Seventh-day Adventist Schools (Greater Sydney) Trust

Financial Statements

For the Year Ended 31 December 2022

Seventh-day Adventist Schools (Greater Sydney) Trust

For the Year Ended 31 December 2022

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Seventh-day Adventist Schools (Greater Sydney) Trust

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2022

	Note	2022 $	Restated 2021 $
Student tuition	6	**14,690,922**	13,037,164
Other receipts from students	7	**3,820,939**	2,864,221
Recurrent government grants	8	**37,246,617**	33,801,674
Capital income	9	**226,492**	360,591
Trading revenue	10	**3,707,073**	3,327,394
Investment revenue	11	**238,337**	56,167
Other income		**601,203**	570,187
Appropriations received	12	**3,998,167**	3,753,278
Total income		**64,529,750**	57,770,676
Administrative costs	13	**(11,382,904)**	(10,135,955)
Tuition expenses	14	**(35,007,481)**	(31,981,701)
Trading expenses	15	**(4,739,283)**	(3,698,594)
Occupancy expenses	16	**(2,446,475)**	(2,159,678)
Finance costs	17	**(1,835,774)**	(1,594,228)
Depreciation expenses	18	**(4,108,128)**	(3,456,307)
Total expense		**(59,520,045)**	(53,026,463)
Net surplus		**5,009,705**	4,744,213
Other comprehensive income		**-**	-
Total comprehensive income for the year		**5,009,705**	4,744,213

The financial statements should be read in conjunction with the accompanying notes.

Seventh-day Adventist Schools (Greater Sydney) Trust

Statement of Financial Position

As at 31 December 2022

	Note	2022 $	Restated 2021 $
ASSETS			
Current assets			
Cash and cash equivalents	19	**8,632,019**	5,687,784
Trade and other receivables	20	**1,460,398**	1,366,363
Inventories	21	**643,281**	640,347
Other assets	22	**621,860**	620,432
Total current assets		**11,357,558**	8,314,926
Non-current assets			
Trade and other receivables	20	**48,891,704**	45,677,591
Right-of-use assets	23(a)	**40,402,484**	40,117,562
Property, plant and equipment	24	**3,272,696**	2,168,505
Total non-current assets		**92,566,884**	87,963,658
TOTAL ASSETS		**103,924,442**	96,278,584
LIABILITIES			
Current liabilities			
Trade and other payables	26	**3,095,455**	2,090,578
Financial liabilities	27	**1,945,027**	1,945,027
Lease liabilities	23(b)	**2,819,340**	2,918,369
Provisions	28	**4,723,619**	4,292,565
Other liabilities	29	**1,346,313**	1,116,032
Total current liabilities		**13,929,754**	12,362,571
Non-current liabilities			
Financial liabilities	27	**19,992,781**	19,228,200
Lease liabilities	23(b)	**37,925,249**	37,543,364
Provisions	28	**862,894**	903,247
Total non-current liabilities		**58,780,924**	57,674,811
TOTAL LIABILITIES		**72,710,678**	70,037,382
NET ASSETS		**31,213,764**	26,241,202
EQUITY			
Reserves	30	**827,826**	783,013
Denominational equity	31	**30,385,938**	25,458,189
TOTAL EQUITY		**31,213,764**	26,241,202

The financial statements should be read in conjunction with the accompanying notes.

Seventh-day Adventist Schools (Greater Sydney) Trust

Statement of Changes in Equity

For the Year Ended 31 December 2022

2022

	Denominational Equity	Asset Replacement Reserve	Total
	$	$	$
Balance at 1 January 2022	**25,421,046**	**783,013**	**26,204,059**
Total comprehensive income for the year	**5,009,705**	**-**	**5,009,705**
Transfers to and from reserves	**(44,813)**	**44,813**	**-**
Balance at 31 December 2022	**30,385,938**	**827,826**	**31,213,764**

Restated 2021

	Denominational Equity	Asset Replacement Reserve	Total
	$	$	$
Balance at 1 January 2021	20,735,646	761,342	21,496,988
Total comprehensive income for the year	4,744,214	-	4,744,214
Transfers to and from reserves	(21,671)	21,671	-
Balance at 31 December 2021	25,458,189	783,013	26,241,202

