



**LOURDES HILL COLLEGE**

*A School of Good Samaritan Education*

*Step Forward*

## **FINANCIAL REPORT**

**For the Year Ended 31 December 2017**

**LOURDES HILL COLLEGE**

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## DIRECTORS' REPORT

Your directors present this report on the entity for the year ending 31 December 2017.

### Directors

The names of each person who has been a director during the period and to the date of this report are:

- Ms D Francis
- Ms P Kennedy (Resigned 29 November 2017)
- Mr L P Bertini
- Mrs L M Crew
- Ms C Parker
- Ms P Perring
- Mr R Barbagallo
- Mr M R Lazzaretti
- Ms A K Pafumi
- Ms V Comerford
- Ms N Ireland (Appointed 9 May 2017)
- Mr V Bryant (Appointed 9 May 2017)

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

### Company Secretary

The Company Secretary at the end of the financial period was Mr Andrew Hines. B. Business (Accounting) (Qld) CPA. Mr Hines is also currently employed at the College as Business Manager.

### Principal Activities

In 1915 the Archbishop of Brisbane invited the Order of the Sisters of the Good Samaritan to establish schools in Brisbane. Thirteen Sisters travelled from Sydney opening convents at Bulimba and Coorparoo and in 1916, Lourdes Hill College, an Independent Catholic Secondary School for Girls, was founded.

The rich heritage of the College is drawn from three sources: the compassion of the Good Samaritan found in the Gospels, the patronage of Mary under the title Our Lady of Lourdes and the strong Benedictine tradition of the Sisters of the Good Samaritan which places strong emphasis on education and the importance of balance in life between work, prayer and recreation.

Since 1916, Lourdes Hill College has grown into an educational establishment well respected for the pursuit of achievement and excellence in the education of young women.

Lourdes Hill College provides:

- A caring Catholic Community in the tradition of the Sisters of the Good Samaritan and under the governance and guidance of Good Samaritan Education.
- A challenge to each student to live the Gospel of Jesus Christ.
- A strong emphasis on pastoral care and personal growth within a Christian environment
- A comprehensive and innovative curriculum challenging students to grow to their full potential and to strive for excellence.
- A wide range of co-curricular activities focusing on balanced development in service, cultural and sporting activities

Situated on the Bulimba Reach of the Brisbane River and set in beautiful surroundings, in 2017 the College had a total enrolment in excess of 1,230 students.

### Operating Result

The operating surplus of the College for the financial year ended 31 December 2017 amounted to \$1,912,835 (2016: \$2,169,424).

As outlined in the Financial Statements and accompanying notes, no Government Capital Grant Funding was received by the College in the financial year ended 31 December 2017.

## DIRECTORS' REPORT

### Review of Operations

#### *Short & Long Term Objectives:*

Lourdes Hill College's (LHC) primary long term objective is expressed in its mission to educate, inspire and equip young women with a love of life and learning, through the nurturing of a culturally rich Catholic learning community that enables each student to reach her full potential and to pursue peace and justice with courage.

Objectives are outlined in the College's Strategic Plan (2014-2018) and delivered through the ongoing development and maintenance of a strong financial platform and sound management practices, delivered across each of the following strategic directions:

- Faith – To enhance commitment to living the Good Samaritan Ethos.
- Learning – To maximise individual potential and education excellence.
- Connection – To nurture and expand relationships within the College and the wider community
- Stewardship – To care responsibly for what we have and what we create.

#### *Strategy for Achieving the Objectives:*

To enhance commitment to living the Good Samaritan Ethos, the College will continue to:

- Align LHC operations to vision, mission and values.
- Encourage understanding of and commitment to the spiritual life of the community.
- Enhance participation in social justice programs.
- Foster a culturally rich environment.

To support and maximise individual potential of students and staff, the College will continue to:

- Effect high quality learning and teaching.
- Develop high functioning Senior and Middle school.
- Establish organisational structures and leadership capacities in line with EB guidelines and to support future growth.
- Position for effective implementation of the National Curriculum.
- Position for effective implementation of new Senior Assessment and Tertiary entrance process in Queensland.
- Develop ongoing professional learning program for staff

To nurture and expand relationships within the College and the wider community, the College will continue to:

- Ensure a safe, secure, nurturing and welcoming environment for all.
- Promote quality partnerships between home and school.
- Establish new partnerships to support teaching and learning.

To care responsibility for what we have and what we create, the College will continue to:

- Align financial position with College's strategic objectives.
- Utilise, develop and care for the College's human, physical and virtual resources
- Implement governance structures to support continuous improvement.
- Raise the profile of the College

#### *How Activities Assisted in Achieving the Objectives:*

Activities to enhance commitment to Good Samaritan Ethos in 2017 included:

- Ongoing implementation of the College Strategic Plan (2014 – 2018) including confirmation of College Vision, Mission Statement and Values and commencement of work on the College's Strategic Plan (2018 – 2020).
- Ongoing development and refinement of Faith based curriculum.
- Detailed Student Service Program participation in homeless and disability outreach services, compassionate fundraising and connection and experience with ministries to see the tangible results of their work across the world.
- Three full College celebrations of Eucharist to reflect our three stories: Lourdes Day (celebrating the Feast of Our Lady of Lourdes and marking the beginning of the academic year); the Feast of St Benedict; and the Mass for Sharing on Good Samaritan Day.
- Home group programmes including preparation of communal celebrations.

