

# **THE DIOCESAN ENDOWMENT**

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**ABN 84 797 589 118**

**Annual report – 31 December 2018**

**Trustee: Glebe Administration Board**

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# **GLEBE ADMINISTRATION BOARD as trustee for the Diocesan Endowment**

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## **Report by the Chief Executive Officer For the year ended 31 December 2018**

### **Background**

Glebe Administration Board (“GAB”) is the trustee of the property held on the trusts set out in the Diocesan Endowment Trust Ordinance 2016. That property is known as the Diocesan Endowment (the “DE”).

By clause 4 of the Diocesan Endowment Trust Ordinance 2016 –

- (a) The DE is held on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney.
- (b) GAB, as trustee of the DE, is to act in a way which preserves the real value of the DE and, subject to this requirement, enables distributions to be paid to the Standing Committee each year to be applied in accordance with the determination or direction of the Synod.

The costs of administering the DE are paid from the property of the DE.

### **Investment objective**

The investment objective of the DE is measured from 1 July 2010. The rate of return from that date to 31 December 2018 was 10.6% pa, which exceeded the current CPI +3.5% pa investment objective by 4.3% pa. For the period 1 July 2010 to 31 December 2017 the excess return was 5.7% pa.

### **Results for 2018**

The DE recorded a loss of \$79,720 (2017 surplus \$24,875,956).

During 2018, uncertainty, particularly around geopolitical issues had an adverse impact on investment markets. The geopolitical issues included –

- US/China trade relations,
- Brexit/no Brexit,
- the unwinding of monetary policy by the Federal Reserve, and
- the US government shutdown.

The December 2018 quarter was the worst investment quarter in seven years with the MSCI World Index falling 13.9%. The adverse impact of investment markets on the DE was partially offset by a strong performance in unlisted property and the buffering effect of defensive assets, namely Australian fixed interest, Overseas fixed interest and Loans.

As a consequence –

- The yearly investment performance return was -0.25% pa.
- The return on the DE’s opening capital was -0.08% (2017: 15%).
- The value of the net assets of the DE decreased by \$2.9 million to \$97.5 million from \$100.4 million in 2017 (including a \$2.8 million distribution provided to Synod for spending in 2019).

The spending policy adopted by the GAB on behalf of the DE effectively limits the total spend rate to 3.5% pa of the net value of the DE. The spend rate has been set to preserve the real value of the DE over rolling 20 year periods with a probability of at least 70%. The total spend amount each year comprises the costs of administering the DE plus the annual distribution from the DE. Keeping a 3.5% spend rate gives greater assurance that GAB will be able to maintain the real value of distributions to Synod at a consistent level should adverse investment conditions persist.

## **Significant events during 2018**

### *Investment management*

During 2018, Mercer Australia Pty Limited continued to provide advice to GAB about the investment of the property of the DE. The investment of the property of the DE is undertaken in accordance with an Investment Policy Statement, a copy of which can be found on GAB's webpage. It is reviewed periodically.

In 2017, the GAB revised its Strategic Asset Allocation to better reflect the DE's status as a perpetual endowment following the removal of the DE's interest in the St Andrew's House Trust and the winding up of the Glebe Income Accounts.

The revised Strategic Asset Allocation involved exposure in unlisted property and listed infrastructure as a proxy until exposure was available in unlisted infrastructure. Full implementation of the revised allocation is expected to be completed during 2019.

### **Subsequent events**

Investment markets rebounded in early 2019 resulting in a performance return of 5.27% for the DE over the 2 month period to 28 February 2019.

ROBERT WICKS  
**Chief Executive Officer, Sydney Diocesan Services  
for the Glebe Administration Board**

15 April 2019

# **Report of the members of the Glebe Administration Board as trustee for the Diocesan Endowment for the year ended 31 December 2018**

The Trustee submits herewith its report as at 31 December 2018.

## **Scope**

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This report covers the operations of GAB as trustee for the DE.

GAB is an incorporated body created by the *Glebe Administration Board Ordinance 1930* in accordance with the *Anglican Church of Australia (Bodies Corporate) Act 1938*. The purpose of GAB is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney by managing and controlling the property of the DE in accordance with the terms of the trusts on which that property is held and by managing and controlling other property of which it is trustee from time to time in accordance with the terms of the relevant trusts.

The GAB's registered office and principal place of business –  
Glebe Administration Board  
Level 2, St Andrew's House  
Sydney Square NSW 2000

## **Principal activities**

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By clause 4 of the Diocesan Endowment Trust Ordinance 2016:

- (a) The DE is held on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney.
- (b) GAB, as trustee of the DE, is to act in a way which preserves the real value of the DE and, subject to this requirement, enables distributions to be paid to the Standing Committee each year to be applied in accordance with the determination or direction of the Synod.

To achieve this, the principal power of GAB are to own, manage, develop, let, buy and sell real estate and securities as Trustee for the DE, and to receive money on deposit or loan and the borrowing of money upon charge of such real estate in order to manage wealth and create income.

There were no significant changes in the nature of the DE's activities during the year

## **Results for the year**

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The total changes in equity before distributions and capital transactions, after adjusting the equity and fixed interest portfolio to fair value and equity accounting for the beneficial interest in St Andrew's House in prior year, is a loss of \$79,720 (2017: surplus \$24,875,956).

## **Distributions**

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The DE has made distributions of \$4,690,000 (2017: \$5,400,000) from the provision for distribution account.

## **Review of operations and significant changes in the state of affairs**

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A review of the operations of the DE and commentary on any significant changes in the state of affairs of the DE is contained in the report by the Chief Executive Officer of the Sydney Diocesan Services.

# **Report of the members of the Glebe Administration Board as trustee for the Diocesan Endowment for the year ended 31 December 2018 (cont)**

## **Members**

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The Standing Committee of the Diocese of Sydney appoints members for terms of 3 years. The Standing Committee has the power to remove any member before the expiration of their term. The non-executive members receive no remuneration. The Chief Executive Officer attends Board meetings.

The following members were in office during the whole financial year and up to the date of this report.

### **Mr Ross Smith (Chairman), MAppFin, BEc , Chartered Accountant**

CEO, Anglican Schools Corporation. Previously CFO of Anglicare, Sydney. Brings 25 years experience in Finance, Corporate Restructuring and Acquisition Advisory. Member of Caringbah Anglican Church. Board member since 2010.

### **Mr Mark Ballantyne BE, MBA, FIAA**

Qualified Actuary; General Manager of Financial Wisdom with the Commonwealth Bank, having over 20 years experience in all facets of financial services. Attends East Lindfield Anglican Church. Board member since 2009.

### **Mr Greg Hammond OAM, BA, LLB, ThA**

Consultant in banking and finance; former partner of King & Wood Mallesons; chairman of Anglican Community Services (t/as Anglicare Sydney), the Australian College of Theology and Olive Tree Media; director of G&C Mutual Bank and Opportunity International Australia; Adjunct Fellow at Macquarie University in the Applied Finance Centre; member of Sydney Diocesan Services; and previous service on Diocesan and other not-for-profit boards and committees. Member of Macquarie Anglican Churches. Board member since 2014.

### **Bishop Michael Stead, BCom (Acc), BD(Hons), DipMin, PhD**

Bishop of South Sydney; Member of Standing Committee Diocese of Sydney; Diocesan Representative on General Synod; Member of General Synod Standing Committee; Secretary of the General Synod Doctrine Commission. Prior to ordination, worked for PricewaterhouseCoopers from 1990-1996. Board member since 2015.

### **Mr David Sietsma, BCom (Fin), Grad Dip AppFin and Investment SIA (now FINSA)**

30 years in financial markets and treasury roles with Macquarie Bank, Deutsche Bank, BNP Paribas and Commonwealth Bank of Australia. He is currently Chair of the Council of Arden Anglican School. Attends All Saints Anglican Church, North Epping. Board member since 2016.

