

Our Lady of Good Counsel School
Treasurer's Report to the Annual General Meeting
28 November 2017

2016 Annual Financial Statements

The audited AFS were submitted to CEWA showing a final surplus of \$62,812 resulting from annual income in 2016 of \$2,736,734 and related expenditure of \$2,673,922.

2017 Financial Records

Analysing the monthly financial reports this year has been a challenge to the Board. With a slow start to the year in the Finance Department, accurate Board reports were not available until August. Some errors in fee processing in the early part of the year, resulted in a delay in fee collection and this has impacted negatively on the school's cash flow throughout the year. It remains a concern of the Board at the end of the year, because many of the school fee payment plans are running later than expected. Some ground has been made up in recent months, in terms of providing more accurate reports to the Board, however it is expected that the audit of 2017 accounts will need to be more thorough and time-consuming than in prior years.

2018 Budget

Each year the Catholic Education Commission of WA determines and advises schools of a maximum percentage increase which applies to total private income, not just to the tuition fees. Schools are not permitted to exceed this percentage unless approval is granted from the Director of Catholic Education, Dr Debra Sayce. This advice also takes into account the school's particular proportions of private income, state grants and commonwealth grants.

Our Lady of Good Counsel School's advised percentage increase for 2018 was up to 5% and the School Board has approved a **5% increase**.

CEWA have introduced a new billing requirement for 2018. The 1-to-1 program will no longer be invoiced separately, but will instead be included as part of the school fee statement.

Cash to Accrual Accounting

With effect from 1 January 2018, the school will operate on an accrual accounting system, which replaces the cash accounting system which has been in use up until now. The changeover from cash to accrual accounting is not a simple one and the 2018 budget is more complicated than usual. It is important to note that because of the complexity of the change from cash to accrual accounting, and because of a time lag in the actual implementation and rollover date, some expenses have had to be budgeted at a much higher rate than in prior years. This has a negative effect on the bottom line in this budget.

2018 Budgeted Operations

Recurrent Income	\$2,615,326
Recurrent Expenditure	<u>2,717,644</u>
Recurrent Result	<u>-102,318</u>

Trading Income	79,250
Trading Expenditure	<u>69,373</u>
Trading Result	9,877
Capital Income	<u>92,441</u>
<u>Estimated accrual profit or loss</u>	<u>NIL</u>

Non cash-flow transactions	10,712
Net movement in assets and liabilities	<u>91,630</u>
<u>Estimated cash result for 2018</u>	<u>80,918</u>

Estimated Opening Balance for 1 January 2018	\$614,000
Estimated result for 2017	<u>-80,918</u>
Cash reserves as at 31 December 2017	533,082
January salaries	<u>173,219</u>
Cash reserves after January 2018 salaries	359,863

Reserves set aside for Provisions:

Buildings	100,000
IT	60,000
Deferred Maintenance	73,863
Vehicle replacement	26,000
Improvements	50,000
Other (loan supplement)	50,000
Balance	NIL

The budget for 2018 has been approved by the School Board and submitted to CEWA last week.

This report submitted by:

Margy Reeler
Treasurer,
OLGC School Board