Activities to maximise individual potential of students and staff in 2017 included:

- Organisational development through continued up-skilling of College Leadership and Middle Leadership teams.
- Implementation of AITSL Framework and Performance Review Processes for Teachers and Support Staff.
- Ongoing development, review and refinement of Core Subject Faculties, Digital Learning and Faculty of Differentiated Learning.
- Ongoing delivery and refinement of sub-school structures – i.e. distinct Senior and Middle Schools.

## DIRECTORS' REPORT

- Senior Hub project finalised and launched.
- Student Mentoring Research project development and dashboard launched
- Community Development Week (CDW).
- Renewal Committees.
- Project and voluntary committees based on expertise.
- Ongoing refurbishment of college classrooms and other facilities.
- Centre for Innovation, Teaching Excellence and Leadership (CiTEL) providing dedicated spaces with leading edge technology for staff to collaborate, research and share practice.
- College Professional Learning Plan implemented for all staff
- SCAD (Staff Collaboration and Development) Time project developed and implemented

Activities to increasingly nurture and expand relationships within the College and the wider community in 2017 included:

- Immersion program for students.
- Parent Forums, Information Evenings, Newsletter articles.
- Productive Parent Seminars, House Welcome BBQs and P&F Soirees
- Website, online newsletter and web-presence development (including School App and Facebook page)
- CiTEL sponsored conferences and workshops
- Ongoing Media, Marketing and Branding strategy.

Activities in relation to caring responsibly for what we have and what we create in 2017 included:

- Ongoing rollout of a range of College Sustainability Plan measures including implementation of 100kw solar panel system, LED lighting retrofit and phase balancing.
- Ongoing delivery of College Facilities Plan, incorporating human resource requirements, facility refurbishments and detailed building maintenance plans.
- Working with College Board, Building & Planning Sub-Committee and College Leadership Team in working toward the development of a new College Master Plan (Towards 2030).
- Long Term financial planning and budgeting to ensure financial sustainability under the Federal Government's revised funding models delivered through the Quality Schools (Gonski 2.0) legislation.

### ***How Performance is Measured:***

Lourdes Hill College measures its performance against its strategic objectives using a variety of performance indications that may include:

To enhance commitment to Good Samaritan Ethos:

- Satisfaction of staff, students, parents and past pupils (by survey)
- Number and quality of service learning programs for students (by review)
- Number and quality of opportunities created for past pupils (by review)
- Participation in lunchtime liturgy and other community activities (by review)

To maximise individual potential of students and staff:

- Academic Outcomes (by review)
- Number of Training & Development opportunities created (by review)
- Number of Teachers pursuing own professional learning (by survey)
- Satisfaction of staff, students and parents (by survey)
- Number / breadth of Curriculum Opportunities (by review)
- Asset Utilisation Rates – I.C.T. (by review)

To increasingly nurture and expand relationships within the College and the wider community:

- Satisfaction of staff, students, parents and past pupils (by survey)
- Number of opportunities created for past pupils (by review)
- Community awareness of College achievements and activities (by survey)
- Number of community partnerships (by review)

As a steward for caring responsibly for what we have and what we create:

- Delivery of Financial Key Performance Indicators (by review)
- Delivery of Risk in line with specified Board Appetite levels (by review)
- Evidence of environmental sustainability focus within College activities (by review)
- College Resource cost per person (Electricity, Water, Waste etc.)
- Completion of recruitment and performance review practices (by review)

## DIRECTORS' REPORT

### Information on Directors

Name	Occupation	Qualifications	Other Roles / Duties
Ms D Francis	Project Manager, Consultant	Grad. Dip. Mgmt, Grad. Cert Training, B. Education, Dip. Teaching (Commerce), Dip. Project Mgmt, Dip. Frontline Mgmt, Dip. Training & Assessment Systems.	Board Chair
Ms P B Kennedy	School Principal	B. Education, M. Management, Grad. Cert. RE.	Foundation Committee
Mrs L M Crew	Manager	B. Economics, M. Bus. Administration, Cert IV - Workplace Training & Assessment, Cert IV - Financial Services, Dip. Financial Services – Mortgage. Broking	Finance Committee (Chair)
Mr L P Bertini	Director, Manager	B. Bus, Grad. Cert. Employment Law	Foundation Committee (Chair)
Ms C Parker	Legal Counsel, Asst. Company Secretary, Director	B. Laws, M. Laws, M. Bus Admin., Grad. Dip. Applied Corp. Governance, FAICD, FGIA	Governance & Risk Committee (Chair)
Ms P Perring	Solicitor, Legal Counsel, Company Secretary	B. Arts (Music), Grad. Dip Ed, B. Laws, Grad. Dip. Legal Practice, M. Business Admin., Grad, Dip. Applied Corp. Governance	Governance & Risk Committee
Mr R Barbagallo	Manager	B. Engineering (Electrical), B. Bus. (Mgmt & Economics)	Building & Planning Committee (Chair)
Mr M R Lazzaretti	Director, Consultant	B. Business (Accountancy)	Building & Planning Committee
Ms A K Pafumi	Director, Manager	B. Commerce (Accounting & Finance), FCPA, Dip. Project Mgmt, Dip. Organisational Change Mgmt, GAICD, FGIA	Foundation Committee
Ms V M Comerford	Retired School Principal	B. Arts, Dip Education., M. Education	Finance Committee
Ms N Ireland	Journalist, Communications, Director	B. Arts (Journalism & Politics), Grad. Cert Aboriginal Relations, Dip. Investor Relations, GAICD	Building & Planning Committee
Ms V Bryant	Journalist, Presenter, Broadcaster, Director, Emcee	Journalism Cadetship 7 Network, Women on Board - Directors Program, AICD (Risk Planning)	Foundation Committee

