schools		
Building and refurbishment of schools	67,796	99,328
Land acquisitions	58,380	57,449
Other capital expenditure	92,496	37,952
Total capital expenditure	218,672	194,729

The Trust continues to invest significantly in the expansion and maintenance of school buildings, with \$1.076 billion in works planned over the next 5 years. Significant capital works projects are also coupled with an increase in other capital expenditure such as furniture and fittings and computer equipment to fit out new buildings. Major capital projects currently in progress include:

St Anthony's of Padua Catholic College, Austral

This project will establish a Kindergarten to Year 12 School at Austral with a 2,280 enrolment capacity. To be delivered in 5 phases. The project is currently in Phase 4, which will deliver a three storey Year 5 to 12 building including learning areas, halls, administration and specialty spaces.

Marist Catholic College, North Sydney

This development will bring to North Sydney a Kindergarten to Year 12 co-educational school precinct with a 2,000 enrolment capacity. To be delivered over 5 phases, construction works commenced in 2021 and is expected to take a number of years to complete.

Champagnat Catholic College, Pagewood

This upgrade project will facilitate the transition of Champagnat Catholic College from a 4 stream single sex boys' school to a 6 stream co-educational college as part of the wider Pagewood/ Matraville Revedelopment Project. This upgrade will see the amalgamation of Our Lady of the Annunciation Catholic Primary School at Pagewood into the college.

Borrowings

The Trust's capital works programme is funded mainly via borrowings. In 2021, SCS' borrowings were \$344.7 million (2020: \$311.9 million). Borrowings are expected to increase into the future with the Trust's forecasted capital works programme.

The borrowings are on market commercial terms with facilities arranged through the Catholic Development Fund of the Archdiocese of Sydney. As at the end of 2021, the interest rate on the loans was 4.09% per annum.

4. Review of results continued

The Trust holds cash reserves to meet its future obligations and future projects planned.

Targeted minimum cash holdings

	2021 \$'000
The Trust has the following cash commitments going forward into 2022 in the next 12 months:	
Trade and other payables (Net of trade receivables)	54,299
Borrowings and lease liabilities payable in less than 1 year	37,611
Leave entitlements expected to be paid	25,900
Contingency reserves*	68,937
Purchase of land owned by Religious Congregations to continue operating schools	60,000
Capital expenditure commitments for schools projects (net of debt finance)	87,303
Grants and fees in advance	14,703
Targeted minimum cash holdings	348,753

* Contingency reserves are reserves required to cover payroll expenditure from the beginning of the year until just prior to the receipt of the first instalments of government recurrent funding in early February each year.

Cash holdings

	2021 \$'000
Cash and financial assets held as at 31 December 2021 are as follows:	
Cash and Cash Equivalents	334,283
Short Term Financial Assets	24,866
Total cash and financial assets available	359,149

The net surplus between cash holdings and targeted minimum cash holdings is \$10.4m.

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs.

Approved by the Sydney Catholic Schools Ltd as Trustee for the Sydney Catholic Schools Trust:

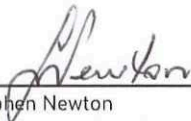


Loretta Di Mento

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

Dated 22 June 2022

Sydney, Australia



Stephen Newton

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

Dated 22 June 2022

Sydney, Australia

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 \$'000	2020 \$'000
Revenue			
Government grants	7	941,690	859,299
Fees and charges	8	212,140	205,564
Interest and dividends	9	10,273	7,509
Other income	10	15,153	17,176
TOTAL REVENUE		1,179,256	1,089,548
Expenses			
Employee related expenses	11	827,241	787,831
Operating expenses	12	170,582	166,445
Depreciation and Amortisation	19, 20	75,236	63,384
Finance costs	13	14,997	12,456
Other expenses	14	3,473	3,417
TOTAL EXPENSES		1,091,529	1,033,533
NET OPERATING RESULT		87,727	56,015
Other Comprehensive Income			
Items that will never be reclassified to profit or loss:			
Net gain on revaluation of financial assets		24,813	2,889
TOTAL COMPREHENSIVE INCOME		112,540	58,904