Seventh-day Adventist Schools (Greater Sydney) Trust

Statement of Cash Flows

For the Year Ended 31 December 2022

	Note	2022 $	2021 $
Cash from operating activities:			
Receipts from customers & others		**59,965,873**	54,355,426
Payments to suppliers and employees		**(50,896,310)**	(46,962,967)
Movements in trust funds		**70,783**	15,434
Investment income		**238,337**	56,167
Net cash provided by operating activities	35	**9,378,683**	7,464,060
Cash flows from investing activities:			
Acquisition of property, plant and equipment		**(2,270,724)**	(1,053,604)
Net cash used in investing activities		**(2,270,724)**	(1,053,604)
Cash flows from financing activities:			
Payment of lease liabilities		**(4,163,724)**	(5,829,852)
Net cash used in financing activities		**(4,163,724)**	(5,829,852)
Net increase in cash and cash equivalents		**2,944,235**	580,604
Cash and cash equivalents at beginning of year		**5,687,784**	5,107,180
Cash and cash equivalents at end of year	19	**8,632,019**	5,687,784

The financial statements should be read in conjunction with the accompanying notes.

1 Scope of activities

The Seventh-day Adventist Schools (Greater Sydney) Trust ("the Trust"), a purpose driven trust, reflects the interest of the Greater Sydney Conference of the Seventh-day Adventist Church ("the Conference") in the activities of Seventh-day Adventist Schools (Greater Sydney) Limited ("the Company") which is a public company limited by guarantee, incorporated in Australia and responsible for activities as delegated by the Executive Committee of the Conference.

The Trust was established to facilitate the mission of the Conference relative to the operation of schools within the Conference. It acts as the Approved Operator of the following schools and employs associated teachers and ancillary staff:

Hills Adventist College
Hurstville Adventist School
Macarthur Adventist College
Mountain View Adventist College
Sydney Adventist School Auburn
Wahroonga Adventist School

The financial report includes the financial statements of Seventh-day Adventist Schools (Greater Sydney) Trust.

The financial period ends on the last day of December each year. The period covered by this report is 1 January 2022 to 31 December 2022.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Charities and Not-for-profits Commisson Act 2012, Australian Accounting Standards' Simplified Disclosures and Accounting Interpretations and requirements of the Australian Independent Schools NSW Block Grant Authority and other providers of funds.

Seventh-day Adventist Schools (Greater Sydney) Trust is a not-for-profit entity and domiciled in Australia.

The financial report is presented in Australian currency which is also the functional currency of the Trust.

The financial statements for the year ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 30 May 2023.

Comparative figues in the statement of cash flows were adjusted to conform with the current year's presentation.

2 Change in Accounting Policy

New and amended standards adopted

The Trust has now adopted:

- AASB 1060 General Purpose Financial Statements - Simplified Disclosures of For-Profit and Not-for-Profit Tier 2 Entities.
- AASB 2021-1 Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosure for Not-for-Profit Entities, and

2 Change in Accounting Policy (continued)

New and amended standards adopted (continued)

- the revised Conceptual Framework for Financial Reporting

for the first time in these financial statements. These standards update the mandatory presentation and disclosure to be made in a general purpose financial report for Tier 2 reporting entities.

Apart from the change in presentation and disclosure requirements, the adoption of AASB 1060 and AASB 2021-1 has had no material impact on the trust and there is no change to the recognition and measurement applied in the statements of financial position, profit or loss and other comprehensive income and cash flows of the trust because the trust 's previous financial statements complied with Australian Accounting Standards - Reduced Disclosure Requirements.

The Trust has adopted all of the other new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Trust in either the current or prior financial reporting periods.

New and revised standards and interpretations that are issued are active

No new revised standards and interpretations that have been issued but not yet effective have been adjusted early. Any amendments arising from these changes will not have a significant impact on the Trust's financial statements.