## DIRECTORS' REPORT

### Meetings of Directors

During the period, seven meetings of the Board of Directors were held with additional Sub-Committee Meetings held to support decision making. Attendances by each director at Board of Directors Meetings was as follows:

Director	Board of Directors Meetings	
	Number Held	Number Attended
Ms D A Francis	7	6
Ms P B Kennedy (Resigned 29 November 2017)	7	5
Mrs L M Crew	7	7
Mr L P Bertini	7	7
Ms C Parker	7	6
Ms P Perring	7	5
Mr R Barbagallo	7	6
Mr M R Lazzaretti	7	6
Ms A K Pafumi	7	7
Ms V M Comerford	7	6
Ms N Ireland (Appointed 9 May 2017)	5	5
Ms V Bryant (Appointed 9 May 2017)	5	5

### Member's Guarantee

The College is limited by guarantee and does not have share capital. The contribution of each member to the College's debts and liabilities in the event of a winding up is restricted to an amount not exceeding \$100.00.

There were six members at 31 December 2017.

### Classes of Membership

There is only one class of membership

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ending 31 December 2017 has been received and can be found on page 8 of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors:

Director                     D A Francis                    

Dated this                     27<sup>th</sup>                     day of                     March                     2018

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF LOURDES HILL COLLEGE

As lead auditor of Lourdes Hill College for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Australia Charities and not for Profits Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to be 'D P Wright', is written over a light blue horizontal line.

D P Wright  
Director

**BDO Audit Pty Ltd**

Brisbane, 27 March 2018



## INDEPENDENT AUDITOR'S REPORT

To the members of Lourdes Hill College

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Lourdes Hill College (the registered entity), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion the accompanying financial report of Lourdes Hill College, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Lourdes Hill College's Directors report, but does not include the financial report and our auditor's report thereon.

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 and, in doing so, 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.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of directors for the Financial Report**

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The directors' responsibility also includes such internal control as the directors determine is necessary 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.

In preparing the financial report, the directors are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

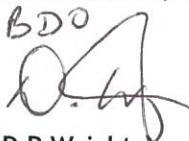
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**



**D P Wright**  
Director

Brisbane, 27 March 2018

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017 \$</b>	<b>2016 \$</b>
<b>Income</b>			
Revenue	2	25,837,854	25,569,831
Other Income	2	16,394	32,120
		<u>25,854,248</u>	<u>25,601,951</u>
<b>Expenses</b>			
Employee Benefits Expenses		(14,946,087)	(14,369,174)
Depreciation and Amortisation	3	(2,261,250)	(2,102,782)
Interest Expense	3	(704,284)	(737,144)
Other Expenses	3	<u>(6,029,792)</u>	<u>(6,223,577)</u>
<b>Total Expenses for the Year</b>		<u>(23,941,413)</u>	<u>(23,432,677)</u>
<b>Surplus for the Year</b>		<u>1,912,835</u>	<u>2,169,274</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
<b>Total Comprehensive for the Year</b>		<u>1,912,835</u>	<u>2,169,274</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	2,411,619	1,908,356
Trade and Other Receivables	5	627,067	604,255
Inventories	6	124,825	148,271
Investments	7	3,750,000	4,000,000
Other Current Assets	8	235,166	126,486
<b>TOTAL CURRENT ASSETS</b>		<b>7,148,677</b>	<b>6,787,368</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	9	39,706,146	39,886,362
<b>TOTAL NON-CURRENT ASSETS</b>		<b>39,706,146</b>	<b>39,886,362</b>
<b>TOTAL ASSETS</b>		<b>46,854,823</b>	<b>46,673,730</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	10	1,721,767	1,668,583
Short-Term Borrowings	11	775,992	684,963
Short-Term Provisions	12	1,608,802	1,520,286
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,106,561</b>	<b>3,873,832</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Borrowings	11	12,963,761	14,992,301
Long-Term Provisions	12	463,815	459,570
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,427,576</b>	<b>15,451,871</b>
<b>TOTAL LIABILITIES</b>		<b>17,534,137</b>	<b>19,325,703</b>
<b>NET ASSETS</b>		<b>29,320,686</b>	<b>27,348,027</b>
<b>EQUITY</b>			
Reserves		1,098,249	1,054,402
Accumulated Surplus		28,222,437	26,293,625
<b>TOTAL EQUITY</b>		<b>29,320,686</b>	<b>27,348,027</b>

