

LUTHERAN EDUCATION SA, NT & WA

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

LUTHERAN EDUCATION SA, NT & WA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018

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LUTHERAN EDUCATION SA, NT & WA  
REPORT OF THE COUNCIL MEMBERS

The Council members present their report on the financial statements of the Association for the year ended 31 December 2018.

The following persons hold office as Council Members as at the date of this report:

- Darryl Trigg (Chair)
- Matt Schmidt (Vice Chair)
- John Proeve
- Rod Dissel
- Corrin Townsend
- Phil Zanker
- James Bormann

ACTIVITIES

The principal continuing activities of the association during the financial year were to provide support, encouragement and leadership for Lutheran learning communities as they fulfil their educational responsibilities within the context of the ministry of the Lutheran Church of Australia.

RESULTS

The net result of operations was a deficit of \$82,644 (2017 deficit of \$173,597).

SIGNIFICANT CHANGES

There were no significant changes in the state of affairs of the association which occurred during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no matters subsequent to the end of the Financial year.

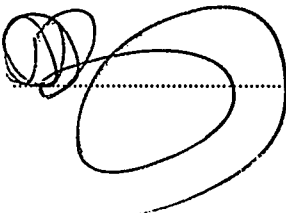
COUNCIL MEMBERS' BENEFITS

During the financial year:

- (i) no officer of the association;
- (ii) no firm in which an officer was a member; and
- (iii) no body corporate in which an officer has a substantial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the association and no officer has received either directly or indirectly from the association any payment or other benefit of a pecuniary value with the exception of a Council Member who received a salary as an employee of the association and a Council Member whose business provides services to the association, at normal commercial rates and terms.

Signed at Adelaide this <sup>15<sup>th</sup></sup> day of April 2019, in accordance with a resolution of Council Members.

 Council Member

..... C. K. Townsend Council Member

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE MEMBERS OF LUTHERAN EDUCATION SA, NT & WA**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.



Nexia Edwards Marshall  
Chartered Accountants



Jamie Dreckow  
Partner

Adelaide  
South Australia

30 April 2019

LUTHERAN EDUCATION SA, NT & WA  
 INCOME AND EXPENDITURE STATEMENT  
 FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue from Ordinary Activities	2	2,351,843	2,354,115
Employee Expenses		(1,933,959)	(1,765,089)
Depreciation Expenses		(55,541)	(34,227)
Finance Expenses		(6,383)	(33,307)
Other Expenses from Ordinary Activities		(438,604)	(695,089)
		(82,644)	(173,597)
Government grants received	2	173,623,507	158,877,064
Government grants distributed	2	(173,623,507)	(158,877,064)
Net Surplus / (Deficit) Attributable to the association		(82,644)	(173,597)
Accumulated Surplus at the beginning of the financial year		1,012,912	1,186,509
ACCUMULATED SURPLUS AT THE END OF THE FINANCIAL YEAR		\$ 930,268	\$ 1,012,912
Revaluation of Assets		259,151	-
TOTAL ACCUMULATED FUNDS AT THE END OF THE FINANCIAL YEAR		\$ 1,189,419	\$ 1,012,912

The accompanying notes form part of these financial statements.

LUTHERAN EDUCATION SA, NT & WA  
 STATEMENT OF FINANCIAL POSITION  
 AS AT 31 DECEMBER 2018

## ASSETS

CURRENT ASSETS	Note	2018 \$	2017 \$
Cash on Hand	3	(497,744)	1,066,917
Accounts Receivable and Other Debtors	4	1,588,650	81,144
Other Current Assets	5	122,619	220,660
<b>TOTAL CURRENT ASSETS</b>		<b>1,213,525</b>	<b>1,368,721</b>
<b>NON CURRENT ASSETS</b>			
Accounts Receivable and Other Debtors	4	14,777,233	4,627,659
Property, Plant & Equipment	6	1,363,864	1,146,588
<b>TOTAL NON CURRENT ASSETS</b>		<b>16,141,097</b>	<b>5,774,247</b>
<b>TOTAL ASSETS</b>		<b>17,354,622</b>	<b>7,142,968</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Other Payables	7	1,933,518	1,400,987
Financial Liabilities	8	1,883,726	3,608,927
Short Term Employee Provisions	9	535,875	500,311
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,353,119</b>	<b>5,510,225</b>
<b>NON CURRENT LIABILITIES</b>			
Financial Liabilities	8	11,793,314	593,286
Long Term Employee Provisions	9	18,770	26,545
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>11,812,084</b>	<b>619,831</b>
<b>TOTAL LIABILITIES</b>		<b>16,165,203</b>	<b>6,130,056</b>
<b>NET ASSETS</b>		<b>\$ 1,189,419</b>	<b>\$ 1,012,912</b>
<b>ACCUMULATED FUNDS</b>			
Accumulated Surplus		930,268	1,012,912
Reserves	19	259,151	-
<b>TOTAL ACCUMULATED FUNDS</b>		<b>\$ 1,189,419</b>	<b>\$ 1,012,912</b>

