

**CATHOLIC EDUCATION LONG SERVICE  
LEAVE SCHEME  
(VICTORIA)**

**Financial statements for the financial  
year ended 31 December 2018**

CATHOLIC EDUCATION LONG SERVICE LEAVE SCHEME (VICTORIA)  
ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018**

	Financial year ended 31 December 2018	Financial year ended 31 December 2017
Note	\$	\$
<b>Continuing operations</b>		
Levy contributions		
Catholic Education Melbourne, Archdiocese of Melbourne, diocesan offices and non-school Catholic organisations	1,850,005	1,920,978
Secondary/special schools levies	25,574,024	24,215,574
Interstate transfers	568,544	427,238
Primary schools :		
General recurrent grants program	28,245,636	19,505,326
<b>Total levy contributions</b>	<b>56,238,209</b>	<b>46,069,116</b>
Interest income	9,559,316	9,238,557
<b>Total revenue from continuing operations</b>	<b>65,797,525</b>	<b>55,307,673</b>
<b>Expenses</b>		
Change in actuarially determined obligation	6 (25,044,000)	(24,291,000)
Claims paid	(42,688,614)	(37,806,170)
Loading paid for reimbursement costs (funded by recurrent levies)	(6,420,950)	(6,142,151)
Transfers interstate	(529,287)	(586,410)
Amount charged by CEM under service level agreement (SLA)	(285,489)	(276,836)
Audit fee expenses	(8,750)	(3,848)
Consulting fee expenses	(67,719)	(28,110)
Legal expenses	(20,720)	-
Other	(5,652)	(4,746)
<b>Total expenses</b>	<b>(75,071,181)</b>	<b>(69,139,271)</b>
<b>Change in net assets available to participant employers</b>	<b>(9,273,656)</b>	<b>(13,831,598)</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Loss for the year</b>	<b>(9,273,656)</b>	<b>(13,831,598)</b>

Notes to the audited financial statements are included on pages 5 to 14.

CATHOLIC EDUCATION LONG SERVICE LEAVE SCHEME (VICTORIA)  
ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**Statement of financial position as at 31 December 2018**

	Note	Financial year ended 31 December 2018 \$	Financial year ended 31 December 2017 \$
<b>Assets</b>			
Cash and cash equivalents	8(a)	4,030,585	6,550,773
Receivables	3	39	7,816
Other financial assets	4	364,533,958	353,324,512
<b>Total assets</b>		<b>368,564,582</b>	<b>359,883,101</b>
<b>Liabilities</b>			
Trade and other payables	5	425,571	14,434
Obligation to participant employers	6	378,906,000	353,862,000
Deferred income		-	7,500,000
<b>Total liabilities</b>		<b>379,331,571</b>	<b>361,376,434</b>
<b>(Deficit)/Excess of assets over liabilities further available to participant employers</b>		<b>(10,766,989)</b>	<b>(1,493,333)</b>

Notes to the audited financial statements are included on pages 5 to 14.

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**Statement of changes in equity for financial year ended 31 December 2018**

Note	Financial year ended 31 December 2018 \$	Financial year ended 31 December 2017 \$
<b>(Shortfall)/Excess of assets over liabilities further available to participant employers</b>		
Balance at the beginning of the year	(1,493,333)	12,338,265
<b>Net income recognised directly in equity</b>		
Change in net asset available to participant employers	(9,273,656)	(13,831,598)
Total recognised income and expense	(9,273,656)	(13,831,598)
<b>Balance at the end of year</b>	<b>(10,766,989)</b>	<b>(1,493,333)</b>

Notes to the audited financial statements are included on pages 5 to 14.

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**Statement of cashflows for the financial year ended 31 December 2018**

	Note	Financial year ended 31 December 2018 \$	Financial year ended 31 December 2017 \$
<b>Cash flows from operating activities</b>			
Receipts from levy contributions		48,738,209	46,069,117
Interest received		7,898,898	9,545,499
Claims paid to participant employers (including loading)		(48,990,574)	(44,291,475)
Interstate transfers paid		(529,287)	(586,410)
Payments made related parties and other suppliers		(88,407)	(22,272)
<b>Net cash provided by operating activities</b>	8(b)	<u>7,028,839</u>	<u>10,714,459</u>
<b>Cash flows from investing activities</b>			
Purchase of term deposits		(373,999,307)	(491,102,865)
Maturity of term deposits		364,450,280	484,260,017
<b>Net cash used in investing activities</b>		<u>(9,549,027)</u>	<u>(6,842,848)</u>
Net increase/(decrease) in cash and cash equivalents		(2,520,188)	3,871,611
Cash and cash equivalents at the beginning of the financial year		6,550,773	2,679,162
<b>Cash and cash equivalents at the end of the financial year</b>	8(a)	<u>4,030,585</u>	<u>6,550,773</u>

Notes to the audited financial statements are included on pages 5 to 14.