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 2017**

	Accumulated Surplus \$	Building Fund Reserve \$	Annie Beck Award Fund \$	Edna Bunn Bursary Fund \$	Betty McKenna Award Fund \$	Family Enrolment Trusts \$	Student Bursary Fund \$	Affiliated Clubs & Societies \$	Total \$
<b>Balance at 31/12/15</b>	24,124,351	320,383	2,714	22,794	5,480	1,690	607,892	31,242	25,116,546
Surplus for the Year	2,169,274	-	-	-	-	-	-	-	2,169,274
Transfers to / (from) Reserves:									
- Building Fund Reserve	-	41,201	-	-	-	-	-	-	41,201
- Annie Beck Award Fund	-	-	(96)	-	-	-	-	-	(96)
- Edna Bunn Bursary Fund	-	-	-	207	-	-	-	-	207
- Betty McKenna Award Fund	-	-	-	-	(140)	-	-	-	(140)
- Family Enrolment Trusts	-	-	-	-	-	(1,690)	-	-	(1,690)
- Student Bursary Fund	-	-	-	-	-	-	30,386	-	30,386
- Affiliated Clubs & Societies	-	-	-	-	-	-	-	(7,662)	(7,662)
<b>Balance at 31/12/16</b>	26,293,625	361,584	2,618	23,001	5,340	-	638,278	23,580	27,348,027
Surplus for the Year	1,912,835	-	-	-	-	-	-	-	1,912,835
Transfers to / (from) Reserves:									
- Building Fund Reserve	-	19,736	-	-	-	-	-	-	19,736
- Annie Beck Award Fund	-	-	(98)	-	-	-	-	-	(98)
- Edna Bunn Bursary Fund	-	-	-	212	-	-	-	-	212
- Betty McKenna Award Fund	-	-	-	-	(143)	-	-	-	(143)
- Family Enrolment Trusts	-	-	-	-	-	-	-	-	-
- Student Bursary Fund	-	-	-	-	-	-	42,845	-	42,845
- Affiliated Clubs & Societies	15,977	-	-	-	-	-	-	(18,704)	(2,727)
<b>Balance at 31/12/17</b>	28,222,437	381,320	2,520	23,213	5,197	-	681,123	4,876	29,320,686

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 2017**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from Fees and Charges		9,155,405	8,727,961
Receipt of Government Grants		12,837,512	12,401,766
Receipts from Other Sources		3,502,855	3,958,917
Interest Received		149,915	129,866
Payments to Suppliers and Employees		(22,054,021)	(21,687,724)
Interest Paid		<u>(704,284)</u>	<u>(737,144)</u>
<b>Net Cash Provided from Operating Activities</b>	16 (b)	<u>2,887,382</u>	<u>2,793,641</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Transfers From / (Allocations to) Investments		250,000	1,000,000
Proceeds from Sale of Property, Plant & Equipment		-	8,100
Payments for Property, Plant and Equipment		<u>(2,070,990)</u>	<u>(4,498,915)</u>
<b>Net Cash Used in Investing Activities</b>		<u>(1,820,990)</u>	<u>(3,490,815)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipts from Fees and Charges		1,302,711	1,322,597
Receipts from Other Sources		71,672	186,118
Repayment of Borrowings		<u>(1,937,512)</u>	<u>(654,669)</u>
<b>Net Cash Used in Financing Activities</b>		<u>(563,129)</u>	<u>854,045</u>
Net Increase / (Decrease) in Cash Held		503,263	156,871
Cash at the Beginning of the Financial Year		<u>1,908,356</u>	<u>1,751,485</u>
Cash at the End of the Financial Year	16 (a)	<u><u>2,411,619</u></u>	<u><u>1,908,356</u></u>

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 2017**

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report that has been prepared in accordance with Mandatory Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act)* with the following exceptions where full disclosure has been complied with:

AASB 124	Related Party Disclosure
AASB 7	Financial Instruments

The financial report is for the entity Lourdes Hill College ("the College") as an individual entity. The College is a company limited by guarantee, incorporated and domiciled in Australia. The College is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The following is a summary of the material accounting policies adopted by the College in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The Financial Statements are presented in Australian dollars and are rounded to the nearest dollar.

#### (a) Basis of preparation

The Directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent upon general purpose financial statements.

Due to the application of Australian specific provisions contained only within the Australian Accounting Standards, this financial report is not necessarily compliant with International Accounting Standards.

#### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### (b) Income Tax

The income of the College is exempt from Income Tax under Division 50 of the Income Tax Assessment Act 1997.

#### (c) Comparative Figures

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

#### (d) Financial Instruments

##### *Recognition*

Financial instruments are initially measured at cost on the transaction date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### *Loans and receivables, including parent loans*

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

##### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Financial Instruments (Continued)**

*Impairment*

At each reporting date, the College assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale instruments, a prolonged decline in the value of the instrument is considered whether an impairment has arisen. Impairment losses are recognised in the income statement.

In the case of receivables, the carrying amount is reduced by the use of an allowance account, evidence of impairment may include difficulty on the part of the debtor.

When receivables for which an impairment has previously been recognised are determined to be uncollectible, they are written off against the allowance account. If no provision for impairment was previously recognised, the impairment is written off against the receivable directly. Impairment losses arising from the use of allowance accounts or bad debts are recognised in Statement of Comprehensive Income as part of Other Expenses.

Receivables are determined to be uncollectible only when there is no expectation of recovering any additional cash. This may occur where unsuccessful attempts have been made to recover the debt through legal actions or debt collection agencies and the prospect of recovering any additional cash is remote.

All receivables that are neither past due or impaired are with long standing clients who have a good credit history with the entity.

Analysis of balances individually impaired includes:

- Factors considered in determining balance was impaired
- Estimate of fair value.

No security is held for receivables balances that are impaired.

**(e) Fair Values**

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Due to their short-term nature, the carrying amount of trade receivables, payables and borrowings are assumed to approximate their fair values.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the College estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Impairment of Assets**

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

**(g) Critical Accounting Estimates and Judgments**

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

*Key Estimates - Impairment*

The College assesses impairment at each reporting date by evaluating conditions specific to the College that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

*Key Estimates – Useful Lives of Depreciable Assets*

Management reviews the useful lives of depreciable assets at each reporting date based upon the expected utility of the assets to the College.

