Seventh-day Adventist Schools (Greater Sydney) Trust

Financial Statements

For the Year Ended 31 December 2023

Seventh-day Adventist Schools (Greater Sydney) Trust

For the Year Ended 31 December 2023

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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 2023

	Note	2023 $	2022 $
Student tuition	5	**15,434,668**	14,690,922
Other receipts from students	6	**4,486,657**	3,820,939
Recurrent government grants	7	**39,784,217**	37,246,617
Capital income	8	**1,678,547**	226,492
Trading revenue	9	**4,179,475**	3,707,073
Investment income	10	**734,577**	238,337
Other income		**644,180**	601,203
Appropriations received	11	**3,600,573**	3,998,167
Total income		**70,542,894**	64,529,750
Administrative costs	12	**(14,642,013)**	(11,382,904)
Tuition expenses	13	**(37,691,379)**	(35,007,481)
Trading expenses	14	**(4,873,777)**	(4,739,283)
Occupancy expenses	15	**(2,897,605)**	(2,446,475)
Finance costs	16	**(2,082,646)**	(1,835,774)
Depreciation expenses	17	**(4,196,673)**	(4,108,128)
Total expense		**(66,384,093)**	(59,520,045)
Net surplus		**4,158,801**	5,009,705
Other comprehensive income		**-**	-
Total comprehensive income for the year		**4,158,801**	5,009,705

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 2023

	Note	2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	18	**9,729,451**	8,632,019
Trade and other receivables	19	**1,460,470**	1,460,398
Inventories	20	**634,919**	643,281
Other assets	21	**786,043**	621,860
Total current assets		**12,610,883**	11,357,558
Non-current assets			
Trade and other receivables	19	**51,036,219**	48,891,704
Right-of-use assets	22(a)	**35,173,280**	40,402,484
Property, plant and equipment	23	**3,307,170**	3,272,696
Total non-current assets		**89,516,669**	92,566,884
TOTAL ASSETS		**102,127,552**	103,924,442
LIABILITIES			
Current liabilities			
Trade and other payables	25	**3,331,664**	3,095,455
Financial liabilities	26	**2,248,561**	1,945,027
Lease liabilities	22(b)	**2,687,050**	2,819,340
Provisions	27	**5,463,203**	4,723,619
Other liabilities	28	**1,592,739**	1,346,313
Total current liabilities		**15,323,217**	13,929,754
Non-current liabilities			
Financial liabilities	26	**17,027,193**	19,992,781
Lease liabilities	22(b)	**33,490,735**	37,925,249
Provisions	27	**913,842**	862,894
Total non-current liabilities		**51,431,770**	58,780,924
TOTAL LIABILITIES		**66,754,987**	72,710,678
NET ASSETS		**35,372,565**	31,213,764
EQUITY			
Reserves	29	**1,246,649**	827,826
Denominational equity	30	**34,125,916**	30,385,938
TOTAL EQUITY		**35,372,565**	31,213,764

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 2023

	Denominational Equity	Asset Replacement Reserve	Total
	$	$	$
Balance at 1 January 2023	**30,385,938**	**827,826**	**31,213,764**
Total comprehensive income for the year	**4,158,801**	**-**	**4,158,801**
Transfers to and from reserves			
- general reserves	**(418,823)**	**418,823**	**-**
Balance at 31 December 2023	**34,125,916**	**1,246,649**	**35,372,565**
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			
- general reserves	(44,813)	44,813	-
Balance at 31 December 2022	30,385,938	827,826	31,213,764

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

Seventh-day Adventist Schools (Greater Sydney) Trust

Statement of Cash Flows

For the Year Ended 31 December 2023

	Note	2023 $	2022 $
Cash from operating activities:			
Receipts from customers & others		**66,617,104**	59,965,873
Payments to suppliers and employees		**(58,270,551)**	(50,896,310)
Movements in trust funds		**197,456**	70,783
Investment income		**734,577**	238,337
Net cash provided by operating activities	35	**9,278,586**	9,378,683
Cash flows from investing activities:			
Acquisition of property, plant and equipment		**(1,262,592)**	(2,270,724)
Net cash used in investing activities		**(1,262,592)**	(2,270,724)
Cash flows from financing activities:			
Payment of lease liabilities		**(6,918,562)**	(4,163,724)
Net cash used in financing activities		**(6,918,562)**	(4,163,724)
Net increase in cash and cash equivalents		**1,097,432**	2,944,235
Cash and cash equivalents at beginning of year		**8,632,019**	5,687,784
Cash and cash equivalents at end of year	18	**9,729,451**	8,632,019