# **Report of the members of the Glebe Administration Board as trustee for the Diocesan Endowment for the year ended 31 December 2018 (cont)**

## ***Resignations and retirements***

The Rev Edward Brush retired from office with effect from 9 December 2018.

### **The Rev Edward Brush, B Th, Dip Min**

NSW/ACT Regional Officer for Bush Church Aid. Previously Rector, Parish of Lower Mountains, served on Standing Committee, Mission Board of the Standing Committee, Council of St Andrew's Cathedral School, George's River Regional Council and Finance & Loans Board. Originally trained as an electrical engineer with extensive experience in supply chain management both in Australia and internationally. Board member since 2013.

Mr John Pascoe resigned from office with effect from 31 December 2018.

### **Mr John Pascoe, FCA, BEc**

Partner Pascoe Whittle Chartered Accountants; Member of Standing Committee, Finance Committee, St Andrew's House Corporation (until 13 May 2018), St Andrew's Cathedral Chapter and Diocesan Resources Committee; Audit Committee (Chairman until 27 June 2018). Attends St Andrew's Cathedral. Board member since 2009.

Mr Andrew Stanley resigned from office with effect from 31 December 2018.

### **Mr Andrew Stanley BE, LLB, MAppFin, CA, FINSA**

Head of Australian Equities, Ralton Asset Management. Over 20 years experience in financial structuring/investment banking and funds management. Previously a member of Anglican Funds Committee, Melbourne. Member of C3 Church Mosman. Board member since 2014.

## ***Appointments***

Ms Kitty Pun was appointed as a member of the board by the Standing Committee on 26 March 2018.

### **Ms Kitty Pun MBA**

Vice President and Compliance Manager for DBS Bank Limited. Over 17 years' experience in the banking, asset management and superannuation environments both in Australia and Hong Kong, including 2 years' experience in regulatory experience from APRA. Previous roles include Senior Compliance Officer of Agricultural Bank of China (Sydney Branch), Head of Compliance for China Construction Bank (Sydney Branch), Risk and Compliance Manager of BT Investment Management Limited, Risk and Compliance Manager of Schroder Investment Management Australia Limited and other roles in HSBC, APRA and ING. Attends St Augustine's, Neutral Bay. Board member since 2018.

Ms Evelyn Horton was appointed as a member of the board by the Standing Committee on 10 December 2018.

### **Ms Evelyn Horton, BEc, MSocSci (Econs), FAICD**

Economist and company director; has over thirty years' experience in investment banking and government where she specialised in risk management, finance and public policy. Currently a director of Centuria Life, Tasmanian Public Finance Corporation, Motor Accidents Insurance Board and Mission Australia. She is a member of the University of Wollongong's SMART Infrastructure Advisory Council and of the Anglican Church's Diocesan Financial Advisory Task Force. Evelyn attends St Philip's Church Hill. Board member since 2018.

## ***Continuation in office of Members***

Mr Mark Ballantyne and Bishop Michael Stead were reappointed as members by the Standing Committee on 12 November 2018, for a further term of 3 years.

## Report of the members of the Glebe Administration Board as trustee for the Diocesan Endowment for the year ended 31 December 2018 (cont)

### Chief Executive Officer

#### Mr Robert Wicks, B.Sc LLB, GAICD

Mr Wicks was appointed as Chief Executive Officer of Sydney Diocesan Services on 4 October 2017, after serving in an acting capacity as CEO since 19 November 2016. Prior to this he held the positions of Diocesan Secretary and Head of Diocesan and Corporate Services of the Sydney Diocesan Services. Previously he worked as a solicitor at the Commonwealth Bank of Australia. He is not a Board member. He attends West Pymble Anglican Church.

### Secretary

#### Mr Steve Lucas, BA LLB

Mr Lucas was appointed Secretary to the Board in 2014. He has held in-house legal roles with the Sydney Diocesan Services for more than 10 years. He is not a Board member. He attends Helensburgh Anglican Church. Mr Lucas resigned as Secretary with effect from 22 August 2018.

#### Ms Briony Bounds, BA(Adv), DipMgmt, GIA (Affiliated)

Ms Bounds was appointed as Secretary to the Board in 2018. She has 10 years' experience working with boards and committees in the Not-For-Profit and Government sectors. She is not a Board member. She attends Anglican Churches Springwood. Ms Bounds was appointed as Secretary with effect from 22 August 2018.

### Attendance at Members' meetings and Committee Meetings

Year Ended 31 December 2018	Members meetings		Audit committee meetings	
	A	B	A	B
<b>Non Executive members</b>				
R Smith	5C	4C		
Rev E Brush	5	4		
M Ballantyne	5	5		
C Gwilliam*			2	1
G Hammond OAM	5	4		
J Pascoe	5D	5D**	2C	2C
D Sietsma	5	3	0***	0
M Stead	5	5	2	2
A Stanley	5	2		
K Pun	3	2		
E Horton	0	0		

A = meetings eligible to attend	D = Deputy Chairman
B = meetings attended	■ = not a committee member
C = Chairman	

\*Ms Gwilliam is not a board member.

\*\*Mr Pascoe chaired one meeting, in the absence of the Chairman.

\*\*\*Mr Sietsma was appointed to the Audit Committee on 22 November 2018.



# **Report of the members of the Glebe Administration Board as trustee for the Diocesan Endowment for the year ended 31 December 2018 (cont)**

## **Committees of the Board**

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The function of the Audit Committee is to assist in ensuring, by overseeing the audit and financial reporting function, that the Board maintains its established policy of adequate, reliable and high quality financial reporting and internal controls.

The function of the Nominations Committee is to make recommendations to GAB, for its advice to the Standing Committee, about the preferred skills and experience of a potential candidate to fill a vacancy in the members of GAB.

## **Board Delegation**

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GAB has delegated to the Chief Executive Officer, and through the Chief Executive Officer to other senior executives, responsibility for the everyday management of the business. The scope of and limitations to that delegated authority is documented.

## **Identifying significant business risks**

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GAB regularly monitors the operational and financial performance of its activities. It monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

## **Independent professional advice**

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GAB has resolved that members do not have the right to seek independent professional advice at the expense of GAB, other than with prior approval by GAB.

## **Insurance of officers**

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During the year insurance premiums totalling \$20,000 (2017: \$15,000) were paid for directors' and officers' liability insurance in respect of the members of the GAB as trustee for the DE and DCIF. The policies do not specify the premium for individual members.

The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from liability to persons incurred in their position as a member unless the conduct involves a wilful breach of duty or an improper use of inside information to gain advantage.

## **Matters since the end of the year**

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No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect, the operations of the DE, the results of those operations or the state of affairs of the DE in future years.

# Report of the members of the Glebe Administration Board as trustee for the Diocesan Endowment for the year ended 31 December 2018 (cont)

## Environmental regulation

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The operations of the DE are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory thereof.

The DE has not incurred any liability (including rectification costs) under any environmental legislation.

## Likely developments and expected results of operations

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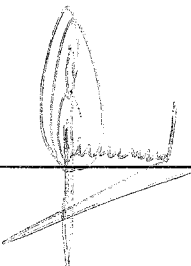
There are no anticipated material future developments which are expected to impact the operations of the DE and the expected results of those operations in future years.

Signed in accordance with a resolution of the members of Glebe Administration Board as trustee for the DE.

 M. STEAD

15 April 2019

Member

 G. Hammond

15 April 2019

Member

# GLEBE ADMINISTRATION BOARD

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## Corporate Governance Statement For the year ended 31 December 2018

This Corporate Governance Statement is current at the date of this report. GAB reviewed and updated the Corporate Governance Statement at its meeting on 21 February 2018.