3 Retrospective restatement

(a) A prior year adjustment has been reflected in the 2021 comparatives. The prior adjustment results from the incorrect treatment of leases for computer equipment which were previously treated as out of scope of AASB 16 Leases. The effect of the changes for 2021 is set out below and the impact of the leases is carried forward into 2022. The leases had an immaterial impact on the financial statements prior to 2021 and therefore only 2021 has been restated. AASB 16 requires the recognition of a right to use asset and a lease liability as set out in accounting policy 3(k)

The aggregate effect of the error on the annual financial statements for the year ended 31 December 2022 is as follows:

		31 December 2021	
	Previously stated	Adjustments	Restated
	$	$	$
Statement of Profit or Loss and Other Comprehensive Income			
Administrative expenses	(10,676,319)	540,364	(10,135,955)
Finance costs	(1,567,236)	(26,992)	(1,594,228)
Depreciation expenses	(2,980,077)	(476,230)	(3,456,307)
Other comprehensive income	4,707,071	37,142	4,744,213
Statement of Financial Position			
Right-of-use assets	39,180,861	936,701	40,117,562
Liabilities - current	2,348,420	569,949	2,918,369
Liabilities - non-current	37,213,755	329,609	37,543,364
Denominational equity	25,421,046	37,143	25,458,189

4 Accounting policies

(a) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

(b) Basis of preparation

The financial statements comply with Australian Accounting Standards.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(c) Economic dependence

Seventh-day Adventist Schools (Greater Sydney) Trust is dependent on the Department of Education - NSW Government for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the Department of Education - NSW Government will not continue to support Seventh-day Adventist Schools (Greater Sydney) Trust.

(d) Cash and cash equivalents

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

(e) Inventories

Except as stated below inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

Inventories held for distribution are measured at cost adjusted for loss of service potential.

(f) Property, plant and equipment

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

The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

Items of Plant and Equipment are not capitalised unless their values exceed $1,000 per item or $1,000 per sub-class.

4 Accounting policies (continued)

(f) Property, plant and equipment (continued)

Depreciation

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

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

Class of asset	
Furniture, fixtures and fittings	10-33.33%
Motor vehicles	10-15%
Library books	25%
Right-of-use assets	2.5-10%

(g) Impairment of assets

At each reporting date, the Trust reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs or the depreciable replacement cost thereof.

(h) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Employee benefits

Provision is made for the Trust's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cashflows.

4 Accounting policies (continued)

(i) Employee benefits (continued)

Personal leave

Some employees have a non-vesting entitlement to personal leave. However, this is excluded from the provision.

(j) Finance costs

All finance costs are recognised as expenses in the period in which they are incurred.

(k) Leases

At the lease commencement, the Trust recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Trust believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Trust's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Trust's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The entity's leases are for property leases, solar panels and demountables. Lease terms range from 18months to 20 years.

In prior years, the property lease was recorded under note 16: Occupancy expenses as property usage fees. However, with the introduction of AASB 16 Leases beginning for the period 1 January 2019, this is a property lease held with the Greater Sydney Conference of the Seventh-day Adventist Church under a 20 year lease term.

Exceptions to lease accounting

The Trust has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Trust

4 Accounting policies (continued)

(k) Leases (continued)

recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Revenue

Revenue arises mainly from student tuition fees and government funding received from State and Federal government.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Trust expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Trust have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Revenue is recognised when the Trust is legally entitled to the revenue and the amount can be quantified with reasonable accuracy. Revenue is recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Student tuition and other receipts from students

Student tuition fees and other receipts from students are recognised over-time, during the period in which the provision of educational or other services occur. A contract liability is recognised for fees received in advance.

Grant funding and capital income

General grants which do not impose specific performance obligations on the Trust are recognised as income when the Trust obtains control of those funds, which is generally when the funds are received.

Grant funding from State and Federal governments which contain specific conditions or performance obligations on the use of such funds will be recognised as and when the Trust satisfies its performance obligations. A contract liability will be recognised for unspent grant funds for which a

4 Accounting policies (continued)

(l) Revenue (continued)

refund obligation exists in relation to the funding period.

Grants that require the Trust to acquire or construct a recognisable non-financial asset to identified specifications that will be controlled by the Trust are recognised as income when the Trust satisfies its obligations under the grant.

Trading revenue

Revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred or the service provided.