*Key Estimates – Provisions – Long Service Leave*

The liability for Long Service Leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees. In determining the present value of the liability, attrition rates and remuneration increases through promotion and inflation have been taken into account. Further information regarding these calculations is provided in Note 12 of this Report.

**(h) New Accounting Standards issued but not yet effective**

A number of new standards and amendments to interpretations are effective for annual periods commencing after 1 January 2018, including AASB15 Revenue from Contracts with Customers, AASB 9 Financial instruments, AASB16 Leases and AASB 1058 Income of Not-for-Profit Entities.

These standards have not been applied in preparing the financial statements and the College has yet to assess the impact of these standards will have on the financial statements of the College.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>2. REVENUE AND OTHER INCOME</b>		
<b>Revenue</b>		
Tuition Fees and Charges	9,149,504	8,768,378
Commercial Activities	1,010,128	1,074,744
Interest Revenue	144,636	138,933
Donations - Recurrent	40,792	99,130
Other Operating Income	1,280,899	1,578,165
Capital Levies and Charges	1,302,711	1,322,597
Other Capital Income	71,672	186,118
<b>Revenue From Grants</b>		
Government - Recurrent	12,837,512	12,401,766
<b>Total Revenue</b>	<u>25,837,854</u>	<u>25,569,831</u>
<b>Other Income</b>		
Proceeds from Disposal of Property, Plant & Equipment	-	8,100
Rental / Hire Income	16,394	24,020
<b>Total Other Income</b>	<u>16,394</u>	<u>32,120</u>
<b>Total Revenue and Other Income</b>	<u><u>25,854,248</u></u>	<u><u>25,601,951</u></u>

Revenue from tuition fees, subject levies and other receipts from students and families are recognised upon the delivery of the goods to the customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Finance and insurance revenue is recognised when the right to receive finance and insurance revenue has been established.

Other revenue is recognised when the right to receive the revenue has been established.

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received, and all grant conditions will be met.

All revenue is stated net of the amount of goods and services tax (GST).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>3. SURPLUS FOR THE YEAR</b>		
Arrived at after the following specific expenses:		
Depreciation and Amortisation of Non-Current Assets:		
- Buildings and Improvements	1,272,257	1,177,827
- Plant & Equipment and Other Assets	988,993	924,955
Total Depreciation and Amortisation	2,261,250	2,102,782
Interest Expense		
- Interest on College Loans	704,284	737,144
Total Interest Expense	704,284	737,144
Other Expenses:		
- Audit of Financial statements	20,200	20,473
- Rental Expense on Operating Lease - Equipment	60,137	60,137
- Rental Expense on Operating Lease - Property	329,537	318,605
- Resources (including Trip expenses)	1,522,067	1,421,880
- Repairs and Maintenance	1,086,737	1,040,794
- Bookshop Purchases	290,850	247,282
- Tuckshop Supplies	238,693	224,466
- Uniform Shop Purchases	328,027	445,948
- Levies	227,673	212,697
- Other Expenses	1,925,871	2,231,295
Total Other Expenses	6,029,792	6,223,577
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	2,500	2,500
General Working Accounts	81,832	62,272
ADF - On Call	-	17,291
ADF - Building Fund	381,320	361,584
ADF - School Fees	25,874	21,041
ADF - Family Enrolment Trust Accounts	100,308	115,615
Business Investment Account	1,788,854	1,297,094
Edna Bunn Bursary Fund	23,214	23,002
Betty McKenna Award Fund	5,196	5,339
Annie Beck Perpetual Award	2,521	2,618
	2,411,619	1,908,357

Cash and cash equivalents includes cash on hand, non-fixed term 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
CURRENT		
Trade Receivables (Family Debtors)	768,583	740,194
Less: Provision for Impairment	<u>(229,474)</u>	<u>(222,640)</u>
	539,109	517,554
Other Receivables	<u>87,958</u>	<u>86,701</u>
Total Current Trade and Other Receivables	<u><u>627,067</u></u>	<u><u>604,255</u></u>
<b>Provision for Impairment:</b>		
Opening Balance of Provision	222,640	158,786
Debts Recovered during the Year	(88,853)	(53,131)
Debts Written Off during the Year	(17,790)	(24,192)
Provision Raised this Year	<u>113,477</u>	<u>141,177</u>
Closing Balance of Provision	<u><u>229,474</u></u>	<u><u>222,640</u></u>
Bad Debts Written Off Directly to Profit & Loss	<u>1</u>	<u>3,376</u>
Analysis of Bad Debts Written Off During the Year		
- Tuition	<u>17,791</u>	<u>27,567</u>
Total Bad Debts Written Off	<u><u>17,791</u></u>	<u><u>27,567</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**5. TRADE AND OTHER RECEIVABLES (continued)**

**Credit Risk – Trade and Other Receivables**

The College's primary credit risk exposure relates to family debtors and outstanding tuition fees.

The following table details the College's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions between the College and the family to the transaction. Receivables that are past due are assessed for impairment by ascertaining recoverability from the family and are provided for where there are specific circumstances indicating that the debt is not likely to be fully repaid to the College.