The Corporate Governance Statement relates to GAB as trustee of various trusts.

GAB is constituted by the *Glebe Administration Board Ordinance 1930* (the “1930 Ordinance”) and is incorporated under the *Anglican Church of Australia (Bodies Corporate) Act 1938*.

GAB is the trustee of the property held on the trusts set out in the *Diocesan Endowment Trust Ordinance 2016* (the “DE Ordinance”) and is the trustee of the property held on the trusts set out in the *Diocesan Cash Investment Fund Ordinance 2016* (the “DCIF Ordinance”). GAB is also the trustee of a trust (The Margaret Herron Accommodation Trust) established under the will of the late John Herron. The affairs of GAB are wholly related to its capacity as trustee of the 3 trusts named above.

This statement summarises GAB’s governance framework.

### Governance

GAB’s approach to governance is based on a set of values and behaviours that underpin everyday activities, ensure transparency and fair dealing, and protect the interests of the Synod of the Diocese of Sydney (the “Synod”) and its Standing Committee (the “Standing Committee”).

This approach includes a commitment to the highest standards of governance, which GAB sees as fundamental to its sustainability.

In developing this statement, GAB has considered –

- the governance standards applying to charities registered with the Australian Charities and Not-for-profits Commission (“ACNC”), and
- the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (“ASXCGC”), and
- the Governance Policy for Diocesan Organisations adopted by the Synod in October 2014.

GAB is registered with the ACNC as a charity for the advancement of religion.

While GAB is not a listed entity it recognises that the Corporate Governance Principles and Recommendations of the ASXCGC reflect a contemporary view of appropriate corporate governance standards which are helpful to GAB in formulating its governance rules and practices.

The Governance Policy for Diocesan Organisations articulates principles which reflect the Synod’s expectation that each diocesan organisation will seek the highest standards of governance appropriate to the size and nature of that organisation. GAB has adopted those principles, where relevant and appropriate, having regard to the size of GAB and the nature of the work it undertakes.

### 1. Purpose and Not-for-profit character

#### *Purpose*

Under the 1930 Ordinance, the purpose of GAB is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney by managing and controlling the property of the DE in accordance with the trusts on which it is held, and by managing and controlling other property of which it is trustee from time to time in accordance with the terms of the relevant trusts.

Under the DE Ordinance, the property of the DE is held by GAB on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney and, as trustee, the GAB is to act in a way which preserves the real value of the DE and, subject to that requirement, enables distributions to be paid to the Synod in accordance with clause 6 of the DE Ordinance.

# **GLEBE ADMINISTRATION BOARD**

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## **Corporate Governance Statement (cont)**

### **For the year ended 31 December 2018**

Under clause 6, the GAB is to advise the Standing Committee each year of the amount which may prudently be distributed from the property of the DE during the year which follows the year in which advice is given, having regard to the trusts set in the DE Ordinance.

GAB is to pay the Standing Committee the amount so advised during the year which follows the year in which the advice is given, at such time or times as the Standing Committee determines. GAB is to provide this advice no later than 30 April each year. Amounts so paid by GAB are applied by the Standing Committee in accordance with the determination or direction of the Synod.

Under the DCIF Ordinance, GAB is also the trustee of the DCIF. The property of the DCIF is held on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney through facilitating the investment of cash held by trustees of church trust property.

#### *Not-for-profit churches*

Under the 1930 Ordinance, the property of GAB is church trust property and therefore must not, as a matter of law, be distributed for the private benefit of individuals either during the operation of GAB or on its winding up or dissolution. Further, if GAB is wound up or dissolved its remaining property after satisfaction of all its liabilities, must be applied for such purpose of the Diocese as the Synod may determine.

## **2. Roles and responsibilities**

The members of GAB, acting collectively, are responsible for –

- providing leadership and setting the strategic objectives of GAB, and
- appointing the Chair and Deputy Chair, and
- appointing, and where necessary replacing, the Chief Executive Officer, and
- approving the appointment, and when necessary replacement, of other senior executives, and
- overseeing management's implementation of GAB's strategic objectives and its performance generally, and
- approving operating budgets and major capital expenditure, and
- overseeing the integrity of GAB's accounting and corporate reporting systems, including the external audit, and
- overseeing GAB's process for making timely and balanced disclosure of information to its stakeholders, and
- ensuring that GAB has in place an appropriate risk management framework and setting the risk appetite within which the members expect GAB to operate, and
- monitoring the effectiveness of GAB's governance practices.

GAB has an Audit Committee and a Nominations Committee to assist it in fulfilling its responsibilities.

The main role of the Audit Committee is to monitor report and make recommendations to GAB about the financial reporting processes of GAB, the internal control systems and the independent audit process. The charter of the Audit Committee is reviewed periodically by GAB.

The main role of the Nominations Committee is to make recommendations to GAB, for its advice to the Standing Committee, about the preferred skills and experience of a potential candidate to fill a vacancy in the members of GAB.

GAB has delegated to the Chief Executive Officer of Sydney Diocesan Services ("SDS"), and through the CEO to the other executive staff of SDS, responsibility for the day to day management of the business of GAB. The scope of that delegated authority, and the limits on that authority, is documented and reviewed periodically by GAB.

# **GLEBE ADMINISTRATION BOARD**

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## **Corporate Governance Statement (cont) For the year ended 31 December 2018**

### **3. Membership**

#### *Membership of GAB*

Under clause 5(1) of the 1930 Ordinance, the members of GAB consist of at least eight and up to ten members elected by the Standing Committee.

The name of each member, together with information about their qualifications and experience, is set out in the annual report of GAB.

#### *Appointment of Members*

GAB is to have an adequate number of members with appropriate skills and commitment to adequately discharge their responsibilities and duties. A person must sign a prescribed statement of personal faith to be eligible for election as a member.

GAB, in making recommendations to the Standing Committee about the preferred skills and experience of candidates to fill vacancies in the office of member, has regard to the skills and experience required of a person to serve as a member of GAB.

The Standing Committee may appoint, as a member, a person other than a potential candidate recommended by GAB.

#### *Independence of members*

No member of GAB is an employee of GAB or an entity which provides services to GAB (for a fee).

Each member of GAB is to be free from any business or other relationship that could interfere with the exercise of their unfettered and independent judgment as a member.

Each member is expected to disclose any business or other relationship which they may have with GAB.

#### *Statement of Personal Faith*

A person is not eligible to be elected as a member unless the person has first given the Secretary of GAB a signed copy of the Statement of Personal Faith set out in the Schedule of the 1930 Ordinance.

#### *Term of office*

A member of GAB holds office for a term of 3 years.

Eligible members may offer themselves for re-election by the Standing Committee. GAB also makes recommendations concerning the re-election of any members by the Standing Committee. A person is not eligible for re-election if such re-election would result in that person being a continuous member of GAB for more than 14 years.

# GLEBE ADMINISTRATION BOARD

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## Corporate Governance Statement (cont) For the year ended 31 December 2018

### *Induction of members*

On appointment, a member receives a letter of appointment which sets out the expectations of the member and the conditions of appointment. A member is also offered an induction program to familiarise them with matters relating to the business, strategy and any current issues before GAB.

The induction program includes meetings with the Chair, the Chair of the Audit Committee, and the CEO and senior executives, as appropriate.

GAB and each member enter into a Deed of Indemnity, Access and Confidentiality.

### *Meetings of members*

The 1930 Ordinance sets no minimum number of meetings, but instead provides that the members are to meet at such times as they may determine. The general practice of GAB is for the members to meet quarterly during the year (March, June, September and December) and at other times when required.