The accompanying notes for part of these financial statements.

## LUTHERAN EDUCATION SA, NT &amp; WA

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Accumulated Surplus \$	Reserves	2017 Total Accumulated Funds \$
Balance as at 1 January 2017		1,186,509	-	1,186,509
Net Surplus / (Deficit) from Association's Activities		(173,597)		(173,597)
Increase / (Decrease) in Reserves			-	0
Balance as at 31 December 2017		<u>\$ 1,012,912</u>	<u>-</u>	<u>\$ 1,012,912</u>
		Accumulated Surplus \$	Reserves	2018 Total Accumulated Funds \$
Balance as at 1 January 2018		1,012,912	-	1,012,912
Net Surplus / (Deficit) from Association's Activities		(82,644)		(82,644)
Increase / (Decrease) in Reserves			259,151	259,151
Balance as at 31 December 2018		<u>\$ 930,268</u>	<u>\$ 259,151</u>	<u>\$ 1,189,419</u>

The accompanying notes form part of these financial statements.

## LUTHERAN EDUCATION SA, NT &amp; WA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 \$	2017 \$
	Note	Inflows (Outflows)	Inflows (Outflows)
Cash flows from Operating Activities:			
Receipts			
LSA Levies		2,160,893	2,159,925
Interest Received		168,452	176,971
Conference income		13,625	16,287
Sundry income		8,873	932
Receipts from Government Grants			
Commonwealth Government Recurrent Grants		138,903,805	132,542,243
State Government Recurrent Grants		32,542,981	24,178,681
DECD Kindy Grants		2,176,721	2,156,140
Payments			
Wages & Salaries and Salary Related Charges		(1,933,959)	(1,765,089)
Suppliers		(1,287,749)	(457,921)
Government grant distributions		(173,623,507)	(158,877,064)
Interest & Bank Charges		(6,383)	(33,307)
Net Cash flows provided by (used in) Operating Activities	11	(876,248)	97,798
Cash flows from Investing Activities:			
Payments for Property, Furniture, Plant and Equipment		(13,666)	(46,651)
Proceeds from Sale of Property, Furniture, Plant and Equipment		-	-
Net Cash flows provided by (used in) Investing Activities		(13,666)	(46,651)
Cash flows from Financing Activities:			
Loan Repayments		(3,025,174)	(30,125)
Loan Advances		12,500,000	4,000,000
Loans paid to Schools in need		(10,149,574)	(4,627,659)
Net Cash flows provided by (used in) Financing Activities		(674,748)	(657,784)
Net Increase/(Decrease) in cash held		(1,564,662)	(606,637)
Cash at the Beginning of the year		1,066,917	1,673,554
Cash at the end of the year	11	(497,744)	\$ 1,066,917

The accompanying notes form part of these financial statements.



## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are special purpose financial statements that have been prepared for distribution to the Council Members to fulfil the Council Members' financial accountability requirements under the Association's Constitution, the Associations Incorporation Act, 1985 (SA), the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013. The Council Members have determined that the Association is not a reporting entity.

The accounting policies used in the preparation of the financial statements are described below. They are consistent with the previous period unless otherwise stated and, are in the opinion of the Council, appropriate to meet the needs of the Association and the Council Members.

## (a) Basis of Accounting

The financial statements, except for the cash flow information, have been prepared on an accruals basis of accounting including the historical cost convention and the going concern assumption and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

## (b) Cash on Hand

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

## (c) Inventories on Hand

The association does not have any inventories.