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

Statement of Financial Position

As at 31 December 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Current Assets			
Cash and cash equivalent	15	334,283	328,338
Restricted use assets – Cash and cash equivalents	15	32,359	41,384
Trade and other receivables	16	28,448	25,419
Financial assets	17	24,866	12,629
Other current assets	18	11,768	11,980
TOTAL CURRENT ASSETS		431,724	419,750
Non-Current Assets			
Property, plant and equipment	19	2,107,823	1,945,210
Financial assets	21	77,840	62,230
Restricted use assets – Financial assets	21	104,004	93,344
Intangible assets	20	23	189
Other non-current assets	18	814	479
TOTAL NON-CURRENT ASSETS		2,290,504	2,101,452
TOTAL ASSETS		2,722,228	2,521,202
Liabilities			
Current Liabilities			
Trade and other payables	23	82,747	68,312
Deferred revenue	24	14,703	4,889
Loans and borrowings	22	34,033	26,452
Lease liabilities	22	3,578	1,507
Provisions	25	173,427	168,122
TOTAL CURRENT LIABILITIES		308,488	269,282
Non-Current Liabilities			
Loans and borrowings	22	310,674	285,442
Lease liabilities	22	25,258	8,791
Provisions	25	22,753	15,172
TOTAL NON-CURRENT LIABILITIES		358,685	309,405
TOTAL LIABILITIES		667,173	578,687
NET ASSETS		2,055,055	1,942,515
Equity			
Accumulated funds		110,960	37,717
Reserves on acquisition	26	1,774,640	1,774,640
Asset revaluation reserve	26	30,880	5,797
Special purpose reserve	26	138,575	124,361
TOTAL EQUITY		2,055,055	1,942,515

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 2021

	Notes	Reserves on Acquisition \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Special Purpose Reserve \$'000	Total Equity \$'000
Balance at 01 January 2021		1,774,640	37,717	5,797	124,361	1,942,515
Net result for the year		-	87,727	-	-	87,727
Unrealised gain upon revaluation of investments		-	-	24,813	-	24,813
Realised loss upon sale of investments		-	(270)	270	-	-
Transfers to reserves		-	(14,214)	-	14,214	-
Total comprehensive income for the year		-	73,243	25,083	14,214	112,540
Balance at 31 December 2021		1,774,640	110,960	30,880	138,575	2,055,055

		Reserves on Acquisition \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Special Purpose Reserve \$'000	Total Equity \$'000
Balance at 1 January 2020		1,774,640	106,485	2,486	-	1,883,611
Net result for the year		-	56,015	-	-	56,015
Unrealised gain upon revaluation of investments		-	-	2,889	-	2,889
Realised loss upon sale of investments		-	(422)	422	-	-
Transfers to reserves		-	(124,361)	-	124,361	-
Total comprehensive income for the year		-	(68,768)	3,311	124,361	58,904
Balance at 31 December 2020		1,774,640	37,717	5,797	124,361	1,942,515

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 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Surplus for the year		87,727	56,015
<i>Adjustments for:</i>			
Depreciation and amortisation	19, 20	75,236	63,384
Net (gain)/loss on disposal of property, plant and equipment		(68)	1,546
Provision for doubtful debts		(1,469)	230
Dividend income	9	(9,411)	(4,508)
Interest income	9	(862)	(3,001)
Interest expense	13	13,778	11,614
		164,931	125,280
<i>Change in operating assets and liabilities:</i>			
Changes in trade and other receivables		(1,560)	(4,749)
Changes in other operating assets		212	(541)
Changes in trade and other payables		14,435	(12,594)
Changes in other provisions		12,886	23,248
Changes in deferred revenue		9,814	2,060
		200,718	132,704
Interest received		862	3,001
Interest paid		(13,778)	(11,614)
NET CASH FROM OPERATING ACTIVITIES		187,802	124,091
Cash flows from investing activities			
Dividends received		9,411	4,508
Proceeds from sale of property, plant and equipment		2,081	455
Proceeds from sale of investments		12,349	19,340
Acquisition of other investments		(13,806)	(19,611)
(Acquisition of)/ Proceeds from maturation of long term deposits	17	(12,237)	23,113
Purchases of property, plant and equipment	19	(218,672)	(194,729)
Purchases of intangible assets	20	-	(63)
NET CASH USED IN INVESTING ACTIVITIES		(220,874)	(166,987)
Cash flows from financing activities			
Proceeds from loans and borrowings	22	60,202	81,795
Repayment of loans and borrowings	22	(27,389)	(23,248)
Payment of lease liabilities		(2,821)	(1,176)
NET CASH FROM FINANCING ACTIVITIES		29,992	57,371
Net (decrease)/ increase in cash and cash equivalents		(3,080)	14,475
Cash and cash equivalents at the beginning of the financial year		369,722	355,247
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15	366,642	369,722

