

**FLINDERS QUARTET INC.**  
**LONG SERVICE LEAVE PROVISION**  
prepared by Sandra Stoklossa and Wendy Avilov  
9 February 2024

## **RECOMMENDATION**

The Board approve the recognition of a long service provision of \$20,750 at 31 December 2023.

## **BACKGROUND**

1. Long service leave is a long standing entitlement for Australian employees. Most Victorian workers qualify for long service leave if they have worked continuously for an employer for at least seven years. This applies to full time, part time and casual workers.
2. Flinders Quartet does not currently hold a provision for long service leave entitlements. Given the length of employment for several employees, the auditors recommended a provision recognition at the prior year end.

## **PROVISION AT 31 DECEMBER 2023**

3. A provision amount has been calculated based on a start date of 19 February 2013: the date the current Flinders Quartet Inc. entity was registered following the dissolution of the partnership between the four founding members of the quartet.
4. Long service leave accrues at a rate of one week for every 60 weeks of continuous service, being an accrual rate of 0.866 a week a year.
5. For the period since 1 January 2020 (when permanent part time employment began) a pro-rata calculation of the 0.866 accrual rate is used. For the period of casual employment prior to that, average weekly hours for the prior one year period was used.
6. The provision calculation will be shared with the external accountants to review and included in the year-end adjustments, if approved by the Board.

## **CONCLUSION**

7. Long service leave is an entitlement for Australian employees and as such Flinders Quartet should recognise a provision for the eventual payment of the entitlement.
8. Recognition of entitlements has resulted in a provision of \$20,750 being required at 31 December 2023 and will result in a deficit for 2023.
9. The provision will require cash backing and will be considered in the cashflow forecast for 2024. While cash payment may not be required immediately, it is prudent to ensure the provision is always sufficiently funded.

**ATTACHMENT 1 – LONG SERVICE LEAVE PROVISION TO 31 DECEMBER 2023**

Flinders Quartet											
Long Service Leave Testing											
For the Year Ended:	31/12/2023										
WHEN LIKELY TO REACH	13 weeks/										
QUALIFYING PERIOD	15 years										
Employee	Start Date	Years Continuous Service	LSL Entitlement (weeks)	LSL Taken (Weeks)	LSL Balance Remaining (weeks)	Weekly ordinary earnings (part-time)	LSL VALUE	% Probability of reaching 7 years	Revised LSL Value	SUPER	Total
Audrey Wilma Smith	1/1/2020	4.00	3.4696	0	3.4696	\$799.57	\$2,774.15	75.00%	\$2,080.61	\$228.87	\$2,309.48
Helen Ireland	19/2/2013	10.88	5.8460	0	5.8460	\$1,033.20	\$6,040.12	100.00%	\$6,040.12	\$664.41	\$6,704.53
Wendy Avilov	19/2/2013	10.88	5.8460	0	5.8460	\$715.62	\$4,183.56	100.00%	\$4,183.56	\$460.19	\$4,643.75
Zoe Knighton	19/2/2013	10.88	5.8460	0	5.8460	\$1,011.46	\$5,913.06	100.00%	\$5,913.06	\$650.44	\$6,563.49
Wai Yee Lee	7/3/2022	1.82	1.5769	0	1.5769	\$604.74	\$953.60	50.00%	\$476.80	\$52.45	\$529.25
			22.5845	0	22.5845		\$19,864.49		\$18,694.15	\$2,056.36	\$20,750.51

Flinders Quartet Inc.							
Long Service Leave Accrual							
For the Period Ended:	31/12/23						
		<b>LSL Entitlement (weeks)</b>					
Employee	Start Date	Pre-2020	2020	2021	2022	2023	Total LSL Accrual (weeks)
Audrey Wilma Smith	1/1/2020		0.8692	0.8668	0.8668	0.8668	3.4696
Helen Ireland	19/2/2013	2.3765	0.8692	0.8668	0.8668	0.8668	5.8460
Wendy Avilov	19/2/2013	2.3765	0.8692	0.8668	0.8668	0.8668	5.8460
Zoe Knighton	19/2/2013	2.3765	0.8692	0.8668	0.8668	0.8668	5.8460
Wai Yee Lee	7/3/22			0	0.7101	0.8668	1.5769
		7.1294	3.4767	3.4672	4.1773	4.334	22.5845