GAB has operating protocols for its meetings which cover matters such as the business of the meeting, attendance at a meeting, and how matters are to be discussed and determined at a meeting.

The CEO attends all meetings. The Chair, on the recommendation of the CEO, determines which other staff members or external consultants will be present at a meeting.

At each meeting, there is the opportunity for members of GAB to discuss matters in the absence of the CEO and other staff members.

### *Review of performance of members*

The members of GAB regularly review their performance and effectiveness.

### *Learning & Development*

GAB endorses and supports the appropriate development of its members, and expects that they will undertake ongoing learning and development which is relevant to their role as a member. GAB has a Member Learning & Development Policy which describes how GAB will provide support to members in undertaking learning and development.

### *Remuneration*

A member is not remunerated for their services as a member.

### *Chair*

The members appoint one of their number as Chair for a term which ends on the date set out in the resolution making the appointment, the third anniversary of appointment or otherwise when revoked by the board.

## 4. Accountability

GAB is to be accountable to the Archbishop, the Synod and the Standing Committee being the representatives of the Diocese of Sydney for whose purposes GAB is constituted.

# GLEBE ADMINISTRATION BOARD

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## Corporate Governance Statement (cont) For the year ended 31 December 2018

### *Reporting to the Synod and Standing Committee etc*

In accordance with its obligations under the 1930 Ordinance, GAB –

- reports to the Standing Committee from time to time about its affairs, and
- provides the Standing Committee with such information regarding the affairs of GAB as the Standing Committee may require from time to time.

GAB also complies with the provisions of the *Accounts, Audits & Annual Reports Ordinance 1995* which include provisions as to reporting.

GAB publishes its annual financial statements, its annual report and reports about the quarterly investment performance of the DE on its website.

### *Archbishop*

The GAB is to send a copy of the Agenda for each meeting to the Archbishop if requested by him. The Archbishop may attend meetings of GAB and put before its members any matter for their consideration and express his views on any matter being considered by the members. The Archbishop is not entitled to vote on any such matter.

## 5. Acting ethically and responsibly

GAB promotes ethical and responsible conduct.

### *Responsibilities of members to act ethically and responsibly*

In undertaking their responsibilities, members of GAB are –

- to act with reasonable care and diligence in the performance of their functions,
- to act in good faith in the best interests of GAB and to further its purpose
- not to misuse their position as members
- not to misuse information they gain in their role as members
- to promptly disclose actual or perceived conflicts of interest
- not to participate in discussions, or vote on any matter regarding an actual or perceived conflict of interest without the approval of other members
- to ensure the financial affairs of GAB are managed responsibly
- not to allow GAB to operate while it is insolvent.

### *Conflicts of interest*

GAB's conflict of interest policy provides guidelines for recognising and managing potential conflicts of interest of members and specifically requires that –

- all members are required to disclose any actual or potential conflict of interest upon appointment and are required to keep those disclosures to GAB up-to-date, and
- any member with a material personal interest in a matter may not participate in discussion or vote on that matter, unless GAB resolves otherwise.

In addition, staff of SDS are not permitted to participate in activities which involve a conflict with their duties and responsibilities or which are prejudicial to GAB.

# GLEBE ADMINISTRATION BOARD

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## Corporate Governance Statement (cont) For the year ended 31 December 2018

GAB has entered into a service level agreement where, on a fee for service basis, SDS undertakes management responsibilities for GAB.

### *Compliance with Australian law*

GAB is subject to a number of specific legal and regulatory obligations by reason of the activities it undertakes. GAB has identified those obligations and monitors compliance with those obligations.

The members of GAB collectively, and each member individually, may seek independent professional advice, at GAB's expense, to help them carry out their responsibilities. The Chair's prior approval is required, but will not be unreasonably withheld.

### *Ethical Investment Policy*

GAB invests the property of the DE in accordance with its ethical policy set out in the Investment Policy Statement for the DE.

## 6. Safeguard integrity in financial reporting

### *Core principles*

GAB's approach to financial reporting reflects the following core principles –

- its financial reports present a true and fair view, and
- its financial reports fully inform the members as to financial exposures, and
- its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies, and
- appropriate internal controls are maintained, and
- its external auditor is independent.

Integrity in the financial reporting system is maintained through –

- the work of the Audit Committee, and
- the work of the External Auditor, and
- CEO and CFO assurance.

### *Audit Committee*

The Audit Committee reviews and assesses any significant estimates and judgments in financial reports and the processes used to monitor and comply with laws, regulations and other reporting requirements.

Members of the Audit Committee are chosen on the basis of relevant skills and experience. The Audit Committee has the flexibility to augment its skills and experience by appointing persons who are not members of GAB, subject to GAB approval.

The performance of the Audit Committee is reviewed as part of the annual performance review undertaken by members.

The Audit Committee may meet with the external auditors without management being present.

Given the relatively small size of GAB an internal audit division is not warranted. GAB has instituted internal controls and appropriate division of duties. The accounting controls monitor for breaches of authority.



# GLEBE ADMINISTRATION BOARD

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## Corporate Governance Statement (cont)

### For the year ended 31 December 2018

#### *External Auditors*

The role of the external auditor is to provide an independent opinion that the financial reports are true and fair and comply with applicable regulations.

The external auditor has access to the minutes and papers of GAB and its Audit Committee.

The external auditor submits an annual declaration of independence to GAB.

Any advisory services by the external auditor are detailed in the notes to the annual financial statements.

The external auditor attends all meetings of the Audit Committee at which a report is presented by the auditor about management, monitoring of financial risks, significant and unusual transactions, any correspondence with regulators and asset valuations.

#### *CEO and CFO Assurance*

The members of GAB receive a letter of representation, signed by both the CEO and the Chief Financial Officer of SDS, assuring GAB that in all material respects –

- the financial records have been properly maintained to correctly record and explain its transactions, and
- the financial statements and notes required comply with the accounting standards, and
- the financial statements and notes give a true and fair view of the financial position and of the performance of the organisation, and
- that appropriate internal controls and risk management systems are sound, and continue to run in an efficient manner, and
- that proper retention processes are in place to ensure these records are recoverable and useable for a period of seven years.

## 7. Recognise and manage risk

#### *Risk Management*

GAB regards managing the risk that affects its business as a fundamental activity, as it influences its performance, reputation and future success.

Effective risk management involves achieving an integrated and balanced approach to risk and reward, and assists us in achieving our objectives of optimizing financial growth and mitigating potential loss or damage.

#### *Risk Management Roles and Responsibilities*

GAB approves the organisation's risk identification and management strategy and periodically reviews that strategy.

The CEO and senior managers are responsible for implementing the risk management framework, systems, controls and procedures for identifying risk and management of risks adopted from time to time by GAB.

The CEO and senior managers ensure that risks are quantified, appropriate risk limits (tolerances) are set and that financial exposures are fully reported to GAB.

# **GLEBE ADMINISTRATION BOARD**

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## **Corporate Governance Statement (cont) For the year ended 31 December 2018**

### *Compliance Reporting*

GAB monitors its compliance with key risk matters, by requiring periodic confirmation certificates from management.

The compliance coverage and depth of review is reviewed in response to changing circumstances.

Compliance reporting is the responsibility of the Corporate Secretary of GAB.