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

1. Reporting entity

These financial statements comprise the Sydney Catholic Schools Trust ('SCS' or 'the Trust') and are as at and for the year ended 31 December 2021. 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 issue by the Trustee on 22 June 2022. Details of the Trust's significant accounting policies are included in note 6.

3. Functional and presentation currency

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

4. 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 16)
- Non-current assets – Financial assets (note 21)
- Provisions – Long service leave (note 11, 25)
- Provisions – Uninsured claims (note 25)

5. Basis of measurement

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

6. Significant accounting policies

The Trust has consistently applied the following accounting policies in these financial statements, which is outlined below.

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 (including managed investment funds) 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 instruments classified as measured at amortised cost (including term deposits and trade receivables) 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.

	2021 \$'000	2020 \$'000
7. Revenue – Government Grants		
Commonwealth – general recurrent grants	726,449	656,191
Commonwealth – specific purpose grants	547	841
Commonwealth capital building grants	9,266	10,299
State – per capita grants	196,368	185,018
State – specific purpose grants	9,060	6,950
	941,690	859,299

Recognition and measurement**Government grants with no conditions**

Grants with no conditions attached are recognised immediately as per AASB 1058 Income of Not-for-Profit Entities.

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

Government grants related to assets are government grants whose primary condition is that the Trust should purchase, construct or otherwise acquire long-term assets for education purposes. Grants are recognised in the statement of profit or loss when (or as) the entity satisfies its obligation under the conditions of the grant.

8. Revenue – Fees and Charges

School building levies	31,987	28,914
Information and communication technology levies (ICT levies)	9,721	12,437
Tuition fees and local school-based fees	170,432	164,213
	212,140	205,564

As at 31 December 2021, SCS has deferred revenue of \$13.46 million (2020: \$4.89 million) for school fees and charges paid in advance (see note 24).

Recognition and measurement

School building levies, ICT levies, tuition fees and local 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 16) 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.

	2021 \$'000	2020 \$'000
9. Interest and Dividends		
Interest income	862	3,001
Dividends	9,411	4,508
	10,273	7,509

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.

10. Other Income

Donations and fundraising	2,462	2,660
Rent	2,903	2,746
Gain on sale of fixed assets	68	50
Other income	9,720	11,720
	15,153	17,176

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.

	2021 \$'000	2020 \$'000
11. Employee Related Expenses		
Wages and salaries	688,728	634,976
Superannuation	86,519	77,415
Workers compensation	2,552	2,810
Stipends	1,352	1,525
Fringe benefits tax	10,604	10,852
Other employee costs and benefits	37,486	60,253
	827,241	787,831

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.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. Other financial assumptions applied include the discount rate based on the yield of high quality corporate bonds with terms consistent with the duration of the liabilities as well as projected salary increases.

Notes to the Financial Statements continued

For the year ended 31 December 2021

	2021 \$'000	2020 \$'000
12. Operating Expenses		
Teaching resource expenses	40,386	37,821
Travel & entertainment expense	3,409	3,743
Marketing related expense	1,709	1,833
Administration expense	24,029	18,093
Audit expense	1,901	1,739
Legal expense	7,424	348
ICT related expense	23,040	17,779
Occupancy related expense	26,866	31,068
Repairs & maintenance	31,469	35,928
Insurance expense	9,588	10,907
Extraordinary costs	761	7,186
	170,582	166,445
13. Finance Costs		
Expenses relating to leases	452	377
Bank fees and charges	1,219	842
Interest expense related to loans	13,326	11,237
	14,997	12,456
14. Other Expenses		
Canteen expenses	1,558	2,057
Uniform shop expenses	1,245	1,001
Public performance and displays	303	128
Other expenses	367	231
	3,473	3,417

	2021 \$'000	2020 \$'000
15. Current Assets – Cash and Cash Equivalents		
Cash at bank and on hand	29,158	33,197
Term deposits less than 90 days	305,125	295,141
Unrestricted use assets – Cash and cash equivalents	334,283	328,338
Restricted use assets – Cash and cash equivalents	32,359	41,384
	366,642	369,722

Recognition and measurement

Cash and cash equivalents includes cash on hand, term deposits held at-call with banks, other short-term highly liquid investments with original maturities of three (3) 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 17).