Donations and appropriations

Donations and appropriations are recognised as revenue when the Trust gains control, economic benefits are probable and the amount of the donation or appropriation can be measured reliably. No amounts are included for in-kind donations.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

(m) Foreign currency transactions and balances

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement Of Financial Position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

4 Accounting policies (continued)

(o) Financial instruments

Recognition and initial measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classifed 'at fair value through Profit or Loss', in which case transaction costs are expensed to surplus or deficit immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either amortised cost using the effective interest rate method, or fair value. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in surplus or deficit.

The Trust does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

4 Accounting policies (continued)

(o) Financial instruments (continued)

(i) Financial assets at fair value through surplus or deficit

Financial assets are classified at 'fair value through Profit or Loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in surplus or deficit.

(ii) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at cost.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At each reporting date, the Trust assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(p) Significant management judgement in applying accounting policies

Management 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 based on current trends and economic data, obtained both externally and within the Trust.

Key estimates

Impairment

The Trust assesses impairment at each reporting date by evaluating conditions specific to the Trust that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

For assets where value in use is based on depreciated replacement cost: Assets and/or cash generating units are assessed in accordance with the requirements of AASB 116 Property, Plant and Equipment.

4 Accounting policies (continued)

(p) Significant management judgement in applying accounting policies (continued)

Key judgments

Loss allowance for Expected Credit Losses

In making loss allowance of receivables the Trust uses the following criteria:

Family debts are considered doubtful where there is no repayment plan in place and:

- The student has left the school – 100% doubtful
- The oldest aged debt is between 9-12 months or 4 terms – 75% doubtful
- The oldest aged debt is between 6-9 months or 3 terms – 50% doubtful
- The oldest aged debt is between 3-6 months or 2 terms – 25% doubtful
- The oldest aged debt is less than 3 months – 0%

However if there is a reasonable repayment plan in place and:

- The months to clear outstanding debt is less than 24 months – 25% doubtful
- The months to clear outstanding debt is between 24-36 months – 50% - 100% doubtful
- The months to clear outstanding debt is greater than 36 months – 100% doubtful

A reasonable repayment plan is assumed to mean the parent has adhered to the plan and not defaulted on payments. Regular default payments would be deemed as though no repayment plan existed at all.

Seventh-day Adventist Schools (Greater Sydney) Trust

Notes to the Financial Statements

For the Year Ended 31 December 2022

5 Tax

Seventh-day Adventist Schools (Greater Sydney) Limited, a Charitable Institution, is endorsed to access the following tax concessions:

Tax concession	From
GST Concession	01 July 2005
FBT Rebate	01 July 2005
Income Tax Exemption	01 January 2004
Payroll Tax Exemption	26 August 2009

The company operates the following Deductible Gift Recipient funds:

Name	From
Seventh-day Adventist Schools (Greater Sydney) Ltd Libraries	01 January 2004
Seventh-day Adventist Schools (Greater Sydney) Ltd Scholarship Fund	01 January 2009

6 Student tuition

	2022	2021
	$	$
Tuition fees	**18,732,736**	17,492,254
Full fee paying international students	**191,013**	290,840
Family discounts	**(1,975,540)**	(1,956,844)
SDA discounts	**(887,747)**	(966,695)
Fee assistance	**(485,175)**	(1,096,590)
Scholarships	**(159,566)**	(150,337)
Prompt payment discounts	**(724,799)**	(575,464)
	14,690,922	13,037,164

7 Other receipts from students

	2022	2021
	$	$
Other student fees	**2,872,658**	2,306,903
Sports activity revenue	**948,281**	557,318
	3,820,939	2,864,221

Seventh-day Adventist Schools (Greater Sydney) Trust

Notes to the Financial Statements

For the Year Ended 31 December 2022

8 Recurrent government grants

	2022	2021
	$	$
Commonwealth Government recurrent grants	**28,653,411**	25,927,568
State Government recurrent grants	**7,876,490**	7,244,458
Commonwealth targeted	**28,710**	6,620
Other Commonwealth grants	**41,958**	45,273
State interest subsidy	**20,126**	9,932
Other state grants	**625,922**	567,823
	37,246,617	33,801,674

9 Capital income

	2022	2021
	$	$
Block Grant Authority (BGA) grants	**-**	225,000
Other capital donations	**226,492**	135,591
	226,492	360,591