# DIOCESAN ENDOWMENT

## Five year financial summary

\$'000 (unless otherwise indicated)	2014	2015	2016	2017	2018
<b>Income statement for the year ended</b>					
<b>31 December</b>					
Investment income	17,458	18,748	18,806	27,594	508
Borrowing costs	(3,249)	(2,663)	(2,301)	(760)	-
Net investment income	14,209	16,085	16,505	26,834	508
Fee and other income	114	91	112	92	632
Net operating income	14,323	16,176	16,617	26,926	1,140
Operating expenses	(2,893)	(3,029)	(2,904)	(2,050)	(1,220)
Total income and expense before tax	11,430	13,147	13,713	24,876	(80)
Income tax expense	-	-	-	-	-
Total income and expense after tax	11,430	13,147	13,713	24,876	(80)
Distributions provided for	4,000	4,300	4,400	5,690	2,804
<b>Balance sheet as at 31 December</b>					
Investments and loans	156,453	136,783	149,514	104,211	99,817
Cash and other assets	106,272	137,498	131,975	1,055	603
Total assets	262,725	274,281	281,489	105,266	100,420
Payables	556	568	319	131	55
Interest bearing liabilities	114,846	117,242	115,286	-	-
Other liabilities	4,000	4,300	4,400	4,690	2,804
Total liabilities	119,402	122,110	120,005	4,821	2,859
Net assets	143,323	152,171	161,484	100,445	97,561
<b>Ratios</b>					
Total liabilities to net assets (%)	83.3%	80.2%	74.3%	4.8%	2.9%
Investment income on average investment assets (%)	11.0%	12.8%	13.1%	21.8%	0.5%
Surplus after income tax on net assets (%)	8.0%	8.6%	8.5%	24.8%	(0.1)%
Operating expense to net operating income (%)	20.2%	18.7%	17.5%	7.6%	107.0%
Operating expenses less fee income to total assets (%)	1.1%	1.1%	1.0%	1.9%	0.6%

2018 figures are for the DE only. Prior year figures are for the DE and also include the results of other entities that were controlled by the Glebe Administration Board and which are reported above for management purposes.

# DIOCESAN ENDOWMENT

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## Statement of comprehensive income For the year ended 31 December 2018

	Notes	2018 \$	2017 \$
Revenue from continuing operations	4	1,140,143	9,534,106
Share of net profit of St Andrew's House Trust (SAHT) accounted for using the equity method	13	-	18,152,450
Borrowing costs	5(a)	-	(760,404)
Other expenses	5(b)	(1,219,863)	(2,050,196)
<b>(Loss)/surplus from continuing operations before income tax</b>		<b>(79,720)</b>	<b>24,875,956</b>
Income tax expense	6	-	-
<b>(Loss)/surplus from continuing operations after income tax</b>		<b>(79,720)</b>	<b>24,875,956</b>
Other comprehensive income		-	-
Income tax relating to other comprehensive income		-	-
Other comprehensive income after tax		-	-
<b>Total comprehensive (loss)/income</b>		<b>(79,720)</b>	<b>24,875,956</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# DIOCESAN ENDOWMENT

## Balance sheet

As at 31 December 2018

	Notes	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	7	50,663	298,937
Short-term investments	8	6,601,078	10,104,078
Receivables	9	552,633	756,035
Loans	10	2,510,500	2,010,486
<b>Total current assets</b>		<b>9,714,874</b>	<b>13,169,536</b>
<b>Non-current assets</b>			
Loans	11	6,992,080	9,506,429
Financial assets at fair value through profit or loss	12	83,713,337	82,590,376
Investment in St Andrew's House	13	-	-
<b>Total non-current assets</b>		<b>90,705,417</b>	<b>92,096,805</b>
<b>Total assets</b>		<b>100,420,291</b>	<b>105,266,341</b>
<b>Current liabilities</b>			
Payables	14	55,288	131,618
Provisions	16	2,804,000	4,690,000
<b>Total current liabilities</b>		<b>2,859,288</b>	<b>4,821,618</b>
<b>Total liabilities</b>		<b>2,859,288</b>	<b>4,821,618</b>
<b>Net assets</b>		<b>97,561,003</b>	<b>100,444,723</b>
<b>EQUITY</b>			
Capital	17	35,502,540	35,502,540
Reserves	18	-	-
Accumulated surplus	19	62,058,463	64,942,183
<b>Total equity</b>		<b>97,561,003</b>	<b>100,444,723</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# DIOCESAN ENDOWMENT

## Statement of changes in equity For the year ended 31 December 2018

	Notes	Capital \$	Reserves \$	Accumulated surplus \$	Total \$
<b>Balance 1 January 2017</b>		<b>35,502,540</b>	<b>1,280,000</b>	<b>124,701,273</b>	<b>161,483,813</b>
Total comprehensive income		-		24,875,956	24,875,956
Share of SAHT's movement in future rental costs reserve	18	-	(510,000)	510,000	-
Share of SAHT's movement in future non-sinking fund capital works reserve	18	-	(770,000)	770,000	-
Provision for distribution during the year	16	-	-	(5,690,000)	(5,690,000)
Transfer of 50 % interest in SAHT to Synod of the Anglican Diocese of Sydney	13	-	-	(80,225,046)	(80,225,046)
<b>Balance 31 December 2017</b>		<b>35,502,540</b>	<b>-</b>	<b>64,942,183</b>	<b>100,444,723</b>
Total comprehensive (loss)/income		-	-	(79,720)	(79,720)
Provision for distribution during the year	16	-	-	(2,804,000)	(2,804,000)
<b>Balance 31 December 2018</b>		<b>35,502,540</b>	<b>-</b>	<b>62,058,463</b>	<b>97,561,003</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# DIOCESAN ENDOWMENT

## Statement of cash flows For the year ended 31 December 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Management and service fees		126,220	91,689
Interest received		523,358	2,095,190
Dividends and distributions		367,146	3,217,614
Grants and donations		506,006	6,226
Other revenue		551	347
Finance costs		-	(362,224)
Payments to suppliers		(1,298,958)	(2,036,243)
<b>Net cash inflow from operating activities</b>	21	<b>224,323</b>	<b>3,012,599</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of financial assets		8,890,000	27,710,000
Payments for financial assets		(10,200,000)	(31,770,000)
Net decrease in loans provided		2,014,336	2,016,563
Net decrease in short term investments		3,503,000	35,066,063
<b>Net cash inflow from investing activities</b>		<b>4,207,336</b>	<b>33,022,626</b>
<b>Cash flows from financing activities</b>			
Distributions to Synod	16	(4,690,000)	(4,400,000)
Distributions to other Anglican organisations	16	-	(1,000,000)
Reimbursement/(Payments) made on behalf of Margaret Herron Trust		10,067	(10,067)
Net (decrease) in Glebe Income Accounts		-	(115,882,848)
<b>Net cash (outflow) from financing activities</b>		<b>(4,679,933)</b>	<b>(121,292,915)</b>
<b>Net (decrease)/increase in cash held</b>		<b>(248,274)</b>	<b>(85,257,690)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>298,937</b>	<b>85,556,627</b>
<b>Cash and cash equivalents at the end of the year</b>	7	<b>50,663</b>	<b>298,937</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## 1. Purpose

Glebe Administration Board is an incorporated body created by the *Glebe Administration Ordinance 1930* in accordance with the *Anglican Church of Australia (Bodies Corporate) Act 1938*. The purpose of Glebe Administration Board is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney by managing and controlling the property of the Diocesan Endowment (the "DE") in accordance with the terms of the trusts on which that property is held and by managing and controlling other property of which it is trustee from time to time in accordance with the terms of the relevant trusts.

The financial statements presented in this Annual report record DE's assets and liabilities, revenue and expenses that have been entered into by Glebe Administration Board as trustee for the DE. In these financial statements DE is also referred to as "GAB" or the "entity".

By clause 4 of the Diocesan Endowment Trust Ordinance 2016 –

- (a) The DE is held on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney.
- (b) Glebe Administration Board, as trustee of the DE, is to act in a way which preserves the real value of the DE and, subject to this requirement, enables distributions to be paid to the Standing Committee each year to be applied in accordance with the determination or direction of the Synod.