## Notes to the financial statements for the financial year ended 31 December 2018

### 1. General information

The Catholic Education Long Service Leave Scheme (Victoria) ("the Scheme") came into existence in 1978 as an agreement between employers in Catholic Education and the Archbishop of the Archdiocese of Melbourne, the Bishops of the Dioceses of Ballarat, Sandhurst and Sale and leaders of Religious Congregations, mainly to bring about an improvement in the arrangements for long service leave available under State legislation for employees in Catholic Education. The Scheme is managed and administered through the Long Service Leave Committee (LSL Committee) and by a service level agreement with Catholic Education Melbourne.

The primary purpose of the scheme is to facilitate portability of long service leave entitlements and to allow the cost of these entitlements to be equitably shared between the employers part of the scheme.

The Scheme is governed by the rules of the Catholic Education Long Service Scheme (Victoria) ("Rules") which were established in 2003 and revised in 2014. Under 1.7 of the 2014 rules it is stated that the Rules of 2003 remain if not amended by the 2014 revision.

The Scheme's principal place of business is as follows:

James Goold House  
228 Victoria Parade  
EAST MELBOURNE VIC 3002

Postal address:  
PO Box 3  
EAST MELBOURNE VIC 8002

### 2. Significant accounting policies

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). For the purposes of preparing the financial statements, the Scheme is a not-for-profit entity.

The financial statements have been approved by the authorised persons of the LSL Committee on page 15.

#### Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Assets and liabilities are presented on the basis of liquidity as this is considered more reliable and relevant for users.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

#### a) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### b) Investments

Monies are invested in term deposits with major financial institutions. The term deposits are held to maturity financial assets measured at amortised cost.

#### c) Receivables

Receivables are recorded at amortised cost using the effective interest method, less impairment. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective

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interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

**d) Income taxes**

The Scheme is exempt from paying income taxes.

**e) Claims under the Scheme**

Amounts are recognised as payable to participant employers for long service leave claims on a claims-made basis.

Amounts are recognised as payable to participant employers for loading amounts claimed when a claim is lodged with the Scheme and approved by the Long Service Leave Committee.

Claims payable are recognised initially at fair value, net of transaction costs, and subsequently at amortised cost as the present value of the obligation to participant employers with changes recognised in the profit and loss.

**f) Obligation to participant employers**

The Scheme has an obligation to participant employers to pay benefits to them as a reimbursement for long service leave amounts paid out to employees by the participant employers. The Scheme obtains an actuarial valuation to determine the amount of the present liability to participant employers. The liability is designated as a financial liability.

In addition to reimbursing the employer for long service leave entitlements, the scheme has the option to pay a loading of 20% when long service leave entitlements are taken as leave (rather than paid on termination). The loading is a discretionary payment which the scheme is not obligated to make and accordingly, there is no provision for this liability.

**g) Excess of assets over liabilities or excess of liabilities over assets**

The Scheme is obligated to finance claims made under the long service leave agreement. Any surplus assets above the obligation will be returned to the participant employers if the Scheme is wound up.

As a going concern, the amount of the prudent contingency will be determined over the next twelve months. In determining the contingency the following factors will need to be included:

- potential changes in salary and award conditions with the current negotiations
- the Scheme's investment strategy
- risk management – an amount to recognize that the actuarial assessment is only an estimate.

At reporting date, liabilities exceeded assets by \$10,766,989 (2017: \$1,493,333). A review of the cash flow forecasts prepared by the Committee indicates there are no foreseeable liquidity issues. Whilst there is a deficit in assets to liabilities, the Committee note that of total long service leave liabilities approximately \$38.6m has not yet vested. The Committee also note that whilst the total obligation is approximately \$378,906,000, annual long service payments have not exceeded \$50.0m in the last 5 years and this is not expected to change significantly going forward. On this basis, the Executive Team is satisfied that the Scheme will continue as going concerns and therefore whether they will realise their assets and discharge their liabilities in the normal course of business and at the amounts stated in the financial report.