10 Trading revenue

	2022	2021
	$	$
Uniform shop	**310,298**	287,431
Buses	**782,842**	555,491
Canteen	**476,026**	291,751
Early childhood	**2,137,907**	2,192,721
	3,707,073	3,327,394

11 Investment income

	2022	2021
	$	$
Interest revenue from banks	**1,760**	6,876
Distribution from Cash Management Facility	**236,577**	49,291
	238,337	56,167

12 Appropriations received

	2022	2021
	$	$
Conference tithe appropriation	**784,054**	758,489
Property usage appropriation	**3,214,113**	2,994,789
	3,998,167	3,753,278

13 Administrative costs

	2022	Restated 2021
	$	$
Wages and allowances	**5,107,560**	4,861,563
Conference appropriation	**-**	225,000
Shared services	**2,178,270**	1,845,346
Other expenses	**4,097,074**	3,204,046
	11,382,904	10,135,955

14 Tuition expenses

	2022	2021
	$	$
Wages and allowances	**32,485,072**	30,150,125
Other expenses	**2,522,409**	1,831,576
	35,007,481	31,981,701

15 Trading expenses

	2022	2021
	$	$
Uniform shop	**264,924**	247,971
Buses	**1,773,400**	1,219,691
Canteen	**564,463**	338,146
Early childhood	**2,136,496**	1,892,786
	4,739,283	3,698,594

16 Occupancy expenses

	2022	2021
	$	$
Repairs and maintenance	**2,044,716**	1,821,995
Other occupancy expenses	**401,759**	337,683
	2,446,475	2,159,678

17 Finance costs

	2022	Restated 2021
	$	$
Interest expense	**1,835,774**	1,594,228
	1,835,774	1,594,228

18 Depreciation expenses

	2022	Restated 2021
	$	$
Depreciation of property, plant and equipment	**1,166,531**	692,823
Depreciation of right-of-use assets	**2,941,597**	2,763,483
	4,108,128	3,456,306

19 Cash and cash equivalents

		2022	2021
		$	$
Cash on hand		**6,910**	8,409
Cash at bank		**874,163**	425,214
Cash Management Facility call deposits	19(a)	**7,750,946**	5,254,161
		8,632,019	5,687,784

(a) Cash Management Facility

In order to ensure that denominational funds in hand are always fully utilised, the South Pacific Division of the Seventh-day Adventist Church has established Division CCMF Limited to provide facilities for their pooling. Funds deposited in the Cash Management Facility operated by that company are unsecured but are available at call. Distributions, paid quarterly to participating denominational entities, are disclosed together with investment income.

19 Cash and cash equivalents (continued)

(b) Reconciliation of cash

	2022	2021
	$	$
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	**8,632,019**	5,687,784
	8,632,019	5,687,784

20 Trade and other receivables

Current

	2022	2021
	$	$
Denominational entities	**53,426**	90,916
Employees receivables	**12,189**	16,204
Student receivables	**3,798,202**	2,969,075
Loans to employees	**45,875**	22,021
Other receivables	**404,460**	217,378
Loss allowance for expected credit losses	**(2,853,754)**	(1,949,231)
	1,460,398	1,366,363

Non-current

	2022	2021
	$	$
Denominational entities	**48,891,704**	45,677,591
	48,891,704	45,677,591

Denominational entities

The balance of the denominational entities represents the interdenominational accounts as well as the buildings and land improvements which are held in the Conference's book.

20 Trade and other receivables (continued)

Allowance for expected credit losses

All amounts are short term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. All of the entity's trade and other receivables have been reviewed for indicators of impairment.

The only receivables that should be considered as trade receivables for this entity are those listed as 'Student Receivables' under the Current section of this note. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in administration expenses on the Statement of Profit or Loss and Other Comprehensive Income.