## (d) Property, Plant and Equipment

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

## Cost and Valuation

Leasehold improvements, furniture, plant and equipment are recorded at cost and or Council Members' valuation. Any surplus on revaluation is credited directly to the asset revaluation reserve and excluded from the Income and Expenditure Statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Any gain or loss on the disposal of revalued assets is determined as the difference between the carrying value of the asset at the time of disposal and the proceeds from disposal, and is included in the results of the association in the year of disposal.

## Depreciation

All assets, excluding leasehold improvements, are depreciated over their useful lives to the association, commencing from the time the asset is held ready for use.

Depreciation value is provided on a straight line basis on all items of plant, equipment and motor vehicles at rates calculated to allocate the cost, less estimated residual value at the end of the useful lives of the assets, against revenue over their estimated useful lives.

Major depreciation periods are:	Term :	Rate :
- Furniture, plant and equipment	5 to 10 years	10% to 20%
- Computers	3 years	33.33%
- Motor Vehicles	10 years	10%
- Buildings	Not depreciated	0%

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

## (d) Property, Plant and Equipment (Cont)

## Valuation of Land

The Land at 137 Archer Street, North Adelaide, on which the association buildings and improvements are located, is owned by the Lutheran Church of Australia, SA & NT District Incorporated. The association has been granted continued use of the property whilst it continues to comply with the terms of the agreement with the Church. No valuation for the land is shown in the financial statements.

Buildings and improvements are shown at cost less, where applicable, any accumulated depreciation.

It is the association's policy to revalue buildings and improvements when appropriate. To date a revaluation has not been conducted. A valuation is likely to be undertaken in 2018.

## Insurance

All property, plant and equipment is insured with the LCA Insurance Fund.

## (e) Impairment of assets

At each reporting date the Council reviews the carrying value of tangible & intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost 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 income and expenditure statement.

## (f) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight - line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the operating result in equal installments over the lease term.

## (g) Income Tax

The Association is exempt from income tax under the provisions of Section 50-5 of the Income Tax Assessment Act 1997.

## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2018

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

## (h) Employee Entitlements

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured including their related on costs.

Annual leave for staff due at 31 December, where unpaid, is reflected in the financial statements as a provision.

Sick leave taken by employees is charged as an expense when incurred.

Provision is made for long service leave entitlement estimated to be payable to employees on the basis of statutory and contractual requirements. Long service leave entitlements are recognised from the commencement of employment and a provision is made for 100% of this cost. Vested entitlements (employees with more than 7 years service), are classified as current liabilities.

As at 31 December 2018 the Association has long service leave entitlements for employees with 7 or more years of service totalling \$363,794 (2017 \$374,858).

The long service leave provision includes 10.5% on costs for superannuation and workcover.

Within the Lutheran System of Schools there is full portability of leave entitlements for employees transferring from one Lutheran School entity to another Lutheran School entity. The total amount of portable long service leave at 31 December 2018 is \$382,564 (2017: \$401,403).

Under Clause 23.3 of the Lutheran Schools Enterprise Agreement 2015, an eligible employee commencing maternity leave is entitled to a Maternity Leave Payment equal to 14 weeks pay at her substantive rate (including PAR Allowance). In addition, the employee will accrue entitlements of Long Service Leave (2 days), Annual Leave (3 days) and superannuation (9.25%).

The association has not recognised a provision for maternity leave at 31 December 2018.

Sabbatical leave is provided by the association in accordance with employees' salary and condition guidelines

The contributions made to superannuation funds by the Association are charged as an expense.

## (i) Revenue and Other Income

The nature of the association's activities allows it to raise funds from operations, principally from levies and income on investments.

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

The association recognises levies income on an accruals basis. Under the accruals basis of accounting, levies represented by outstanding debts have been brought to account as trade debtors.

Grant income is brought to account in the association's Income and Expenditure Statement in the period to which the income relates.

Interest revenue is recognised on an entitlement or accruals basis and using the rate inherent in the financial instrument. Dividend revenue is recognised upon receipt of the distribution.

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

## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

## FOR THE YEAR ENDED 31 DECEMBER 2018

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

## (j) 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 Tax 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.

of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The amount of GST recoverable from the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in other receipts from customers or payments to suppliers.