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 2023 to 31 December 2023.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Charities and Not-for-profits Commission Act 2012, Charitable Fundraising Act 1991, Australian Accounting Standards' Simplified Disclosures, Australian Accounting Interpretations and other authoriative pronouncements of the Australian Accounting Standards Board, 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 2023 were approved and authorised for issue by the Board of Directors on 16 April 2024.

Comparative figures 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 adopted all of the 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.

2 Change in Accounting Policy (continued)

New and revised standards and interpretations that are issued but not yet effective

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2024. New and revised standards and interpretations that are issued but not yet effective are not expected to have any significant impact on the financial performance or position of the Trust.

3 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.

3 Accounting policies (continued)

(f) Property, plant and equipment (continued)

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

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.

3 Accounting policies (continued)

(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.

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.

3 Accounting policies (continued)

(k) Leases (continued)

In prior years, the property lease was recorded under note 15: 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 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

3 Accounting policies (continued)

(l) Revenue (continued)

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 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

3 Accounting policies (continued)

(m) Foreign currency transactions and balances (continued)

Transactions and balances (continued)
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.

(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

3 Accounting policies (continued)

(o) Financial instruments (continued)

(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.

(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

3 Accounting policies (continued)

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

Key estimates (continued)

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.

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 and the oldest aged debt over 4 terms– 100% doubtful
- The oldest aged debt is between 9-12 months – 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.

4 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

5 Student tuition

	2023 $	2022 $
Tuition fees	**19,752,396**	18,732,736
Full fee paying international students	**250,054**	191,013
Family discounts	**(1,997,670)**	(1,975,540)
SDA discounts	**(861,773)**	(887,747)
Fee assistance	**(866,788)**	(485,175)
Scholarships	**(160,531)**	(159,566)
Prompt payment discounts	**(681,020)**	(724,799)
	15,434,668	14,690,922

6 Other receipts from students

	2023 $	2022 $
Other student fees	**3,180,417**	2,872,658
Sports activity revenue	**1,306,240**	948,281
	4,486,657	3,820,939

Seventh-day Adventist Schools (Greater Sydney) Trust

Notes to the Financial Statements

For the Year Ended 31 December 2023

7 Recurrent government grants

	2023	2022
	$	$
Commonwealth Government recurrent grants	**31,076,630**	28,653,411
State Government recurrent grants	**8,255,068**	7,876,490
Commonwealth targeted	**8,020**	28,710
Other Commonwealth grants	**44,583**	41,958
State interest subsidy	**20,839**	20,126
Other state grants	**379,077**	625,922
	39,784,217	37,246,617

8 Capital income

	2023	2022
	$	$
Block Grant Authority (BGA) grants	**1,220,000**	-
Other capital donations	**458,547**	226,492
	1,678,547	226,492

9 Trading revenue

	2023	2022
	$	$
Uniform shop	**317,014**	310,298
Buses	**827,665**	782,842
Canteen	**577,788**	476,026
Early childhood	**2,457,008**	2,137,907
	4,179,475	3,707,073

10 Investment income

	2023	2022
	$	$
Interest revenue from banks	**2,333**	1,760
Distribution from Cash Management Facility	**732,244**	236,577
	734,577	238,337

11 Appropriations received

	2023	2022
	$	$
Conference tithe appropriation	**668,624**	784,054
Property usage appropriation	**2,931,949**	3,214,113
	3,600,573	3,998,167

12 Administrative costs

	2023	2022
	$	$
Wages and allowances	**6,134,135**	5,107,560
Conference appropriation	**1,220,000**	-
Shared services	**2,333,148**	2,178,270
Other expenses	**4,954,730**	4,097,074
	14,642,013	11,382,904