Glebe Administration Board as an incorporated body has no employees and no amounts are paid or allocated to or on behalf of members of Glebe Administration Board.

Glebe Administration Board acts only in the capacity of Trustee for the Anglican Church of Australia, Diocese of Sydney. It does not own any assets nor carry out any activities on its own behalf.

## 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

In the opinion of the members of Glebe Administration Board (as appointed by the Standing Committee of the Synod of the Anglican Church Diocese of Sydney) as Trustee for the DE, the entity is not a reporting entity because there are no users dependent on this general purpose financial report. These are special purpose financial statements that have been prepared for the purpose of complying with the *Glebe Administration Ordinance 1930*, the *Diocesan Endowment Trust Ordinance 2016*, and the *Accounts, Audits and Annual Reports Ordinance 1995* requirements to prepare and distribute financial statements to the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and to the members of the Glebe Administration Board and must not be used for any other purpose.

The financial statements have been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

The financial statements presented record the DE's assets and liabilities, revenue and expenses relating to transactions and agreements that have been entered into by Glebe Administration Board as trustee for the DE.

The members of Glebe Administration Board as Trustee for DE have determined that the accounting policies adopted are appropriate to meet the needs of the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and of the members of the Glebe Administration Board. The financial statements contain only those disclosures considered necessary by the Trustee to meet the needs of the above named specified users.

GAB is a not-for-profit entity for the purpose of preparing these financial statements



## 2. Summary of significant accounting policies (cont)

### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

### *New and amended accounting standards*

AASB 9 Financial Instruments was adopted by GAB and became effective on 1 January 2018. Refer to note 2(h)(i) for disclosures made and impacts of the new standards.

### **(b) Investment in St Andrew's House Trust**

GAB's investment in SAHT up to 31 August 2017 is accounted for in the financial statements using the equity method. Under this method, the entity's share of the surplus of SAHT is recognised as revenue in the statement of comprehensive income and its share of movements in reserves is recognised in reserves.

### **(c) Foreign currency translation**

#### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the entity's functional and presentation currency.

### **(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes paid.

#### *Dividends and distributions*

Dividends and distributions are brought to account as revenue when equities and units are quoted "ex distribution".

In prior years the parent entity distributions from SAHT were recorded as revenue in the period in which they were received. GAB's proportion of the unpaid surplus was included in the value of the beneficial interest owned.

#### *Franking credits*

Franking credits refundable by the Australian Taxation Office are brought to account as revenue when receivable. Franking credits attributed to GAB through investment in managed funds are brought to account as revenue on receipt of annual tax distribution statements.

#### *Other revenue*

Other revenue is brought to account on an accruals basis, except as otherwise disclosed.

#### *Interest income*

Interest revenue is recognised on a time proportion basis using the effective interest method.

## 2. Summary of significant accounting policies (cont)

### (e) Income tax

GAB, as trustee for the DE, is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997* and no provision has been made in respect thereof.

GAB ceased to be a parent entity upon the winding up of Glebe Asset Management Limited on 31 October 2017. Upon the winding up of Glebe Asset Management Limited there were no deferred tax assets or deferred tax liabilities.

### (f) Cash and, cash equivalents and term deposits

For cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

Term deposits are deposits with Authorised Deposit Taking Institutions (ADIs). Term deposits with an initial term of 3 months or less are included in Cash and cash equivalents. Term deposits are carried at face value of the amount deposited. Interest accrued is included in Receivables.

### (g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Accounts receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

### (h) Investments and other financial assets

#### (i) *Financial assets at fair value through profit or loss*

GAB has adopted AASB 9 Financial Instruments which became effective on 1 January 2018.

The previous accounting policy adopted by GAB was that financial assets (units held in various Mercer's funds) were accounted for as financial assets designated at fair value through the profit and loss. Under AASB 9, this designation is available only at inception and only if it eliminates or significantly reduces a recognition inconsistency (sometimes referred to as an 'accounting mismatch').

The adoption of AASB 9 from 1 January 2018 resulted in changes in accounting policies but no adjustments to the value of the amounts recognised in the financial statements and no changes to the overall classification of the financial assets in the balance sheet were necessary. The accounting policies of GAB have however been revised accordingly.

## 2. Summary of significant accounting policies (cont)

On 1 January 2018 (the date of initial application of AASB 9), the business model applied to the financial assets held by GAB has been assessed and the entity has classified its financial instruments into financial assets measured at fair value through profit and loss which is the same category that was used in the prior year.

These investments are held as long-term strategic investments that are not expected to be sold in the short to medium term and management has determined that such a classification was the most appropriate with regards to the business model followed by GAB.

As there were no changes to the measurement or classification of these financial assets following the adoption of AASB 9 no additional disclosures have been included in the financial report of GAB.

### (ii) Loans

Loans are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. All known bad debts are written off against the provision in the year in which they are identified.

### (i) Fair value estimation

Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same and discounted cash flow analysis.

The entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

### (j) Other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (k) Borrowings and borrowing costs

Borrowings are initially recognised at fair value. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on deposits.

## 2. Summary of significant accounting policies (cont)

### (l) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### (m) Distributions

Provision is made for the amount of any distribution required, determined or recommended by GAB or by application of ordinance, on or before the end of the year but not distributed at balance date.

Refer to note 16 for details of the provision for distribution made.

### (n) Goods and services tax (GST)

GAB is a member of the Sydney Diocesan Services GST Group.

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office (ATO). In these circumstances it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

### (o) Short-term investments

Short-term investments are financial assets. They include unsecured loans to the DCIF which have been designated at fair value through profit and loss upon initial recognition. Regular purchases and sales of financial assets are recognised on trade-date, the date on which GAB commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and GAB has transferred substantially all the risks and rewards of ownership.

### 3. Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and maturities analysis for liquidity risk.

During the year, the responsibility for oversight of financial risk management was with the board of GAB.

The entity holds the following financial instruments:

	2018 \$	2017 \$
<b>Financial assets</b>		
Cash and cash equivalents	50,663	298,937
Short-term investments	6,601,078	10,104,078
Loans	9,502,580	11,516,915
Receivables	552,633	756,035
Equity investments	42,734,758	46,247,785
Property related investments	21,275,804	18,646,305
Interest related investments	19,702,775	17,696,286
	<u>100,420,291</u>	<u>105,266,341</u>
<b>Financial liabilities</b>		
Payables	55,288	131,618
Provision for income distribution	2,804,000	4,690,000
	<u>2,859,288</u>	<u>4,821,618</u>
<b>Net financial assets</b>	<u>97,561,003</u>	<u>100,444,723</u>

#### (a) Market risk

##### (i) Price risk

The entity is exposed to equity securities price risk. This arises from investments held by the entity for which prices in the future are uncertain. They are classified on the balance sheet as fair value through profit or loss. The entity is not exposed to commodity price risk. All securities investments present a risk of loss of capital.

To manage its price risk arising from investments in equity securities, the entity uses managed unit trusts to diversify its portfolio. Investment and allocation of the portfolio is done in accordance with the limits and ranges set by the Board of GAB in the Investment Policy Statement.

### 3. Financial risk management (cont)

The tables below summarises the impact of increases/decreases of the ASX and overseas indexes on the entity's surplus for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% with all other variables held constant and all the entity's equity instruments moved according to the historical correlation with the index.

Index	Impact on surplus		Impact on equity	
	2018	2017	2018	2017
	+/- \$	+/- \$	+/- \$	+/- \$
Australian equities - ASX	2,733,063	2,918,726	2,733,063	2,918,726
Australian property	1,782,599	1,611,919	1,782,599	1,611,919
Global Property	344,982	252,711	344,982	252,711
Foreign equities	1,540,412	1,706,052	1,540,412	1,706,052
	<u>6,401,056</u>	<u>6,489,408</u>	<u>6,401,056</u>	<u>6,489,408</u>

Surplus/(loss) for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss.