	<b>Gross Amount</b>	<b>Past Due and Impaired</b>	<b>Past Due But Not Impaired &lt; 90 Days</b>	<b>&gt; 90 Days</b>	<b>Within Initial Terms</b>
<b>2017</b>					
Trade and Term Receivables	768,583	229,474	508,532	24,426	6,150
Other Receivables	87,958	-	-	-	87,958
Total	856,541	229,474	508,532	24,426	94,108
<b>2016</b>					
Trade and Term Receivables	740,194	222,640	483,157	29,943	4,454
Other Receivables	86,701	-	-	-	86,701
Total	826,895	222,640	483,157	29,943	91,155

**2017**  
**\$**

**2016**  
**\$**

**6. INVENTORIES**

**CURRENT**

Inventories at Cost - Uniform Shop	124,825	148,271
	124,825	148,271

Uniform Shop inventories are carried at the lower of cost and net realisable value. Cost is calculated using the most recent unit cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their condition and location. Net realisable value is determined on the basis of normal selling patterns.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016	
	\$	\$	
7. INVESTMENTS			
CURRENT			
Fixed Term Deposits	3,750,000	4,000,000	
	3,750,000	4,000,000	
8. OTHER ASSETS			
CURRENT			
Prepayments	235,166	126,486	
Total Other Assets	235,166	126,486	
9. PROPERTY, PLANT AND EQUIPMENT			
	Less		
	Accumulated	Written Down	
	Cost	Value	
	\$	\$	
2017			
Leasehold Improvements:			
- Improvements to College Property	45,268,121	(8,869,401)	36,398,720
Other Assets:			
- Plant & Machinery	514,023	(177,003)	337,020
- Motor Vehicles	531,857	(250,172)	281,685
- Furniture & Equipment	10,386,153	(7,706,701)	2,679,452
- Work In Progress	9,269	-	9,269
	56,709,423	(17,003,277)	39,706,146
2016			
Leasehold Improvements:			
- Improvements to College Property	41,467,101	(7,597,143)	33,869,958
Other Assets:			
- Plant & Machinery	343,148	(135,424)	207,724
- Motor Vehicles	531,857	(222,797)	309,060
- Furniture & Equipment	9,270,041	(6,786,662)	2,483,379
- Work In Progress	3,016,241	-	3,016,241
	54,628,388	(14,742,026)	39,886,362

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

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

*Property*

Leasehold Improvements are recorded at cost, less subsequent depreciation for buildings and provision for impairments.

*Plant and Equipment*

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

The carrying amount of plant and equipment is reviewed annually by the College to ensure it is not in excess of the amount that will be recovered from the use those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

The depreciable amount of all fixed assets including leasehold improvements and capitalised leased assets are depreciated on a straight line basis over their useful lives to the College commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate / Useful Lives</b>	<b>Depreciation Basis</b>
Leasehold Property Improvements	2.5%	Straight Line
Plant & Machinery	10%	Straight Line
Motor Vehicles	5% - 25%	Straight Line
Furniture & Equipment	10% - 33.3%	Straight Line

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The land and buildings from which the College conducts its operations are owned by Good Samaritan Education. Under the terms of the lease agreement dated 1 February 2004, the College is permitted to use these facilities for the purpose of conducting its educational activities. The lease agreement provides that improvements erected by the College shall, upon expiration of the agreement (1 February 2034), become the property of the Order. No consideration shall be paid by the Order in respect of any improvements.

The College believes that it is appropriate to capitalise the cost of construction work and improvements in the College's financial statements on the basis of the expected future benefits to flow from the use of the improved facilities.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

The reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the period are set out below.

	<b>Leasehold Improvement</b>	<b>Furniture &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Plant &amp; Machinery</b>	<b>Work In Progress</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Carrying Value at Beginning of Year	33,869,958	2,483,379	309,060	207,724	3,016,241	39,886,362
Transfers	2,988,411	27,830	-	-	(3,016,241)	-
Additions	812,609	1,088,282	-	170,875	9,269	2,081,034
Disposals	-	-	-	-	-	-
Depreciation	(1,272,257)	(920,039)	(27,375)	(41,579)	-	(2,261,250)
Carrying Value at End of Year	36,398,720	2,679,452	281,685	337,020	9,269	39,706,146

**2017**  
**\$**

**2016**  
**\$**

**10. TRADE AND OTHER PAYABLES**

**CURRENT**

Unsecured Liabilities:

Trade Creditors, Sundry Creditors and Accruals

545,545

579,718

Income Received in Advance

277,174

259,435

Annual Leave

899,048

829,430

1,721,767

1,668,583

**11. BORROWINGS**

**CURRENT**

Secured Liabilities:

ADF Loan - Bernadette Centre

775,992

684,963

**NON-CURRENT**

Secured Liabilities:

ADF Loan - Bernadette Centre

12,963,761

14,992,301

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. BORROWINGS (continued)**

The Bernadette Centre Building Loan is a \$17 million facility designated for education purposes and established to support the construction of a Science, Middle School and Performing Arts Complex, College Chapel and Administration Centre. Construction took place across 2013/14.

The term of the Loan is 20 years with principal repayments commencing in September 2014.

As security for the loan, Good Samaritan Education holds a Memorandum of Deposit by way of a Registered Mortgage on behalf of Lourdes Hill College. In addition, the loan is also subject to a tripartite agreement between Good Samaritan Education, Lourdes Hill College and The Archdiocesan Development Fund (ADF).