## (k) Provisions

Provisions are recognised when the association 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. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## (l) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year, where required by accounting standards, or, as a result of changes in accounting policy.

## (m) Critical Accounting Estimates and Judgements

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

## (n) Economic Dependency

The future operations of the association are dependent upon member schools achieving & maintaining appropriate student enrolment numbers, the continuation of adequate funding from Australian & South Australian Governments in respect of operation & capital grants and the achievement of operating surpluses and positive operating cash flows.

## (o) Receivables

A number of schools within the LESNW system have been provided financial support by the LESNW to ensure their continued operation or meet creditor obligations in the event that the school has closed.

These receivables will be recovered through the future retention of SSF from each of the participating schools and or the sale of property.

	2018	2017
	\$	\$
Ocean Forest Lutheran College	13,872,543	2,743,374
Tanunda Lutheran School	-	1,269,028
Spring Head Lutheran School	904,690	615,257
	<hr/>	<hr/>
	\$ 14,777,233	\$ 4,627,659
	<hr/>	<hr/>

## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 2 SURPLUS (DEFICIT) FOR THE YEAR

	Note	2018 \$	2017 \$
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## (a) Revenue

(i) The surplus (deficit) for the year is arrived at after crediting the following revenue items:

## Crediting Revenue :

## Revenue

Levy income

2,160,893

2,159,925

---

 2,160,893

---

 2,159,925

## Other revenue:

Interest

168,452

176,971

Conference income

13,625

16,287

Other Income

8,873

932

---

 190,950

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 194,190

Total Operating Revenue from Ordinary Activities

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 \$ 2,351,843

---

 \$ 2,354,115

## (b) Expenditure

(i) The surplus (deficit) for the year is arrived at after charging the following expenditure items:

## Charging Expenses :

Auditors Remuneration

- Audit

15,700

13,700

Depreciation

55,541

34,227

Interest on Borrowings

6,383

33,307

## (c) Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance of the association.

## Significant Revenue :

Levies

2,160,893

2,159,925

Government Grants received

173,623,507

158,877,064

---

 Total Significant Revenue

---

 175,784,400

---

 161,036,989

## Significant Expenses :

Salaries and related expenses

1,933,959

1,765,089

Government Grants distributed

173,623,507

158,877,064

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 Total Significant Expenses

---

 175,557,466

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 160,642,153

Net Significant Revenue/(Expenses)

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 \$226,934

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 \$394,836

## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 CASH ON HAND	Note	2018 \$	2017 \$
Petty cash		300	300
LLL General Account		(1,442,082)	131,150
Westpac Term Deposit		51,341	51,341
LLL Long Service Leave Account		408,130	407,734
LLL Sabbatical Leave Account		484,567	476,392
	11	(497,744)	\$ 1,066,917
<hr/>			
4 ACCOUNTS RECEIVABLE AND OTHER DEBTORS		2018 \$	2017 \$
Current			
Trade Receivables :			
Debtors - grants and levies		199,491	8,944
Total Trade Receivables		199,491	8,944
Other Receivables :			
Accrued Income - Interest		89,159	72,200
Loans to Schools		1,300,000	-
Total Current Other Receivables		1,389,159	72,200
Non Current			
Other Receivables :			
Loans to Schools - Ocean Forest and Springhead		14,777,233	4,627,659
Total Non Current Other Receivables		14,777,233	4,627,659
Total Accounts Receivable and Other Debtors		\$ 16,365,883	\$ 4,708,803
<hr/>			
5 OTHER CURRENT ASSETS		2018 \$	2017 \$
Prepayments		\$ 122,619	220,660
Total Other Current Assets		\$ 122,619	\$ 220,660

## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2018

6	PROPERTY, PLANT AND EQUIPMENT	2018	2017
		\$	\$
	Buildings and Improvements at Cost	1,107,250	868,831
	2012 Internal Renovations	167,750	167,750
		<hr/>	<hr/>
		1,275,000	1,036,581
	Less Accumulated Depreciation	-	-
		<hr/>	<hr/>
		1,275,000	1,036,581
		<hr/>	<hr/>
	Furniture, Plant & Equipment and Motor Vehicles :		
	Furniture, Plant & Equipment at cost	294,547	280,880
	Accumulated Depreciation	(234,987)	(205,516)
		<hr/>	<hr/>
		59,560	75,364
		<hr/>	<hr/>
	Motor Vehicles at cost	42,717	42,717
	Accumulated Depreciation	(13,413)	(8,074)
		<hr/>	<hr/>
		29,304	34,643
		<hr/>	<hr/>
	Total Furniture, Plant & Equipment and Motor Vehicles	88,864	110,007
		<hr/>	<hr/>
	Total Property, Furniture, Plant and Equipment	\$ 1,363,864	\$ 1,146,588
		<hr/>	<hr/>
7	ACCOUNTS PAYABLE AND OTHER PAYABLES	2018	2017
		\$	\$
	Current		
	Kindergarten grants to be distributed	-	506
	Sundry creditors	69,808	152,872
	System Support Fund Liability	462,516	-
	Sabbatical Contributions	479,353	476,391
	FBT Payable	869	2,479
	GST Payable	909,032	677,860
	Accrued expenses	11,940	90,879
	GST Payable	-	-
		<hr/>	<hr/>
		\$ 1,933,518	\$ 1,400,987
		<hr/>	<hr/>

## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 FINANCIAL LIABILITIES	Note	2018 \$	2017 \$
Borrowings:			
Current			
Lutheran Laypeople's League of Australia Inc Loans - Secured		1,883,726	3,608,927
Total Current Borrowings		\$ 1,883,726	\$ 3,608,927
Non Current			
Lutheran Laypeople's League of Australia Inc Loans - secured		11,793,314	593,286
Total Non Current Borrowings		\$ 11,793,314	\$ 593,286
Total Current and Non Current Borrowings - Secured		\$ 13,677,040	\$ 4,202,213
9 EMPLOYEE PROVISIONS			
Current			
Employee Annual Leave Entitlements		142,081	95,453
Employee Long Service Leave Entitlements		363,794	374,858
Provision for Study Leave - Principal		30,000	30,000
		\$ 535,875	\$ 500,311
Non Current			
Employee Long Service Leave Entitlement		18,770	26,545
Total Employee's Leave Entitlements		\$ 554,645	\$ 526,856
10 CAPITAL AND LEASING COMMITMENTS			
(a) Operating Lease Commitments			
Non-cancellable operating leases contracted for, but not capitalised in the financial statements			
Operating Leases due:			
not later than 12 months		-	-
between 12 months and 5 years		-	-
greater than 5 years		-	-
		\$ -	\$ -

## (b) Capital Commitments

The association has commitments for capital expenditure, which at reporting date have not been recognised as liabilities of \$Nil (2017: \$Nil).



## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

## FOR THE YEAR ENDED 31 DECEMBER 2018

11 CASH FLOW INFORMATION	Note	2018 \$	2017 \$
(a) Reconciliation of Cash :			
Cash on Hand	3	(497,744)	1,066,917
Total Cash and Cash Equivalents		(497,744)	\$ 1,066,917
(b) Reconciliation of Surplus / (Deficit) for year to Net Cash flows from Operating Activities:			
Surplus / (Deficit) for year		(82,644)	(173,597)
Non-cash Flows in Current Year Surplus / (Deficit) :			
Depreciation of Property, Furniture, Plant and Equipment		55,541	34,227
(Gain)/ Loss on Sale of Fixed Assets		-	-
Adjustment for Movement in Capital Purchases included in Trade & Other Payables		-	-
Changes in Assets and Liabilities :			
(Increase)/Decrease in Accounts Receivable and Other Debtors		(1,507,506)	23,517
(Increase)/Decrease in Prepayments - Other Current Assets		98,041	(220,660)
Increase/(Decrease) in Accounts Payable and Other Payables		532,531	441,020
Increase/(Decrease) in Provision for Employee Leave Entitlements		27,789	(6,709)
Net cash flows provided by (used in) Operating Activities		(876,248)	97,798

## 12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

## (a) Lutheran Schools Association

The Lutheran School's Association Inc ("LSA") has undertaken to financially back the loans made by the Lutheran Laypeople's League Inc ("LLL") to all Lutheran Schools and Kindergartens, through either the SA/NT or WA District Church Councils, up to the net assets of all LSA Institutions.