**h) Income**

Income is measured at the fair value of the consideration received or receivable. The scheme is primarily funded by a levy from employers.

Income from levy contributions is recognised as the amounts become receivable. A portion of the levy is to fund the Scheme's recurrent operating expenses and the 20% loading paid to participant employers for reimbursement costs in accordance with the Scheme's procedures. The 20% loading is a recurrent expense of the Scheme.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**i) 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 ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

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Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

**j) Critical accounting estimates and judgements**

In the current period an actuarial valuation has been obtained from Mercer (Australia) Pty Ltd to assist in the determination of the balance of the long service leave obligation and to assist in the setting of future contribution levels by participating employers. Further details about the assumptions used in this valuation are detailed in Note 6.

The actuarial valuation reflects an estimate of the total liability at the year end. Over time, the total cost that ultimately emerges will depend on a number of factors, including the amount of the benefits paid, the number of people paid benefits, the timing of those payments, rates of future salary increases and oncosts. The Long Service Leave Committee has applied judgement to make the best estimate of these factors based on a single scenario from a range of possibilities.

**k) Critical accounting judgments and key sources of estimation uncertainty**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*Discount rate used to determine the carrying amount of the Scheme's obligation to participant employers*

The Scheme's obligation to participant employers is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds.

**l) Adoption of new and revised Accounting standards**

**Amendments to Accounting Standards that are mandatorily effective for the current reporting period**

In the current year Catholic Education Long Service Scheme (Victoria) has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to Catholic Commission of Victoria include:

- *AASB 9 Financial Instruments and related amending Standards*

AASB 9 Financial Instruments and related amending Standards

AASB 9 includes requirements for the classification and measurement of financial assets. These requirements improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of "AASB 139 Financial Instruments: Recognition and Measurement." AASB 9 also contains new requirements for impairment, which have no material impact on the entity.

Catholic Education Long Service Scheme (Victoria) has elected to classify all investments as financial assets at amortised cost using the effective interest method, less impairment.

The adoption of AASB 9 did not result in any change in the carrying value of investment as these had previously been recognised at amortised cost.

**New and revised Australian Accounting Standards in issue but not yet effective**

At the date of authorisation of the financial statements, Catholic Education Long Service Scheme (Victoria) has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 1058 <i>Income of Not-for-Profit Entities</i>	1 January 2019	31 December 2019
AASB 15 <i>Revenue from contracts with customers</i>	1 January 2019	31 December 2019



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Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	1 January 2019	31 December 2019
<i>AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities</i>	1 January 2019	31 December 2019
AASB 16 Leases	1 January 2019	31 December 2019
<i>AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle</i>	1 January 2019	31 December 2019

AASB 16 'Leases'

AASB 16 was issued in June 2016 and will supersede AASB 117 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor AASB 117.

Management is in the process of completing its detailed assessment on the impact of the initial adoption of AASB 16 on the financial statement of Catholic Education Long Service Scheme (Victoria).

NFP entities have a choice of applying the new standards retrospectively or to use a modified transition approach (with no restatement of comparatives). Catholic Education Long Service Scheme (Victoria) anticipates adopting the modified transitional approach where transactional adjustments are to be recognised in retained earnings at the date of implementation of the standard without adjustment to comparatives.

AASB 1058 'Income of Not-for-Profit Entities'

AASB 15 was issued in December 2014 to replace AASB 118 Revenue. AASB 1058 which contains new income recognition requirements for not for profit entities, AASB 2016-8 NFP specific guidance in AASB 15 and AASB 2016-7 deferral of AASB 15 was issued in December 2016 and replaces AASB 1004 Contributions.

AASB 1058 shifts the focus from the current reciprocal/nonreciprocal basis of accounting for revenue to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements is that where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income would be recognised when (or as) the performance obligations are satisfied under AASB 15. Should the transaction fall outside of the scope of AASB 15, then income would be recognised immediately under AASB 1058.

**m) Employee Benefits**

There are no employees in Long Service Leave Scheme (LSL); Catholic Education Long Service Leave Scheme has a Service Level Agreement (SLA) with the Catholic Education Melbourne for the provision of services.