Receivables from denominational entities are considered to be recoverable in full and no other receivables are impaired. Movement in allowance for expected credit losses is as follows:

	2022	2021
	$	$
Balance at beginning of the year	**1,949,231**	1,920,488
Charge for the year	**979,162**	134,387
Amounts written off	**(74,640)**	(105,644)
Balance at end of the year	**2,853,753**	1,949,231

21 Inventories

	2022	2021
	$	$
Uniform shop	**643,281**	640,347
	643,281	640,347

22 Other assets

	2022	2021
	$	$
Prepayments	**613,448**	614,302
Accrued income	**8,412**	6,130
	621,860	620,432

23 Leases

(a) Right-of-use assets

	Property lease	Solar panels	Demountables	Total
	$	$	$	$
Balance at start of year	37,791,058	269,216	2,057,288	40,117,562
Additions	2,852,315	-	374,204	3,226,519
Depreciation expense	(2,390,788)	(38,169)	(512,640)	(2,941,597)
Balance at end of year	38,252,585	231,047	1,918,852	40,402,484

(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	2022	Restated 2021
	$	$
Not later than 12 months	**2,819,340**	2,918,369
Between 12 months and 5 years	**9,892,752**	9,758,520
Greater than 5 years	**28,032,497**	27,784,844
	40,744,589	40,461,733

24 Property, plant and equipment

Land and buildings used by the Trust are owned by Australasian Conference Association Limited (ACA) on behalf of the Greater Sydney Conference of the Seventh-day Adventist Church. ACA, at the request of the Conference, has permitted the Trust to use the property for an agreed fee to the Conference in conjunction with the activities of the Trust.

24 Property, plant and equipment (continued)

	2022 $	2021 $
Furniture, fixtures and fittings at cost	**8,711,757**	6,599,487
Accumulated depreciation	**(5,883,926)**	(4,884,990)
Total furniture, fixtures and fittings	**2,827,831**	1,714,497
Motor vehicles at cost	**1,997,266**	1,922,721
Accumulated depreciation	**(1,749,984)**	(1,676,210)
Total motor vehicles	**247,282**	246,511
Library books at cost	**1,444,869**	1,360,962
Accumulated depreciation	**(1,247,286)**	(1,153,465)
Total library books	**197,583**	207,497
Total property, plant and equipment	**3,272,696**	2,168,505

Movements in carrying amounts

	Furniture, fixtures and fittings $	Motor vehicles $	Library books $	Total $
Balance at 1 January 2022	6,599,487	1,922,721	1,360,962	9,883,170
Additions	2,112,270	74,545	83,907	2,270,722
Balance at 31 December 2022	8,711,757	1,997,266	1,444,869	12,153,892
Depreciation and Impairment losses				
Balance at 1 January 2022	(4,884,990)	(1,676,210)	(1,153,465)	(7,714,665)
Depreciation	(998,936)	(73,774)	(93,821)	(1,166,531)
Balance at 31 December 2022	(5,883,926)	(1,749,984)	(1,247,286)	(8,881,196)
Carrying amount	2,827,831	247,282	197,583	3,272,696

25 Intangible assets

Intellectual property used by the Trust are owned by Australasian Conference Association Limited (ACA) on behalf of the Greater Sydney Conference of the Seventh-day Adventist Church.

26 Trade and other payables

	2022 $	2021 $
Denominational entities	**256,759**	152,432
Student fees in advance	**21,310**	6,302
Other payables	**927,009**	890,129
Accrued expenses	**891,731**	361,219
Trade payables	**998,646**	680,496
	3,095,455	2,090,578

27 Financial liabilities

Current

	2022 $	2021 $
Denominational loan	**1,945,027**	1,945,027
	1,945,027	1,945,027

Non-current

	2022 $	2021 $
Denominational loan	**19,992,781**	19,228,200
	19,992,781	19,228,200

Denominational loan

The balance of the denominational loan represents the loans on the buidings which are held in the Conference's book.

Seventh-day Adventist Schools (Greater Sydney) Trust

28 Provisions

Current

	2022	2021
	$	$
Legal proceedings	**-**	100,000
Employee entitlements	**4,680,227**	4,133,603
Fringe benefits	**43,392**	58,962
	4,723,619	4,292,565

Non-current

	2022	2021
	$	$
Employee entitlements	**862,894**	903,247
	862,894	903,247

Movement of provisions

	Legal proceedings	Employee entitlements	Other provisions	Total
	$	$	$	$
Balance at 1 January 2022	100,000	5,036,850	58,962	5,195,812
Provisions made during the year	-	1,574,060	69,426	1,643,486
Provisions used during the year	(100,000)	(1,067,789)	(84,996)	(1,252,785)
Balance at 31 December 2022	-	5,543,121	43,392	5,586,513
Non-current	-	862,894	-	862,894
Current	-	4,680,227	43,392	4,723,619
Total	-	5,543,121	43,392	5,586,513

Provision for employee entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. 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 upon historical data.