Refer to note 26 for further details regarding the restricted use assets.

16. Current Assets – Trade and Other Receivables

Trade receivables due from external parties	23,400	22,967
Trade receivables due from a related party (Sydney Catholic Early Childhood Services)	4,789	185
Less: Loss allowance for impairment of receivables	(6,480)	(7,949)
	21,709	15,203
Other receivables	6,739	10,216
	28,448	25,419

Loss allowance

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

Balance at 1 January	7,949	7,719
Impairment loss recognised	733	392
Amounts written off	(2,202)	(162)
Balance at 31 December	6,480	7,949

	2021	2020
	\$'000	\$'000

16. Current Assets – Trade and Other Receivables continued**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 twelve (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.

17. Current Assets – Financial Assets

Term deposits greater than 90 days but less than 12 months

24,866	12,629
24,866	12,629

Recognition and measurement

Current financial assets are short-term highly liquid investments with original maturities greater than three (3) months.

Term deposits with original maturities greater than 90 days are carried at amortised cost. See Accounting Policies for Financial Instruments note 6.

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 (3) months or less are classed as cash equivalents as they can be converted to cash without significant penalties.

18. Other Assets

Prepayments

Current	11,768	11,980
Non-Current	814	479
	12,582	12,459

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.

Notes to the Financial Statements continued

For the year ended 31 December 2021

19. Non-Current Assets - Property, Plant and Equipment

	Notes	Land and Buildings \$'000	Future School Sites \$'000	Construction in Progress \$'000	Right of Use Assets \$'000	Fixture and Fittings \$'000	Computer Hardware \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Cost										
Balance at 1 January 2021		2,173,783	134,689	112,148	11,739	63,202	21,751	7,826	1,563	2,526,701
Additions	a	-	58,380	67,062	21,758	80,216	8,908	3,068	304	239,696
Transfers		100,289	14,836	(115,125)	-	-	-	-	-	-
Disposals		-	-	-	(1,877)	(131)	-	-	(374)	(2,382)
Balance at 31 December 2021		2,274,072	207,905	64,085	31,620	143,287	30,659	10,894	1,493	2,764,015
Accumulated depreciation										
Balance at 1 January 2021		550,076	-	-	1,695	10,417	14,279	4,361	663	581,491
Depreciation		53,971	-	-	1,668	12,306	5,615	1,375	135	75,070
Disposals		-	-	-	(238)	-	-	-	(131)	(369)
Balance at 31 December 2021		604,047	-	-	3,125	22,723	19,894	5,736	667	656,192
Carrying amount										
As at 31 December 2021		1,670,025	207,905	64,085	28,495	120,564	10,765	5,158	826	2,107,823

- a. The addition of \$21.8m in Right of Use assets (World Square Head Office lease) resulted in only \$0.7m of cash outflow at the time of inception of the lease (payment of approximately 4 months' rent (comprising a security deposit and 2.5 months' of rental). This is reflected in the Statement of Cash Flows as a reduced cash outflow of \$218.7m used in the purchase of property, plant and equipment.

Notes to the Financial Statements continued

For the year ended 31 December 2021

19. Non-Current Assets - Property, Plant and Equipment continued

	Land and Buildings \$'000	Future School Sites \$'000	Construction in Progress \$'000	Right of Use Assets \$'000	Fixture and Fittings \$'000	Computer Hardware \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Cost									
Balance at 1 January 2020	2,035,277	122,500	107,695	12,138	33,303	15,876	5,960	1,808	2,334,557
Additions	15,171	5,415	134,562	1,629	29,899	5,875	1,866	312	194,729
Movement of work in progress	123,335	6,774	(130,109)	-	-	-	-	-	-
Disposals	-	-	-	(2,028)	-	-	-	(557)	(2,585)
Balance at 31 December 2020	2,173,783	134,689	112,148	11,739	63,202	21,751	7,826	1,563	2,526,701
Accumulated depreciation									
Balance at 1 January 2020	498,583	-	-	817	5,134	10,435	3,296	617	518,882
Depreciation	51,493	-	-	1,316	5,278	3,844	1,065	197	63,193
Disposals	-	-	-	(438)	5	-	-	(151)	(584)
Balance at 31 December 2020	550,076	-	-	1,695	10,417	14,279	4,361	663	581,491
Carrying amount									
As at 31 December 2020	1,623,707	134,689	112,148	10,044	52,785	7,472	3,465	900	1,945,210