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**3. Receivables**

	<b>Financial year ended 31 December 2018 \$</b>	<b>Financial year ended 31 December 2017 \$</b>
GST receivables	39	31
Other receivables	-	7,747
Amounts due from related parties		
Catholic Education Melbourne (CEM)	-	38
	<u>39</u>	<u>7,816</u>

**4. Other financial assets**

	<b>Financial year ended 31 December 2018 \$</b>	<b>Financial year ended 31 December 2017 \$</b>
Financial assets carried at amortised cost:		
Investments - term deposits	361,301,023	351,751,995
Accrued interest	3,232,935	1,572,517
	<u>364,533,958</u>	<u>353,324,512</u>

Cash received by the Scheme is invested in term deposits with the banks. The maturity profile rate attached to term deposits is detailed below:

	<b>Financial year ended 31 December 2018 \$</b>	<b>Financial year ended 31 December 2017 \$</b>
Less than 3 months	34,965,060	85,641,552
3 months to 1 year	307,306,863	247,610,443
Greater than 1 year	19,029,100	18,500,000
	<u>361,301,023</u>	<u>351,751,995</u>

**5. Trade and other payables**

	<b>Financial year ended 31 December 2018 \$</b>	<b>Financial year ended 31 December 2017 \$</b>
Amount due to related party		
Catholic Education Melbourne	396,352	-
Accruals	29,219	14,434
	<u>425,571</u>	<u>14,434</u>

All payables are non-interest bearing.

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**6. Obligation to participant employers**

	<b>Financial year ended 31 December 2018</b>	<b>Financial year ended 31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Actuarially determined obligation	378,906,000	353,862,000
Changes in the actuarially determined liability during the year are detailed below:		
Balance at the beginning of the financial year	353,862,000	329,571,000
Claims paid during the year	(42,688,614)	(37,806,170)
Actuarially-determined adjustment to the liability	67,732,614	62,097,170
Balance at the end of the financial year	378,906,000	353,862,000

The fair value of the Scheme's obligation at 31 December 2018 to participant employers has been determined with reference to an actuarial valuation obtained on the 13 March 2019 by Mercer (Australia) Pty Ltd. for the year ended 31 December 2018. Key assumptions used by the actuary in determining the fair value of the Scheme include:

A discount rate of 3.4% (2017: 3.5%) is used. The 31 December 2018 discount rate is based on the yield on high quality corporate bonds with a term consistent with the term of the LSL liabilities. This is in accordance with AASB 119 - "Employee Benefits" where the entity is a not for profit non-public sector entity.

**Future Salary Increase (applicable to all members)**

Inflationary salary increases:	<p>Principals: 2.0% on 1 April 2019 and 2020 and 2.0% on 1 October 2019 and 2020 and then 2.5% per annum thereafter.</p> <p>All other staff: 1.5% on 1 April 2019 and 2020 and 1.75% on 1 October 2019 and 2020 and then 2.5% per annum thereafter.</p> <p>(2017) Principals: 2.0% on 1 April 2018 and 2.0% on 1 October 2018 and then 2.5% per annum thereafter.</p> <p>All other staff: 1.5% on 1 April 2018 and 1.75% on 1 October 2018 and then 2.5% per annum thereafter.</p>
Promotional salary increases:	<p>4.2% per annum for teaching staff, 1.5% per annum for principals and deputy principals, 3.0% per annum for non-teaching and 0% per annum for unclassified staff.</p> <p>(2017) 4.2% per annum for teaching staff, 1.5% per annum for principals and deputy principals, 3.0% per annum for non-teaching and 0% per annum for unclassified staff.</p>

Taken together, the combined impact of the changes in accrued entitlements over the year, including the offset of claims made of \$42,688,614 (2017: \$37,813,917) and the discount rate and inflationary salary increase, has been to increase the calculated liability by \$25,044,000 (2017: increase \$24,291,000).

The duration of the liability is approximately 7.3 years (2017: 7.2 years).

The termination rates were reviewed and amended to reflect actual employee movements for the year ended 31 December 2018.

The actuarial report acknowledges that the long term rate of increase of 2.5% is at the lower end of the reasonable range of expected rates of long term salary inflation. Management have assessed that this rate is appropriate, given the current economic climate and current wage increases being offered to Victorian State government authorities. An increase of 1.0% (1.75% on each 1 April and 1.72% on each 1 October) to the long term wage growth results in an increase to the total liability of \$22,492,000 to \$401,397,000.

**7. Commitments and contingencies**

The Scheme has no expenditure commitments or contingent liabilities or contingent assets at reporting date.