The combined asset values of all LSA Institutions, including member Schools and Kindergartens, are utilised by the LSA to guarantee the loans made by the LLL to LSA member Institutions.

It will be the responsibility of all member Schools working together to discharge these LLL loan liabilities in the unlikely event of a School or Kindergarten failure. Schools may be called upon for a special contribution or part of their future Commonwealth funding may be allocated to repaying LLL loans of a failed School or Kindergarten.

## (b) Other

## (i) Credit Card

The association has a credit card facility limit of \$39,500 (2017 \$39,500). As at 31 December 2018 the association had used \$12,043 (2017 \$15,612) of this facility and had available an unused credit facility of \$27,457 (2017: \$23,888). This facility is secured by a Westpac term deposit.

There were no other contingent liabilities at 31 December 2018 (2017: \$Nil).

## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 13 LSA SCHOOL BUILDING FUND

The Lutheran Schools Association of SA, NT & WA Inc has established a registered school building fund called the LSA School Building Fund. The Association is the trustee of this fund. The rules of the fund allow it to receive tax deductible cash and property donations. The fund can provide money to eligible school building projects - any property held by the fund would need to be converted to cash prior to use for such projects.

Significant donation - on the 27th June 2013 the LSA School Building Fund received a donation of a 12.13 hectare parcel of land at Mt Barker.

## Summary of LSA School Building Fund

The Association has building fund donations made up as follows:

	2018 \$	2017 \$
Interest received	38	43
Surplus for the year	38	43
Opening accumulated funds	5,331,660	4,251,617
Building Fund Revaluation Reserve		1,080,000
Closing accumulated funds	5,331,698	5,331,660
LLL School Building Fund	1,698	1,660
Mt Barker land - at donated value	5,330,000	5,330,000
Total Assets	5,331,698	5,331,660

## 14 EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period.

## 15 RELATED PARTY DISCLOSURES

The following persons were members of the Council of Members during the year:

Daryl Trigg (Chair)  
 Matt Schmidt (Vice Chair)  
 John Proeve  
 Corrin Townsend  
 Eunice Stoll  
 James Bormann  
 Geoff Jonhston  
 Phil Zanker  
 Rod Dissel  
 Sally Staggs  
 Tania Fragnito  
 Patrick Moore

## LUTHERAN EDUCATION SA, NT &amp; WA

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2018

## 16 REMUNERATION OF COUNCIL MEMBERS

No amounts were received or are due and receivable by the Council Members of Lutheran Schools Association of SA, NT & WA Inc during the year ended 31 December 2018 with the exception of a Council Member who received a salary as an employee of the Association.

## 17 SEGMENT REPORTING

The Association operates within the education industry providing primary education to students in South Australia.

## 18 ASSOCIATION DETAILS

The principal place of business of the association is:

137 Archer Street  
North Adelaide SA 5006

19 RESERVES	2018	2017
	\$	\$
Asset Revaluation Reserve		
Balance at beginning of year	-	-
Revaluation increment / (decrement)	259,151	-
Balance at end of year	<b>(259,151)</b>	-

## 20 SYSTEM SUPPORT FUND

The LESNW System Support Fund (SSF) operates to ensure that schools requiring emergency financial support have access to funds to ensure their continued operation. The SSF was previously funded through the retention of a percentage of commonwealth funding provided to LESNW each year. The percentage was determined having regard to the current needs of the schools operating within the system and any surplus funds were re-distributed back to the schools.

The SSF is now funded by a levy from all schools and the holding of any transitional and system weighted funding. This transitional and system weighted funding will be distributed during 2019.

	2018	2017
	\$	\$
<b>RECEIPTS</b>		
Levies received from schools	2,303,141	-
System Weighted Average Funding	616,539	
Transition Funding	134,636	
<b>PAYMENTS</b>		
Expenses	871,305	
Loan Repayments and Interest	1,720,495	
Balance SSF	<b>\$ 462,516</b>	-

LUTHERAN EDUCATION SA, NT & WA

COUNCIL MEMBERS DECLARATION

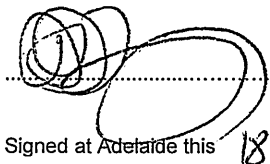
The Council Members of the Lutheran Education SA, NT & WA Inc have determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Council Members of Lutheran Education Association SA, NT & WA Inc declare that, in their opinion:

- (a) There are reasonable grounds to believe the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) The attached financial statements and notes thereto satisfy the requirements of the Associations Incorporation Act, 1985 and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - i) giving a true and fair view of the financial position and performance of the registered entity in accordance with the accounting policies described in Note 1 to the financial statements; and
  - ii) complying with Australian Accounting Standards.