13 Tuition expenses

	2023	2022
	$	$
Wages and allowances	**34,841,069**	32,485,072
Other expenses	**2,850,310**	2,522,409
	37,691,379	35,007,481

14 Trading expenses

	2023	2022
	$	$
Uniform shop	**366,023**	264,924
Buses	**1,807,715**	1,773,400
Canteen	**584,731**	564,463
Early childhood	**2,115,308**	2,136,496
	4,873,777	4,739,283

15 Occupancy expenses

	2023	2022
	$	$
Repairs and maintenance	**2,502,774**	2,044,716
Other occupancy expenses	**394,831**	401,759
	2,897,605	2,446,475

16 Finance costs

	2023	2022
	$	$
Interest expense	**2,082,646**	1,835,774
	2,082,646	1,835,774

17 Depreciation expenses

	2023	2022
	$	$
Depreciation of property, plant and equipment	**1,228,118**	1,166,531
Depreciation of right-of-use assets	**2,968,555**	2,941,597
	4,196,673	4,108,128

18 Cash and cash equivalents

		2023	2022
		$	$
Cash on hand		**6,910**	6,910
Cash at bank		**2,463,259**	874,163
Cash Management Facility call deposits	18(a)	**7,259,282**	7,750,946
		9,729,451	8,632,019

(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.

18 Cash and cash equivalents (continued)

(b) Reconciliation of cash

	2023	2022
	$	$
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	**9,729,451**	8,632,019
	9,729,451	8,632,019

19 Trade and other receivables

Current

	2023	2022
	$	$
Denominational entities	**264,534**	53,426
Employees receivables	**29,393**	12,189
Student receivables	**4,049,474**	3,798,202
Loans to employees	**16,330**	45,875
Other receivables	**285,776**	404,460
Allowance for expected credit losses	**(3,185,037)**	(2,853,754)
	1,460,470	1,460,398

Non-current

	2023	2022
	$	$
Denominational entities	**51,036,219**	48,891,704
	51,036,219	48,891,704

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 and the loan is non - interest bearing.

19 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 expected credit loss 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:

	2023	2022
	$	$
Balance at beginning of the year	**2,853,753**	1,949,231
Charge for the year	**635,083**	979,162
Amounts written off	**(303,799)**	(74,640)
Balance at end of the year	**3,185,037**	2,853,753

20 Inventories

	2023	2022
	$	$
Uniform shop	**634,919**	643,281
	634,919	643,281

21 Other assets

	2023	2022
	$	$
Prepayments	**783,793**	613,448
Accrued income	**2,250**	8,412
	786,043	621,860

22 Leases

(a) Right-of-use assets

	Property lease	Solar panels	Demountables	Equipments	Total
	$	$	$	$	$
Balance at start of year	38,252,585	231,047	1,486,566	432,286	40,402,484
Additions	-	-	-	1,641,739	1,641,739
Depreciation expense	(2,146,889)	(38,169)	(39,840)	(743,657)	(2,968,555)
Adjustments	(3,902,388)	-	-	-	(3,902,388)
Balance at end of year	32,203,308	192,878	1,446,726	1,330,368	35,173,280

(b) Lease liabilities

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

	2023	2022
	$	$
Not later than 12 months	**2,687,050**	2,819,340
Between 12 months and 5 years	**7,341,549**	9,892,852
Greater than 5 years	**26,149,186**	28,035,497
	36,177,785	40,747,689

The movement schedule of lease liabilities is shown as below:

	Property lease	Solar Panel	Demountables	Equipments	Total
	$	$	$	$	$
Opeing Balance	39,610,685	86,208	718,078	332,718	40,747,689
Interest	955,490	2,191	26,352	4,073	988,106
Adjustments	(3,566,982)	-	-	1,641,739	(1,925,243)
Repayment	(2,857,061)	(82,392)	(327,836)	(365,478)	(3,632,767)
Closing Balance	**34,142,132**	**6,007**	**416,594**	**1,613,052**	**36,177,785**

23 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.