19. Non-Current Assets – Property, Plant and Equipment continued**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.

Future school sites represent land purchased with the intention of setting aside a site for a future school and includes (but is not limited to) land purchased for the purpose of expanding current school sites.

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
Right-to-Use Assets	Over the term of the lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

20. Non-Current Assets - Intangible Assets

	Computer Software \$'000
Cost	
Balance at 1 January 2021	5,585
Additions	-
Balance at 31 December 2021	5,585
Accumulated depreciation	
Balance at 1 January 2021	5,396
Amortisation	166
Balance at 31 December 2021	5,562
Carrying amount	
As at 31 December 2021	23

	Computer Software \$'000
Cost	
Balance at 1 January 2020	5,522
Additions	63
Balance at 31 December 2020	5,585
Accumulated depreciation	
Balance at 1 January 2020	5,205
Amortisation	191
Balance at 31 December 2020	5,396
Carrying amount	
As at 31 December 2020	189

Recognition and measurement

Intangible assets are computer software 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.

20. Non-Current Assets – Intangible Assets continued***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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21. Non-Current Assets – Financial Assets

	2021 \$'000	2020 \$'000
<i>Unrestricted Managed Fund Investments</i>		
Australian equity managed funds	54,805	44,633
International equity managed funds	23,035	17,597
Unrestricted use assets – Financial assets	77,840	62,230
<i>Restricted Managed Fund Investments</i>		
Australian equity managed funds	73,226	66,949
International equity managed funds	30,778	26,395
Restricted use assets – Financial assets	104,004	93,344
	181,844	155,574

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 \$9.41 million (2020: \$4.51 million).
See Significant Accounting Policies in note 6.

Refer to note 26 for further details regarding the restricted use assets.

21. Non-Current Assets – Financial Assets continued

Recognition and measurement

On initial recognition, a financial asset is classified as measured at Fair Value in Other Comprehensive Income (FVOCI) – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless SCS changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

On initial recognition of an equity investment that is not held for trading, SCS may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This elect is made on an investment- by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI or described above are measured at Fair Value Through Profit or Loss (FVTPL).

Subsequent measurement

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

	2021 \$'000	2020 \$'000
22. Loans and Borrowings		
Current Liabilities		
Unsecured bank loans	34,033	26,452
Lease liabilities	3,578	1,507
	37,611	27,959
Non-Current Liabilities		
Unsecured bank loans	310,674	285,442
Lease liabilities	25,258	8,791
	335,932	294,233
	373,543	322,192

Bank loans

All unsecured bank loans are funded through the Catholic Development Fund and there are no restrictive loan covenants or additional loan fees. The interest paid on borrowings was \$13.33 million (2020: \$11.24 million) for the reported period. The average interest rate on borrowings is 4.07% (2020: 4.10%).

Balance at 1 January	311,894	253,347
Proceeds from loans	60,202	81,795
Repayment of loans	(27,389)	(23,248)
Balance at 31 December	344,707	311,894

Leases

The interest recognised in the profit or loss is \$0.45 million (2020: \$0.38 million) using the incremental rate of 3%.

Recognition and measurement

The Trust has leases for the Central Offices and 6 schools. Each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Trust classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 19).

23. Current Liabilities – Trade and Other Payables

Other trade payables	2,135	2,481
Accrued expenses	80,612	65,831
	82,747	68,312

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 6.

	2021 \$'000	2020 \$'000
24. Current Liabilities – Deferred Revenue		
School fees and charges paid in advance	13,463	4,889
Deferred grant revenue	1,240	-
	14,703	4,889

Recognition and measurement

The Trust recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its statement of financial position.