Signed in accordance with a resolution of the Council Members pursuant to Regulation 60-15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the Council Members :

 ..... Council Member

*C.R. Jounard* ..... Council Member

Signed at Adelaide this 18<sup>th</sup> day of April 2019.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF LUTHERAN EDUCATION SA, NT & WA INC**

**Report on the Audit of the Financial Report**

***Opinion***

We have audited the financial report of The Lutheran Education SA, NT & WA Inc ('the association'), which comprises the statement of financial position as at 31 December 2018, the statement of 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 council members declaration.

In our opinion, the accompanying financial report of the association, is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; including:

- (i) giving a true and fair view of the entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

***Basis for opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

***Emphasis of matter regarding basis of accounting***

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the entity's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

***Other information***

The council members are responsible for the other information. The other information comprises the information in the entity's annual report for the year ended 31 December 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN EDUCATION SA, NT & WA INC (CONT)

### *Other information (continued)*

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### *Council Members' responsibility for the financial report*

The Council Members of the entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The Council members are also responsible for such internal control as they determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council members are responsible for assessing the Association'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 members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibility 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTHERAN EDUCATION SA, NT & WA INC (CONT)*****Auditor's responsibility for the audit of the financial report (continued)***

- Conclude on the appropriateness of the council members 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 Association'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 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 the council members 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.

We also provide the council members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Nexia Edwards Marshall  
Chartered Accountants



Jamie Dreckow  
Partner

Adelaide  
South Australia

30 April 2019

## LUTHERAN EDUCATION SA, NT &amp; WA

## DETAILED STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2018

INCOME		2018 \$	2017 \$
LSA Levy	49	2,160,893	2,159,925
Interest	51	168,452	176,971
Conference Income	52	13,625	16,287
Sundry Income	53	8,873	932
		<hr/>	<hr/>
Total Income		2,351,843	2,354,115
		<hr/>	<hr/>
EXPENSES		2018 \$	2017 \$
Audit fees	76	15,700	13,700
Depreciation expense	77	55,541	34,227
Legal Fees	78	9,083	35,825
Interest Expense	79	6,383	33,307
Conference Expenses	80	9,451	19,666
Insurance	81	4,464	4,503
Other Expenses	89	399,906	621,395
Salaries and Wages			
Professional Staff	100	1,410,808	1,232,465
Administration Staff	101	269,383	255,239
Professional development	102	29,266	60,446
Superannuation Expenses	103	159,983	142,271
Workcover	104	10,544	10,423
Long Service Leave	105	53,975	64,245
		<hr/>	<hr/>
TOTAL EXPENSES		2,434,487	2,527,712
		<hr/>	<hr/>
SURPLUS / (DEFICIT) FROM ORDINARY ACTIVITIES		(82,644)	(173,597)
		<hr/>	<hr/>
GOVERNMENT GRANTS		2018 \$	2017 \$
Government Grants Received			
Commonwealth General Recurrent Grants	54	138,903,805	132,542,243
State General Recurrent Grants	55	32,542,981	24,178,681
DECD Kindy Grants	57	2,176,721	2,156,140
		<hr/>	<hr/>
Total Government Grants Received		173,623,507	158,877,064
		<hr/>	<hr/>
Government Grants Distributed			
Commonwealth General Recurrent Grant Distribution	83	138,903,805	132,542,243
State General Recurrent Grants Distribution	84	32,542,981	24,178,681
DECD Kindy Grants Distribution	86	2,176,721	2,156,140
		<hr/>	<hr/>
Total Government Grants Distributed		173,623,507	158,877,064
		<hr/>	<hr/>
SURPLUS (DEFICIT) ATTRIBUTABLE TO THE ASSOCIATION		(82,644)	(173,597)
		<hr/>	<hr/>