	2017 \$	2016 \$
<b>12. PROVISIONS</b>		
CURRENT		
Long Service Leave	1,486,213	1,425,060
Enrichment Leave	102,589	75,226
Sick Leave	20,000	20,000
	<u>1,608,802</u>	<u>1,520,286</u>
NON-CURRENT		
Long Service Leave	434,070	440,750
Enrichment Leave	29,745	18,820
	<u>463,815</u>	<u>459,570</u>
Total Provisions	<u><u>2,072,617</u></u>	<u><u>1,979,856</u></u>

Provision is made for the College's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Long service leave is provided for all staff from the commencement of employment with the College.

Subject to continuing employment requirements within the Catholic education system, teachers, school officers and services staff employed by Catholic educational institutions are entitled to portability of their long service leave entitlements on a change of schools. In calculating the provision for long service leave in the financial statements, the College has recognised entitlements due to current employees of Lourdes Hill College. The current disclosure of long service leave entitlement in the financial statements represents employees who are eligible to take long service leave in the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$
<b>13. CAPITAL AND LEASING COMMITMENTS</b>		
<b>Capital Expenditure Commitments:</b>		
The College is currently undertaking building works as well as other equipment and furniture purchases to which it has contracted at year end:		
Not later than one year	1,492,566	992,559
Later than one year but not later than five years	-	-
	<u>1,492,566</u>	<u>992,559</u>
<b>Operating Lease Commitments - Equipment</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Not later than one year	60,137	60,137
Later than one year but not later than five years	61,491	121,290
	<u>121,628</u>	<u>181,427</u>
<b>Property Lease Commitments</b>		
Estimated commitment for future property rental		
Not later than one year	339,423	333,898
Later than one year but not later than five years	1,517,462	1,502,541
	<u>1,856,885</u>	<u>1,836,439</u>

*Finance Leases*

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the College are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

*Operating Leases*

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. ECONOMIC DEPENDENCE**

A significant portion of the College's income is received by way of recurrent grants from State and Australian Governments.

**15. RELATED PARTY REPORTING**

**Controlling Entity**

The College's immediate parent entity and ultimate parent entity is Good Samaritan Education who manages the educational operations of the Trustees of the Congregation of the Sisters of the Good Samaritan. The aggregate receipts from, and payments to the Controlling Entities of the College for the year ended 31 December 2017 were as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Total Revenue transactions for the period	-	-
Total Expense transactions for the period	512,095	504,848

Unless otherwise stated, transactions between related parties are on normal commercial terms and conditions.

**Controlled Entities**

The College operates as the immediate parent entity and ultimate parent entity of the Lourdes Hill Foundation Scholarship Fund and Lourdes Hill Foundation Public Library Fund. The financial performance of these entities have not been consolidated into these accounts.

The aggregate revenue and expenditure of the Controlled Entities of the College for the year ended 31 December 2017 were as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Total Revenue transactions for the period	16,581	-
Total Expense transactions for the period	9,165	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**16. CASH FLOW INFORMATION**

**Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, Cash includes cash on hand and at bank.

The values disclosed under the "Change in Assets and Liabilities" heading record only those movements impacting upon the Operating Activities of the College. Non-operational transactions have been reflected within the balances disclosed under Financing and Investing Activities in the Statement of Cash Flows presented on page 14.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of Cash</b>		
Cash on Hand	2,500	2,500
Cash at Bank	81,832	62,272
Deposits on Call	2,196,048	1,697,010
ADF Trust Accounts	100,308	115,615
Edna Bunn Bursary Fund	23,214	23,002
Betty McKenna Award Fund	5,196	5,339
Annie Beck Perpetual Award	2,521	2,618
	<u>2,411,619</u>	<u>1,908,356</u>
<b>(b) Reconciliation of Cash Flows from Operations with Surplus After Income Tax</b>		
Surplus After Income Tax	1,912,835	2,169,274
Cash Received from Capital Funding	(1,374,382)	(1,516,814)
Non-Cash Flows:		
- Depreciation and Amortisation	2,261,250	2,102,782
- Loss/(Gain) on disposal of Property, Plant & Equipment	<u>-</u>	<u>13,250</u>
Net Cash provided by operating activities before changes in assets and liabilities	2,799,703	2,768,492
Change in assets and liabilities:		
- (Increase) / Decrease in Current Receivables	(22,813)	51,378
- (Increase) / Decrease in Inventories	23,446	79,168
- (Increase) / Decrease in Other Assets	(108,680)	72,602
- Increase / (Decrease) in Payables	43,140	(391,425)
- Increase / (Decrease) in Provisions	92,761	151,218
- Increase / (Decrease) in Reserves	<u>59,825</u>	<u>62,208</u>
Net Cash Received from Operating Activities	<u>2,887,382</u>	<u>2,793,641</u>

**NOTES TO THE FINANCIAL STATEMENTS7  
FOR THE YEAR ENDING 31 DECEMBER 2017**

**17. FINANCIAL INSTRUMENTS**

The College's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable, interest bearing loans and leases.

**Financial and Capital Risk Management Policies**

*a. Treasury Risk Management*

The Board of Directors meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the College in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

*b. Financial Risk Exposures and Management*

The main risks the College is exposed to through its financial instruments are interest rate risk and credit risk.

Credit Risk

Credit risk is the risk of financial loss to the College if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the College. Credit risk arises principally from trade and other receivables and investments.

The objective of the College is to minimize risk of loss from credit risk exposure.