The measurement and recognition criteria for employee benefits has been included in Note 3(i).

29 Other liabilities

	2022	2021
	$	$
Trust liabilities	**334,136**	263,352
Contract liabilities	**1,012,177**	852,680
	1,346,313	1,116,032

30 Reserves

Fixed asset replacement reserve

The fixed asset replacement reserve records funds to be used for the future purchase of plant and equipment. The Trust has a fixed asset replacement reserve of $827,826.

31 Denominational equity

The concept of ownership is not appropriate as all dispositions received by the Trust are to be applied to the charitable purposes set out in its constitution. While the constitution indicates that property and income is to be held and applied solely for the purposes of the Trust and of the Conference and of the Seventh-day Adventist Church (Greater Sydney) Limited, the property and income held belongs to the Company as Trustee of the purpose trust set out in the constitution. Hence all such dispositions received have been recorded as revenue regardless of intended use whether stipulated by the donor or not.

Consequently equity has been classified as retained earnings rather than as contributed equity and is termed Denominational Equity.

Capital management

When managing capital, management's objective is to ensure the Trust continues as a going concern. Management also aims to maintain a cost structure that ensures the lowest cost of capital available to the Trust.

Management also monitors working capital and liquidity in accordance with the recommendations as outlined in the South Pacific Division Working Policy FIN.10.10 *Working Capital*.

When the available working capital is less than the recommendations and/or the liquid assets on hand are inadequate to cover current liabilities and allocated funds, the Trust will make provision for covering such deficiencies in ensuing years in accordance with South Pacific Division Working Policy FIN.10.50 *Financial Control*.

The Trust has no other externally imposed capital management requirements.

There were no changes in the Trust's approach to capital management during the year.

32 Contingent liabilities

Various schools operated by the Trust have obtained building grants through the Association of Independent Schools New South Wales Block Grant Authority. In terms of the funding agreement between the Company and the Association of Independent Schools New South Wales Block Grant Authority, funds received are recognised as income to the Trust and then appropriated across to the Conference where the assets are held.

The Block Grant Authority retains the right to the repayment of the funds for a period of twenty years where the building ceases to be used for an approved purpose or is sold or otherwise disposed of. The amount of the funds that the Minister of Education (Commonwealth) may require to be repaid is calculated as the total funds paid to the school in relation to the approved asset multiplied by the number of years the approved project ceased to be used, divided by the 20 year period.

Funds received under the Federal Government's Building the Education Revolution are distributed as for normal block grants. Should the buildings cease to be used for an approved purpose, the Company is required to return 100% of the funds in the first half of the designated use period and then an amortised amount over the remaining years. The repayment terms vary depending on the size of the funding from as low as $75,000 spanning two years to over $1.5 million spanning 20 years as set by the Association of Independent Schools New South Wales Block Grant Authority.

It is not expected that any of the grants will need to be repaid as it is the Trust's plan to continue to operate the School for the foreseeable future.

A number of claims have been made against the Seventh-day Adventist Church in Australia to the Royal Commission into Institutional Responses to Child Sexual Abuse. It is uncertain how many of these claims relate to the Trust. The potential does exist that the Trust will need to provide redress on some of these claims. At the date of this report the number of claims applicable to the Trust and the value of redress is uncertain.

33 Related party transactions

The Trust's related parties include its key management personnel, employees and related entities.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

During 2022 the Trust incurred costs amounting to $3,717,074 (2021: $3,855,902) from the Seventh-day Adventist Church (Greater Sydney Conference) Limited. Four responsible parties are common with this entity. The amounts billed by the Trust, related to this entity are $1,190,890 (2021: $988,410). The amounts are based on normal market rates and the amount payable at reporting date is $185,255 (2021: $59,080 payable).