	2021	2020
	\$'000	\$'000

25. Provisions

	Long Service Leave \$'000	Annual Leave \$'000	Uninsured Claims \$'000	Total \$'000
Balance at 1 January 2021	170,041	6,960	6,293	183,294
Provisions used during the year	(15,120)	(8,906)	(102)	(24,128)
Additional provisions recognised	20,258	9,889	7,109	37,256
Transfers between related entities	(242)	-	-	(242)
Balance at 31 December 2021	174,937	7,943	13,300	196,180
Current	165,484	7,943	-	173,427
Non-Current	9,453	-	13,300	22,753
	174,937	7,943	13,300	196,180

	Long Service Leave \$'000	Annual Leave \$'000	Uninsured Claims \$'000	Total \$'000
Balance at 1 January 2020	147,144	6,505	6,397	160,046
Provisions used during the year	(14,810)	(9,858)	(104)	(24,772)
Additional provisions recognised	39,100	10,313	-	49,413
Transfers between related entities	(1,394)	-	-	(1,394)
Balance at 31 December 2020	170,041	6,960	6,293	183,294
Current	161,162	6,960	-	168,122
Non-Current	8,879	-	6,293	15,172
	170,041	6,960	6,293	183,294

Recognition and measurement**Employee Provisions**

See employee related expenses in note 11 for recognition and measurement.

Uninsured Claims

The claims provision is the estimate for the uninsured component of legal claims and settlements in respect of historical and future claims not covered by insurance, determined based on an analysis of the number of historic claims and the probability of future claims.

	2021 \$'000	2020 \$'000
26. Equity - Reserves		
Reserves on acquisition	1,774,640	1,774,640
Asset revaluation reserve	30,880	5,797
Special purpose reserve	138,575	124,361
	1,944,095	1,904,798

Nature and Purpose of Reserves*Reserves on Acquisition*

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. The Reserves on Acquisition balance is equivalent to the net assets acquired.

Asset Revaluation Reserve

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

Special Purpose Reserve

The reserve comprises the net assets relating to the Catholic Education Foundation (CEF) and the Endowment Fund. The Catholic Education Foundation and Endowment Fund's assets are restricted use assets and can only be used in accordance with their deed or constitution, the uses include providing financial assistance and advancement of education. In 2020, these net assets remained in accumulated surpluses. For presentation purposes, these net assets have been reclassified out of net assets into the Special Purpose Reserve.

Catholic Education Fund (CEF)

SCS is the beneficiary of fundraising activities conducted by CEF, who raises funds for disadvantaged students enrolled in a school within the Sydney Catholic Schools system. The accumulated funds cannot be used for the Trust's operating purposes and can only be used in accordance with the Foundation's Charter. The total funds distributed from CEF was \$7.26m (2020: \$6.78m) to SCS for the 2021 bursaries.

Endowment Fund

SCS is the beneficiary of the Endowment Fund, whose purpose is to support the advancement of education and to assist in making Catholic education affordable. The Fund's activities are managed by the Fund's Board of Management. The accumulated funds cannot be used for the Trust's operating purposes and can only be used in accordance with the Fund Deed. The total funds distributed from the Endowment Fund was \$0.1m (2020: \$0.07m).

Net Restricted Assets

Catholic Education Foundation (CEF)	50,253	47,242
Endowment Fund	88,322	77,119
	138,575	124,361

	2021 \$'000	2020 \$'000
27. Auditors' Remuneration		
Audit and review services		
Auditors of the Trust – KPMG		
Audit and review of financial statements	1,363	1,393
Assurance services		
Auditors of the Trust – KPMG		
Regulatory assurance services	41	45
Other services provided by auditors – Deloitte		
Internal audit services	39	259
Consulting services	142	59
Other services	414	149
	595	467

28. Commitments

The Trust's capital expenditure commitment as at 31 December 2021 is \$283.3 million (2020: \$148.7 million) in relation to school construction projects in progress. There are no outstanding commitments relating to committed property purchases as at 31 December 2021 (2020: \$32.8 million).

29. 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 \$3,672,110 for 12.0 FTE (2020: \$2,952,371 for 9.0 FTE) for the year ended 31 December 2021.