	2023	2022
	$	$
Furniture, fixtures and fittings at cost	**9,412,672**	8,711,757
Accumulated depreciation	**(6,931,746)**	(5,883,926)
Total furniture, fixtures and fittings	**2,480,926**	2,827,831
Motor vehicles at cost	**2,480,234**	1,997,266
Accumulated depreciation	**(1,843,534)**	(1,749,984)
Total motor vehicles	**636,700**	247,282
Library books at cost	**1,523,578**	1,444,869
Accumulated depreciation	**(1,334,034)**	(1,247,286)
Total library books	**189,544**	197,583
Total property, plant and equipment	**3,307,170**	3,272,696

Movements in carrying amounts

	Furniture, fixtures and fittings	Motor vehicles	Library books	Total
	$	$	$	$
Balance at 1 January 2023	8,711,757	1,997,266	1,444,869	12,153,892
Additions	700,915	482,968	78,709	1,262,592
Balance at 31 December 2023	9,412,672	2,480,234	1,523,578	13,416,484
Depreciation and Impairment losses				
Balance at 1 January 2023	(5,883,926)	(1,749,984)	(1,247,286)	(8,881,196)
Depreciation	(1,047,820)	(93,550)	(86,748)	(1,228,118)
Balance at 31 December 2023	(6,931,746)	(1,843,534)	(1,334,034)	(10,109,314)
Carrying amount	2,480,926	636,700	189,544	3,307,170

24 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.

25 Trade and other payables

	2023	2022
	$	$
Denominational entities	**838,058**	256,759
Student fees in advance	**4,474**	21,310
Other payables	**1,188,302**	927,009
Accrued expenses	**352,262**	891,731
Trade payables	**948,568**	998,646
	3,331,664	3,095,455

26 Financial liabilities

Current

	2023	2022
	$	$
Denominational loan	**2,248,561**	1,945,027
	2,248,561	1,945,027

Non-current

	2023	2022
	$	$
Denominational loan	**17,027,193**	19,992,781
	17,027,193	19,992,781

Denominational loan

The balance of the denominational loan represents the loans on the buidings which are held in the Conference's book and the loan is non - interest bearing.

27 Provisions

Current

	2023 $	2022 $
Legal proceedings	**75,000**	-
Employee entitlements	**5,343,936**	4,680,227
Fringe benefits	**44,267**	43,392
	5,463,203	4,723,619

Non-current

	2023 $	2022 $
Employee entitlements	**913,842**	862,894
	913,842	862,894

Movement of provisions

	Legal proceedings $	Employee entitlements $	Other provisions $	Total $
Balance at 1 January 2023	**-**	**5,543,121**	**43,392**	**5,586,513**
Provisions made during the year	**75,000**	**1,595,996**	**68,422**	**1,739,418**
Provisions used during the year	**-**	**(881,339)**	**(67,547)**	**(948,886)**
Balance at 31 December 2023	**75,000**	**6,257,778**	**44,267**	**6,377,045**
Non-current	**-**	**913,842**	**-**	**913,842**
Current	**75,000**	**5,343,936**	**44,267**	**5,463,203**
Total	**75,000**	**6,257,778**	**44,267**	**6,377,045**

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).

28 Other liabilities

	2023	2022
	$	$
Trust liabilities	**531,592**	334,136
Contract liabilities	**1,061,147**	1,012,177
	1,592,739	1,346,313

29 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 $1,246,649.

30 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.

31 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.

The Westpac confirmation showed

a. credit card facility of $100,000, with unused facility of $82,256.04 at year end

b. transaction negotiation authority facility of $1,080,000, the whole of which was unused at year end

32 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 2023 the Trust incurred costs amounting to $3,584,866 (2022: $3,717,07) 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 $1,096,115 (2022: $1,190,890). The amounts are based on normal market rates and the amount payable at reporting date is $386,558 (2022: $185,255 payable).

32 Related party transactions (continued)

During 2023, the Trust incurred costs amounting to $18,192 (2022: $13,5620) 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 $5,754 (2022: $6,7041). The amounts are based on normal market rates and the amount payable at reporting date is $44,883 (2022: $1,747 payable).