**8. Notes to the statement of cashflows**

**a) Reconciliation of cash and cash equivalents**

For the purposes of the statement of cashflows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial year ended 31 December 2018 as shown in the statement of cashflows is reconciled to the related items in the statement of financial position as follows:

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	<b>Financial year ended 31 December 2018</b>	<b>Financial year ended 31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	4,030,585	6,550,773

**b) Reconciliation of the increase in net surplus for the financial year to net cash flows from operating activities:**

	<b>Financial year ended 31 December 2018</b>	<b>Financial year ended 31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Total recognised comprehensive income and expenses for the financial year attributable to participant employers	(9,273,656)	(13,831,598)
Change in actuarially determined obligation	25,044,000	24,291,000
Changes in assets and liabilities:		
(Increase)/decrease in receivables	7,777	(7,744)
(Increase)/decrease in accrued interest	(1,660,419)	306,942
(Decrease)/increase in deferred income	(7,500,000)	-
(Decrease)/Increase in trade and other payables	411,137	(44,141)
Net cash from operations	7,028,839	10,714,459

**c) Non-cash investing and financing activities**

During the financial year, there were no non-cash investing or financing activities. (31 December 2017: nil).

**d) Financing facilities**

The Scheme has not organised for any financing facilities to be available to the Scheme.

**9. Financial instruments**

**a) Capital and financial risk management objectives, processes and policies**

The Scheme does not have any true 'capital' to manage. The Scheme does not have any borrowings. Its principal activity is the investment of levy monies to be returned to participant employers to assist them in meeting their long service leave obligations in respect of their employees. Capital growth is not presently an objective of the Scheme, however, the Long Service Leave Committee has indicated their intentions to reconsider the manner in which levies collected are invested. At present, all levy monies received are mostly invested in twenty four (24) month term deposits.

As the majority of its financial instruments are in the form of term deposits, the Scheme is exposed mainly to interest rate risk. Other than its term deposits and cash and cash equivalents, no financial assets or financial liabilities are interest-bearing. During the current reporting year, the weighted average interest rate earned on cash and cash equivalents was 1.66% (2017: 1.83%) per annum. The

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**9. Financial instruments (continued)**

Scheme does not actively manage its interest rate risk exposure. Further details about the Scheme's sensitivity to interest rates are described below.

The Scheme currently holds the majority of its cash and investments with major financial institutions, and accordingly, its exposure to credit risk is concentrated with three entities. The carrying amount of cash and cash equivalents and investments disclosed in these financial statements represents the Scheme's maximum exposure to credit risk at the reporting date. The Committee is of the opinion that its financial assets are held with creditworthy entities.

To manage its exposure to liquidity risk, each year actuarial valuations on the long service leave obligation are obtained. The Long Service Leave Committee manages its exposure to liquidity risk by setting future contribution levels to the Scheme based on the quantum and timing of the expected future cash outflows of the Scheme.

There has been no change to the Scheme's exposure to market risks and other risks or the manner in which it manages and measures the risk from the prior year.

**b) Significant accounting policies and categories of financial instruments**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2 to the financial statements.

The Scheme classifies its financial assets and financial liabilities into the following categories: cash and cash equivalents, receivables and financial liabilities at amortised cost. The totals of these categories are disclosed below:

	<b>Financial year ended 31 December 2018</b>	<b>Financial year ended 31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Financial assets at amortised cost	364,533,958	353,324,512
Cash and cash equivalents	4,030,585	6,550,773
Receivables at amortised cost	39	7,816
Financial liabilities at amortised cost	(425,571)	(14,434)
Financial liabilities at amortised cost - obligation to participant employers	(378,906,000)	(353,862,000)

**c) Fair values of financial assets and financial liabilities**

Other than described below, the Scheme's financial assets and financial liabilities are not categorised as at fair value through the profit and loss. The directors consider that the carrying amounts of these financial assets and financial liabilities, approximates their fair values.

The Scheme holds investments in term deposits, which have been classified as at fair value through profit and loss. The fair value of these term deposits have been determined with reference to standard terms and conditions and current market prices.

**d) Market rate sensitivity**

Interest rate risk on financial assets

The sensitivity analysis has been determined based on the exposure to interest rates for cash and cash equivalents and investments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year.

Obligation to participant employers

The Scheme is exposed to the risk that the future cash flows of its obligation to fund long service leave obligations of participant employers will fluctuate because of changes in the assumptions employed in the valuation. The Scheme has obtained an actuarial valuation to determine the fair value of its obligation to participant employers at reporting date that includes consideration of reasonably possible changes.