*Receivables:*

The College has established a number of policies and procedures to manage credit risk from receivables. These include:

- Credit Assessment and approval processes
- Review of aging
- Follow-Up Procedures
- Debt Recovery Procedures

*Investments:*

The College has established a number of policies and processes to manage credit risk from investments. These include:

- References
- Monitoring the performance of entities invested in
- Monitoring the rate of return (e.g. dividends / interest)

*Concentrations:*

The College has no concentration of credit risk from receivables or investments

*Maximum Credit Risk:*

The College's maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 DECEMBER 2017**

**17. FINANCIAL INSTRUMENTS (continued)**

Liquidity Risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The College has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring actual and daily cash flows and longer-term forecasted cash flows
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows
- Maintaining adequate reserves and support facilities
- Maintaining adequate borrowing facilities
- Monitoring liquidity ratios (working capital)

Liquidity risk is measured using liquidity ratios such as working capital.

*Summary Quantitative Data:*

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Current Assets	7,148,677	6,787,368
Current Liabilities	4,106,561	3,873,832
Surplus / (Deficit)	3,042,116	2,913,536

*Maturity Analysis:*

Contractual cash flows from trade and other payables approximate their carrying amount. Trade and other payables are contractually due within 6 months of year-end.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the College' income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters whilst optimising the return.

The College does not have any material exposure to market risk other than interest rate risk.

Interest Rate Risk

Interest rate risk applies principally from cash at bank and on deposit and borrowings.

It is the policy of the College to manage interest rate risk exposures by continuously monitoring interest rate movements and to alter the balance of fixed and variable rate deposits as considered appropriate.

Interest rate risk is measured as the value of assets and liabilities at fixed rate compared to those at variable rate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 DECEMBER 2017**

**17. FINANCIAL INSTRUMENTS (continued)**

Interest Rate Risk (continued)

*Summary Quantitative Data*

	<b>Weighted Ave. Effective Interest Rate</b>	<b>Floating Interest Rate</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and Cash Equivalents	1.33	2,409,119	2,500	2,411,619
Investments - Term Deposits	2.37	3,750,000	-	3,750,000
Receivables	0.00	-	627,067	627,067
Total Financial Assets		6,159,119	629,567	6,788,686
<b>Financial Liabilities:</b>				
Trade and Sundry Creditors	0.00	-	1,721,767	1,721,767
Interest Bearing Liabilities	4.60	13,739,753	-	13,739,753
Total Financial Liabilities		13,739,753	1,721,767	15,461,520
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and Cash Equivalents	1.64	1,905,856	2,500	1,908,356
Investments - Term Deposits	2.60	4,000,000	-	4,000,000
Receivables	0.00	-	604,255	604,255
Total Financial Assets		5,905,856	606,755	6,512,611
<b>Financial Liabilities:</b>				
Trade and Sundry Creditors	0.00	-	1,668,583	1,668,583
Interest Bearing Liabilities	4.60	15,677,264	-	15,677,264
Total Financial Liabilities		15,677,264	1,668,583	17,345,847



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 DECEMBER 2017**

**17. FINANCIAL INSTRUMENTS (continued)**

*Sensitivity Analysis:*

A change of 100 basis points (1%) in interest rates applicable to cash deposits at reporting date would have increased / decreased equity and operating surplus by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the prior year.

	Profit or Loss		Equity	
	+1%	-1%	+1%	-1%
	\$	\$	\$	\$
31 December 2017	61,616	-61,616	61,616	-61,616
31 December 2016	59,084	-59,084	59,084	-59,084

*Net Fair Values*

For assets and liabilities, the new fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair value have not been written down as the College intends to hold these assets to maturity.

The aggregate net fair values and carrying amount of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

**18. PORTABLE LEAVE – FORMER EMPLOYEES**

The College carries a provision for Long Service Leave for employees who have transferred employment from other Catholic School Authorities. At the commencement of employment the dollar value of any Long Service Leave entitlement for employees is transferred to the College. Similarly, the dollar value of the Long Service Leave entitlement of employees who resign from the College and resume working with a new Catholic School Authority is transferred upon resignation.

**19. GOVERNMENT GRANTS**

The College is financially dependent upon Government Grant income. As detailed in Note 2, recurrent grant income amounted to \$12,837,512 for the year ended 31 December 2017 (2016: \$12,401,766).

In 2000, the College entered into an agreement with the Queensland Catholic Education Commission (QCEC) to receive Australian Government General Recurrent Grants through an arrangement known as Group Funding.

Under Group Funding the College receives the majority of its Australian Government funding at a guaranteed level per capita. This rate is calculated based upon a range of allocation methodologies weighted across core and special needs criteria as well as a socio-economic assessment (SES) of the College's enrolment.

**20. COLLEGE DETAILS**

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

Lourdes Hill College  
86 Hawthorne Road  
Hawthorne  
QLD, 4171

## DIRECTOR'S DECLARATION

The Directors of the College have determined that the College is not a reporting entity and that this special purpose Financial Report should be prepared in accordance with the accounting policies described in Note 1 to the Financial Statements.

The Directors of the College declare that:

1. The financial statements and notes, as set out on pages 11 to 33 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act)*:
  - a. Comply with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act)*; and
  - b. Give a true and fair view of the College's financial position as at 31 December 2017 and of the performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the College will be able to pay its debts as and when they become due and payable.

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

D A Francis

Director

S. Crewe

Director

Brisbane, 28 March 2018.