Key management personnel are:

Anthony Farley	Executive Director
Dr Anthony Cleary	Director of Mission and Identity
Glenn McLachlan	Director of Finance and Property
Desiree Blackett	Director of Strategy, Policy and Governance and Company Secretary Acting Director of People and Culture (Appointed in 22 November 2021)
Dr Kate O'Brien	Director of Education and Research
Milton Scott	Director of Information Technology and Systems
Dr Jacqueline Frost	Chief of Staff
Graham Beal	Director of People and Culture (Resigned as at 28 January 2022)
Edmund Maher	Director of System Performance (Appointed in 21 January 2021)
Kevin Carragher	Director of System Performance (Appointed in 23 August 2021)
Elizabeth Denny	Director of System Performance (Resigned as at 23 April 2021)
Tim Cleary	Director of System Performance (Resigned as at 8 May 2021)
Barbara Watkins	Director of System Performance (Resigned as at 14 August 2021)

29. Related Parties continued**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.

SCS maintains a related party register. Transactions listed on the register are assessed to ensure reasonable market value (RMV).

	Service Type	Expenditure \$'000	Income \$'000
Services for year ended 31 December 2021			
Catholic Development Fund, Archdiocese of Sydney (Interest paid on loans and interest received on deposits)	Banking	14,542	863
Catholic Church Insurance	Insurance	12,831	-
Catholic Church Insurance	Investment Management	309	106
CatholicCare	Counselling	8,774	9
Catholic Education Network	IT	6,091	-
Catholic Employment Relations Ltd	Industrial Relations	433	-
Sydney Catholic Early Childhood Services		46	503
Other related parties		36,268	2,137
		79,294	3,617
Services for year ended 31 December 2020			
Catholic Development Fund, Archdiocese of Sydney (Interest paid on loans and interest received on deposits)	Banking	10,159	2,924
Catholic Church Insurance	Insurance	12,470	-
Catholic Church Insurance	Investment Management	126	-
Catholic Employment Relations Ltd	Industrial Relations	395	-
CatholicCare	Counselling	5,809	-
Catholic Education Network	IT	5,752	-
Sydney Catholic Early Childhood Services		-	53
Other related parties		19,348	6,403
		54,059	9,380

29. Related Parties continued**Other related party transactions continued**

	Payable \$'000	Receivable \$'000
Payable to and receivable from as at 31 December 2021		
Catholic Development Fund, Archdiocese of Sydney	344,707	61
CatholicCare	2,111	-
Sydney Catholic Early Childhood Services	-	4,789
	346,818	4,850
Payable to and receivable from as at 31 December 2020		
Catholic Development Fund, Archdiocese of Sydney	311,894	220
CatholicCare	33	-
Catholic Education Network	-	185
	311,927	405

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.

30. Contingencies

As at 31 December 2021, SCS issued \$75,000 (2020: \$59,500) in bank guarantees in favour of various statutory authorities, payable in the event of unexpected costs incurred as a result of unforeseen damage caused during the course of school construction projects.

In common with organisations across Australia, SCS has undertaken a process to assess any potential liabilities for annual and long service leave and other employee benefits which may be due to employees under casual working arrangements. Based on the analysis of data, the Trustees consider that appropriate provision has been made for any liability. Evolution of this matter through the courts may give rise to additional liabilities but at present any such liability cannot be reliably estimated.

31. Subsequent Events

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

Trustee's Declaration

For the year ended 31 December 2021

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

- 1) the financial statements and notes that are set out on pages 9 to 34 are in accordance with the Australian Charities and *Not-for-profits Commission Act 2012*, including:
 - i) giving a true and fair view of the Trust's financial position as at 31 December 2021 and of its performance, 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 2013*; and
- 2) 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



Loretta Di Mento

Director of Sydney Catholic Schools Ltd on behalf of Sydney Catholic Schools Trust

Dated 22 June 2022

Sydney, Australia



Stephen Newton

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

Dated 22 June 2022

Sydney, Australia



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Trustee of Sydney Catholic Schools Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Graeme Scott

Partner

Sydney

22 June 2022



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 (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Trust's financial position as at 31 December 2021, 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 (ACNCR)*.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2021.
- ii. Statement of profit or loss and other comprehensive income, Statement of 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 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Trustee is 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*.
- 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 Trust 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 the 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 Trustees.
- iv. Conclude on the appropriateness of the Trustees 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



Graeme Scott

Partner

Sydney

22 June 2022