During 2023, the Trust incurred costs amounting to $0 (2022: $0) from the Seventh-day Adventist Aged Care (Greater Sydney) Ltd. Four responsible parties are common with this entity. The amounts billed by the Trust, related to this entity are $12,993 (2022: $11,422). The amounts are based on normal market rates and the amount receivable at reporting date is $0 (2022: $2,256 payable).

During 2023, the Trust incurred costs amounting to $802,425 (2022: $931,521) 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 $11,299 (2022: $104,387). The amounts are based on normal market rates and the amount payable at reporting date is $72,880 (2022: $78 payable).

During 2023, the Trust incurred costs amounting to $512 (2022: $21,576) 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 $96,019 (2022: $107,755). The amounts are based on normal market rates and the amount receivable at reporting date is $6,613 (2022: $11,178 receivable).

33 Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Trust is $395,719 (2022: $330,306).

The board members act in an honorary capacity and receive no compensation for their services.

34 Charitable Fundraising Act 1991 disclosure

	2023 $	2022 $
Gross aggregate income received from fundraising		
Donation and gifts - monetary	84,605	77,632
Total Fundrasing income	**84,605**	**77,632**
Direct expenditure associated with fundraising appeals	(58,995)	(53,302)
Total Fundraising expense	**(58,995)**	**(53,302)**
Net surplus/(deficit) from foundraising appeals	**25,610**	**24,330**

Any donations received where the use of those funds is restricted under the conditions of the contribution to specific purposes are applied for those specific purposes.

Cost of fundraising include all direct fundraising costs in accordance with the Act. The costs also include costs for processing unsolicited donations and the planning and development of future fundraising activities,

Any surplus arising from fundraising appeals applied to the charitable purpose of the Trust.

35 Cash Flow Information

Reconciliation of cash flow from operations with surplus

	2023 $	2022 $
Net surplus	**4,158,801**	5,009,705
Non-cash flows in surplus		
Depreciation	**4,196,673**	4,108,129
Changes in assets and liabilities		
(Increase) in trade and term receivables	**(2,144,587)**	(3,097,393)
(Increase)/decrease in prepayments	**(170,345)**	854
Decrease/(increase) in inventories	**8,362**	(2,934)
Decrease/(increase) in other assets	**6,162**	(2,282)
Increase in trade payables and accruals	**2,235,532**	2,901,119
Increase in trust funds	**197,456**	70,784
Increase in provisions	**790,532**	390,701
Cash flows from operating activities	**9,278,586**	9,378,683

36 Events after the balance sheet date

Determination from the investigation subsequent to the Section 83C audits has not been received. At this stage it is too early to predict the outcome of these proceeding or any impact on the financial or operational matters.

37 Remuneration of auditors

	2023 $	2022 $
Audit Services - Grant Thornton	**71,173**	61,900
Total	**71,173**	61,900

38 Company details

The registered office of the Trustee company is:

148 Fox Valley Road

Wahroonga NSW 2076

Declaration in accordance with the Charitable Fundraising Act 1991

On behalf of the trust, I declare that:

(a) the Trust is able to pay all of its debts as and when the debts become due and payable;

(b) the 31 December 2023 financial statements of the Trust satisfy the requirements of the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2021;

(c) the contents of the 31 December 2023 financial statement of the trust are True and fair: and

(d) the Trust has appropriate and effective internal controls.

This declaration is made in accordance with a resolution of the Board of Responsible Entities of the Trustee Company:

Director ....

Nadelle Manners (CFO)

Dated 20 May 2024

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 27:

   (a) comply with Australian Accounting Standards - Simplified Disclosures including the Australian Accounting interpretations and the Australia Charities and Not-for-Profits Commission Regulation 2022; and

   (b) give a true and fair view of the financial position as at 31 December 2023 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 .... Nadelle Manners (CFO)

Dated 20 May 2024

Grant Thornton Audit Pty Ltd
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383 Kent Street
Sydney NSW 2000
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Queen Victoria Building NSW 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 2023, 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 2023 and of its financial performance for the year then ended; and

b. complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 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, 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, 20 May 2024