#### (ii) Foreign exchange risk

The entity has investments in Australian managed funds which invest in overseas developed markets and overseas emerging markets. The entity has no direct exposure to foreign currency denominated assets and liabilities.

The following investments held are indirectly exposed to movements in the value of the Australian dollar against other currencies:

	2018	2017
	\$	\$
Mercer Passive International Shares Fund	5,758,658	6,822,942
Mercer Emerging Markets Fund	3,093,547	3,283,742
Mercer Global Listed Infrastructure Fund	3,449,816	2,527,113
	<u>12,302,021</u>	<u>12,633,797</u>

The effects of movement in the foreign currency exchange rates cannot be estimated as the underlying investments are in assets denominated in different currencies.

### 3. Financial risk management (cont)

#### (iii) Cash flow and fair value interest rate risk

The entity's main interest rate risk arises from its short/long-term borrowing, cash, term deposits, interest related investments and loans receivable. Borrowing, issued at variable rates, exposes the entity to cash flow interest rate risk. Borrowings and loans receivable, issued at fixed rates expose the entity to fair value interest rate risk. The entity also holds cash and cash equivalent deposits which expose the entity to interest rate risk from impacts on interest income.

As at the reporting date, the entity had the following variable rate borrowings, cash and cash equivalents, interest related investments and loans outstanding –

Index	2018		2017	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents and short-term investments	1.82	6,651,741	1.98	10,403,015
Loans	3.76	9,502,580	3.56	11,516,915
Interest related investments	1.80	19,702,775	4.71	17,696,286
Interest bearing liabilities		-	1.46	-
Net exposure to cash flow interest rate risk		35,857,096		39,616,216

An analysis by maturities is provided in (c).

The entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the entity calculates the impact on profit and loss of a defined interest rate shift.

#### Interest rate sensitivity

At 31 December 2018, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, surplus/(loss) for the year and equity would have been \$358,571 lower/higher (2017– change of 100 bps: \$396,162 lower/higher).

### 3. Financial risk management (cont)

#### (b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with financial institutions, loans receivable as well as credit exposures to outstanding receivables. For banks and financial institutions, only investments with a minimum short term rating of 1 or 2 are accepted. For these purposes the credit rating grades (and equivalent for external ratings agencies) are those set out in the Australian Securities & Investments Commission Standard APS 112.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to specific board approval.

As at 31 December 2018 there are no receivables and loans that are impaired or past due but not impaired.

Loans to diocesan organisations are unsecured with appropriate negative pledge provisions incorporated into the loan documentation. Total collateral held against loans is \$725,000 (2017: \$725,000).

	2018 \$	2017 \$
<b>Receivables</b>		
Not rated	552,633	756,035
<b>Cash and cash equivalents</b>		
Not rated - no defaults in the past. Includes Sydney Diocesan Secretariat current account	50,663	296,081
Standard and Poors A rating or better	-	2,856
	50,663	298,937
<b>Loan</b>		
Not rated	9,502,580	11,516,915

There is a concentration of credit risk in that \$9,431,402 (2017: \$11,435,431) of loans are exposed to credit risks of one non-parish borrower.



### 3. Financial risk management (cont)

#### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The entity manages liquidity risk by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### Financing arrangements

The entity had access to an overdraft facility with the Sydney Diocesan Services at the reporting date as shown in note 15.

#### Maturities of financial liabilities

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2018	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>							
Non-interest bearing	55,288	-	-	-	-	55,288	55,288
Provisions	2,804,000	-	-	-	-	2,804,000	2,804,000
Bank guarantee	1,200,000	-	-	-	-	1,200,000	-
	4,059,288	-	-	-	-	4,059,288	2,859,288

31 December 2017	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>							
Non-interest bearing	131,618	-	-	-	-	131,618	131,618
Provisions	2,300,000	2,390,000	-	-	-	4,690,000	4,690,000
Bank guarantee	1,200,000	-	-	-	-	1,200,000	-
	3,631,618	2,390,000	-	-	-	6,021,618	4,821,618

### 3. Financial risk management (cont)

#### (d) Fair value estimation

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes.

The entity has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets (level 1),
- (ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices ) (level 2), and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the entity's assets and liabilities measured and recognised at fair value at 31 December 2018:

31 December 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Financial assets at fair value through profit and loss				
Unlisted equities	-	42,734,758	-	42,734,758
Unlisted property	-	21,275,804	-	21,275,804
Unlisted interest investment	-	19,702,775	-	19,702,775
	-	83,713,337	-	83,713,337

31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Financial assets at fair value through profit and loss				
Unlisted equities	-	46,247,785	-	46,247,785
Unlisted property	-	18,646,305	-	18,646,305
Unlisted interest investment	-	17,696,286	-	17,696,286
	-	82,590,376	-	82,590,376

### 3. Financial risk management (cont)

The fair value of financial instruments traded in active markets (such as listed managed fund securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the entity is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are investments in unlisted managed funds is determined by reference to published unit redemption prices. These instruments are included in level 2.

In circumstances where valuation technique for financial instruments is based on significant unobservable inputs, such instruments are included in level 3.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

### 4. Revenue

	2018 \$	2017 \$
<b>Revenue/(loss) from continuing operations</b>		
Distributions from property trusts	954,316	165,378
Net realised and unrealised gains	590,844	96,305
Income from property related investments	1,545,160	261,683
Interest related investments:		
Interest and distributions	644,108	1,673,294
Net realised and unrealised gains/(losses)	(93,415)	573,663
Income from interest related investments	550,693	2,246,957
Income from loans and mortgages	400,963	451,213
Equity related investments:		
Dividends and distributions	3,548,295	2,038,979
Net realised and unrealised gains	(5,537,194)	4,443,585
Income from equity related investments	(1,988,899)	6,482,564
<b>Total investment income</b>	<b>507,917</b>	<b>9,442,417</b>
Other income:		
Rebate of fund administration fees	126,220	91,689
Donations	506,006	-
<b>Total other income</b>	<b>632,226</b>	<b>91,689</b>
<b>Total revenue from continuing operations</b>	<b>1,140,143</b>	<b>9,534,106</b>

Dividends and distributions include franking credits of \$367,147 (2017: \$276,096).

## 5. Surplus from continuing operations

(Loss)/surplus from continuing operations before income tax includes the following specific net gains and expenses:

### (a) Borrowing costs

	2018	2017
	\$	\$
<b>Borrowing costs</b>		
Interest on Glebe Income Accounts - Churches, Anglican organisations and other Christian organisations	-	636,792
Interest on other Glebe Income Accounts	-	123,612
	-	760,404

### (b) Other expenses

	2018	2017
	\$	\$
Management fees from Sydney Diocesan Services	925,413	1,660,044
Professional fees	145,630	204,884
Office operating expenses	108,714	148,895
Insurance	37,431	36,373
Other expenses	2,675	-
	1,219,863	2,050,196

## 6. Income tax

The income tax expense for the year differs from the prima facie tax charge calculated at current rates on operating (loss)/surplus. The differences are reconciled as follows, recognising that not all income is derived in entities that are subject to income tax:

	2018	2017
	\$	\$
(Loss)/surplus from continuing operations before income tax	(79,720)	24,875,956
Less (loss)/surplus from non assessable entities	(79,720)	24,879,013
(Loss) from continuing operations before income tax	-	(3,057)
Income tax benefit calculated at 30%	-	917
Permanent differences	-	(917)
Current tax	-	-
Income tax expense comprises		
Tax payable - current year	-	-
Income tax expense	-	-

The directors estimate that the potential future income tax benefit at 31 December 2018 in respect of tax losses not brought to account is \$Nil (2017: \$Nil).