If the valuation had incorporated a reasonably possible alternative assumption of a long term salary increase of 1.0% per annum higher, the change in net assets available to participant employers for the financial year would increase by \$22,492,000.

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**9. Financial instruments (continued)**

**e) Liquidity analysis**

The split between current and non current is as follows (per Mercer Report)

<b>Obligation to participant employers</b>	<b>Financial year ended 31 December 2018 \$</b>	<b>Financial year ended 31 December 2017 \$</b>
Current	340,340,000	317,430,000
Non current	38,566,000	36,432,000
	<b>378,906,000</b>	<b>353,862,000</b>

**10. Related party disclosures**

**a) Details of LSL Scheme Committee**

Mr Stephen Elder (resigned 20 December 2018)	Chairperson	Executive Director, Catholic Education Melbourne
Ms Audrey Brown (appointed 29 January 2019)	Chairperson	Director, Catholic Education Office Ballarat
Mr Daniel Nguyen	Executive Officer	Catholic Education Melbourne
Mr Andrew Hartigan	Assistant to Executive	Catholic Education Melbourne
Sr. Joan Wilson	Religious Congregations	Convent of Mercy , Newtown
Mr Craig Holmes	Secondary Principals	Sacred Heart College, Kyneton
Mr Michael Heenan (appointed 22 February 2018)	Primary Principals (VACPSP)	St Clement of Rome, Bulleen
Mr Michael Cowan	Secondary Teachers	VIEU
Mr Philip Cachia	Primary Principals	Our Lady Help Of Christians, Brunswick East
Mrs Barbara Siddiqui	Primary Teachers	St Bernard's, Coburg East

**b) Key management personnel compensation**

During the financial year, there was no compensation paid directly to key management personnel by the Scheme as there are no employees.

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10. Related party disclosures (continued)

b) Related party transactions

Transactions and balances with key management personnel of the Scheme

There are no transactions with key management personnel of the Scheme for the financial year (2017 : nil) other than for long service leave contributions paid into the scheme by participating employers on normal terms and conditions, where applicable.

Transactions and balances with the Catholic Education Commission of Victoria Limited (CECV Ltd)

CECV Ltd contributes monies to the Scheme as a participating employer. During the financial year, CECV Ltd. made contributions of \$20,745,636 (2017: \$19,505,326) into the Scheme on behalf of the schools and its employees.

Transactions and balances with other related parties

Catholic Education Melbourne, Archdiocese of Melbourne charges the Scheme one annual management fee, to be paid in two instalments each year, for all services performed on their behalf. The annual fee is negotiated each year with Catholic Education Melbourne and approved as part of the budget process. The total amount of monies charged by Catholic Education Melbourne is \$285,489 (31 December 2017: \$276,836).

Additional, levy contributions provided by Catholic Education Melbourne and other diocesan offices were:

	Financial year ended 31 December 2018	Financial year ended 31 December 2017
	\$	\$
Catholic Education Melbourne	1,005,005	1,063,387
Catholic Education Office Ballarat	190,500	184,400
Catholic Education Office Sandhurst	161,800	172,300
Catholic Education Office Sale	160,600	174,000

As at reporting date, the amount owed by the Scheme to Catholic Education Melbourne is \$38 (31 December 2017: \$38).

Related party transactions also include contributions and reimbursements made between the long service leave scheme and participating employers on normal terms and conditions.

11. Auditors remuneration

	Financial year ended 31 December 2018	Financial year ended 31 December 2017
	\$	\$
Audit of the financial report	9,000	8,750

The Auditor of the Scheme is Deloitte Touche Tohmatsu

12. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

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**Catholic Education Long Service Leave Scheme (Victoria) declaration**

The authorised persons of the Catholic Education Long Service Leave Committee declare that:

- a) in their opinion, there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
- b) give a true and fair view of the Scheme's financial position as at 31 December 2018 and of the Scheme's performance for the financial year ended on that date in accordance with accounting policies described in Note 2 to the financial statements.



Ms Audrey Brown  
Chairperson, Catholic Education Long Service Leave Scheme (Victoria) Committee  
MELBOURNE, 4 June 2019



Mr Daniel Nguyen  
Executive Officer, Catholic Education Long Service Leave Scheme (Victoria) Committee  
MELBOURNE, 4 June 2019