During 2022, the Trust incurred costs amounting to $13,562 (2021: $48,500) from the Seventh-day Adventist Church (Greater Sydney Conference). Four responsible parties are common with this entity. The amounts billed by the Trust, related to this entity are $6,704 (2021: $48,851). The amounts are based on normal market rates and the amount payable at reporting date is $1,747 (2021: $198 payable).

During 2022, the Trust incurred costs amounting to $0 (2021: $0) from the Seventh-day Adventist Aged

33 Related party transactions (continued)

Care (Greater Sydney) Ltd. Four responsible parties are common with this entity. The amounts billed by the Trust, related to this entity are $11,422 (2021: $0). The amounts are based on normal market rates and the amount receivable at reporting date is $2,256 (2021: $0).

During 2022, the Trust incurred costs amounting to $931,521 (2021: $1,097,894) from the Seventh-day Adventist Church (AUC) Limited. Three responsible parties are common with this entity. The amounts billed by the Trust, related to this entity are $104,387 (2021: $243,299). The amounts are based on normal market rates and the amount payable at reporting date is $78 (2021: $1,469 receivable).

During 2022, the Trust incurred costs amounting to $21,576 (2021: $25,904) from the Seventh-day Adventist Schools (South New South Wales Schools). Two responsible parties are common with this entity. The amounts billed by the Trust, related to this entity are $107,755 (2021: $91,303). The amounts are based on normal market rates and the amount receivable at reporting date is $11,178 (2021: $14,410 receivable).

34 Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Trust is $330,306 (2021: $343,983).

35 Cash Flow Information

Reconciliation of cash flow from operations with surplus

	2022 $	2021 $
Net surplus	**5,009,705**	4,707,071
Non-cash flows in surplus		
Depreciation	**4,108,129**	2,980,077
Changes in assets and liabilities		
(Increase) in trade and term receivables	**(3,097,393)**	(2,306,665)
Decrease/(increase) in prepayments	**854**	(34,343)
(Increase) in inventories	**(2,934)**	(218,162)
(Increase)/decrease in other assets	**(2,282)**	18,427
Increase in trade payables and accruals	**2,901,119**	1,934,727
Increase in trust funds	**70,784**	15,434
Increase in provisions	**390,701**	367,494
Cash flows from operating activities	**9,378,683**	7,464,060

36 Events after the balance sheet date

No events have taken place which will have materaial effect on this financial report.

37 Remuneration of auditors

	2022	2021
	$	$
Audit Services - Grant Thornton	**61,900**	57,000
Total	**61,900**	57,000

38 Company details

The registered office of the Trustee company is:

148 Fox Valley Road

Wahroonga NSW 2076

Seventh-day Adventist Schools (Greater Sydney) Trust

Responsible Entities' Declaration

The Responsible Entities of the Trustee company declare that:

1. The financial statements and notes, as set out on pages 1 to 29:

   (a) comply with Australian Accounting Standards - Simplified Disclosures including the Australian Accounting interpretations and the Australia Charities and Not-for-Profits Commission Regulation 2013; and

   (b) give a true and fair view of the financial position as at 31 December 2022 and of its performance of the year ended on that date.

2. In the Responsible Entities' opinion, there are reasonable grounds to believe that the Trust 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 Responsible Entities of the Trustee Company:

Director ....

Dated 30/05/2023

Grant Thornton

Grant Thornton Audit Pty Ltd
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Sydney NSW 2000
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1230

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Independent Auditor's Report

To the Trustees of Seventh-Day Adventist Schools (Greater Sydney) Trust

Report on the audit of the financial report

Opinion

We have audited the financial report of Seventh-Day Adventist Schools (Greater Sydney) Trust (the "Registered Entity"), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Responsible Entities' (Trustees') declaration.

In our opinion, the financial report of Seventh-Day Adventist Schools (Greater Sydney) Trust has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Registered Entity's financial position as at 31 December 2022 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

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 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.

Responsibilities of the Trustees for the financial report

The Trustees of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities,* the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Trustees are responsible for overseeing the Registered Entity's financial reporting process.

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.

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

- 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.
- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity'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 Entity to cease to continue as a going concern.
- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A G Rigele
Partner – Audit & Assurance

Sydney, 30 May 2023