## 7. Current assets - Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and Sydney Diocesan Services Current account	50,663	248,937
Deposits at call	-	50,000
	<u>50,663</u>	<u>298,937</u>

## 8. Current assets – Short-term investments

	2018	2017
	\$	\$
Unsecured loan to Diocesan Cash Investment Fund	<u>6,601,078</u>	<u>10,104,078</u>

Short-term investments include unsecured loans to the DCIF. The loans made to DCIF are separate from those made by any other lender and makes GAB an unsecured creditor of DCIF. Loans are repayable on request by GAB in accordance with the conditions set out in the Loan Agreement between GAB and the DCIF.

The DCIF has adopted an Investment Policy Statement which stipulates the permitted asset classes and strategic asset allocation for the investments of the DCIF. These include at-call accounts, cash accounts, and term deposits. These investments can also be made through authorised managed fund investments to the extent that they are made in the above assets categories. The assets in which the authorised managed fund has invested in are stipulated in the investment strategy and asset allocation policy of the fund. It includes at-call balance and term deposits with a maximum duration of 12 months per deposit and an expected portfolio average duration of three to six months to maturity at any point in time.

## 9. Current assets – Receivables

	2018	2017
	\$	\$
Distributions receivable	460,191	607,551
Prepayments	2,500	-
Accrued interest	88,367	137,108
Other	<u>1,575</u>	<u>11,376</u>
	<u>552,633</u>	<u>756,035</u>

There were no receivables which were past due or impaired.

**10. Current assets – Loans**

	2018	2017
	\$	\$
Loans - unsecured	2,500,000	2,000,000
Loans - secured	10,500	10,486
	<u>2,510,500</u>	<u>2,010,486</u>

**11. Non-current assets – Loans**

	2018	2017
	\$	\$
Loans - unsecured	6,931,402	9,435,431
Loans - secured	60,678	70,998
	<u>6,992,080</u>	<u>9,506,429</u>

**Summary of current and non-current loans**

Anglican Diocesan organisations	<u>9,502,580</u>	<u>11,516,915</u>
Total current and non-current loans	<u>9,502,580</u>	<u>11,516,915</u>

Repayments on loans comprise a mixture of principal and interest. Terms range between 1 and 14 years.

**Credit risk**

The entity does not have any exposure to credit risk for undrawn facilities.

## 12. Non-current assets - Financial assets at fair value through profit or loss

	2018 \$	2017 \$
<b>Equity investments</b>		
Unlisted managed investment schemes (at cost)	40,090,240	36,952,714
Fair value adjustment	2,644,518	9,295,071
Total unlisted equities at fair value	<u>42,734,758</u>	<u>46,247,785</u>
<b>Property investments</b>		
Unlisted property investments (at cost)	20,486,492	18,550,000
Fair value adjustment	789,312	96,305
Total unlisted property investments at fair value	<u>21,275,804</u>	<u>18,646,305</u>
<b>Interest investments</b>		
Unlisted interest investment (at cost)	20,067,112	17,992,971
Fair value adjustment	(364,337)	(296,685)
Total unlisted interest investments	<u>19,702,775</u>	<u>17,696,286</u>
<b>Summary:</b>		
Equity investments	42,734,758	46,247,785
Property investments	21,275,804	18,646,305
Interest investments	<u>19,702,775</u>	<u>17,696,286</u>
	<u>83,713,337</u>	<u>82,590,376</u>

## 13. Non-current assets – Investment in St Andrew’s House Trust

	2018 \$	2017 \$
50% Beneficial interest in St. Andrew’s House Trust (note 2b)	-	-
Movements in carrying amounts:		
Balance 1 January	-	64,657,096
Share of profit for the year	-	18,152,450
Distributions received	-	(2,584,500)
Transfer of 50 % interest in SAHT to Synod of the Anglican Diocese of Sydney	-	(80,225,046)
Balance 31 December	<u>-</u>	<u>-</u>

## 14. Current liabilities - Payables

	2018	2017
	\$	\$
Accounts payable and accruals	55,288	131,618

## 15. Current liabilities - Interest bearing liabilities

A Guarantee has been given to Westpac Banking Corporation by Glebe Administration Board as trustee for the Diocesan Endowment for overdraft accommodation up to \$1,200,000 granted to Sydney Diocesan Services.

The Glebe Administration Board as trustee for the Diocesan Endowment has an overdraft limit of \$1,000,000 on its current account with Sydney Diocesan Services. At balance sheet date the balance of the current account was \$50,663 (2017: \$46,331).

## 16. Current liabilities - Provisions

	2018	2017
	\$	\$
<b>Provision for distribution</b>		
Balance 1 January	4,690,000	4,400,000
Provided during the period	2,804,000	5,690,000
	7,494,000	10,090,000
Paid during the period	(4,690,000)	(5,400,000)
Balance 31 December	2,804,000	4,690,000

The Standing Committee has approved a distribution of \$2,804,000 for 2019, in the Synod Appropriations and Allocations Ordinance 2018.

	2018	2017
	\$	\$
The composition of payments during the year were as follows:		
Standing Committee	4,690,000	4,400,000
Coalition for Marriage Ltd	-	1,000,000
	4,690,000	5,400,000



## 17. Capital

	2018	2017
	\$	\$
Capital	35,502,540	35,502,540

## 18. Reserves

### (a) Reserves

	2018	2017
	\$	\$
Share of SAHT's future rental costs reserve	-	-
Share of SAHT's future non-sinking fund capital works reserve	-	-
Balance 31 December	-	-

### (b) Movements in reserves

#### Future rental costs reserve

	2018	2017
	\$	\$
Balance 1 January	-	510,000
Share of SAHT's future rental costs reserve	-	(510,000)
Balance 31 December	-	-

#### Future non-sinking fund capital works reserve

	2018	2017
	\$	\$
Balance 1 January	-	770,000
Share of SAHT's future non-sinking fund capital works reserve	-	(770,000)
Balance 31 December	-	-

## 19. Accumulated surplus

### (a) Accumulated surplus:

	2018	2017
	\$	\$
Accumulated surplus	62,058,463	64,942,183

### (b) Movements in accumulated surplus:

	2018	2017
	\$	\$
Balance 1 January	64,942,183	124,701,273
(Loss)/surplus after income tax	(79,720)	24,875,956
Transfer of 50 % interest in SAHT to Synod of the Anglican Diocese of Sydney	-	(80,225,046)
Share of SAHT's movement in future rental costs reserve	-	510,000
Share of SAHT's movement in future non-sinking fund capital works reserve	-	770,000
Provisions for distribution during the year	(2,804,000)	(5,690,000)
Balance 31 December	62,058,463	64,942,183

## 20. Related party transactions

Ultimate control vests with Synod through the sanctioning of governing Ordinances. Transactions between the GAB and other Diocesan Funds are carried out on a commercial basis. The nature of related party transactions involving the GAB are disclosed in the financial statements.

The following persons held office as a member of the GAB during the year:

Mr R Smith	Mr G Hammond OAM
Mr J Pascoe (resigned (31 December 2018))	Bishop M Stead
Mr M Ballantyne	Ms Kitty Pun (appointed 26 March 2018)
Rev E Brush (retired 9 December 2018)	Mr David Sietsma
Mr A Stanley (resigned 31 December 2018)	Ms Evelyn Horton (appointed 10 December 2018)

During 2018 key management personnel also included the following executives below who had the greatest authority for the strategic direction and management of the entity.

<i>Name</i>	<i>Position</i>
Mr R J Wicks	Chief Executive Officer
Mr M A Blaxland	Chief Financial Officer
Mr I J Kuruvilla	Head of Investments

## 20. Related party transactions (cont)

The members of Glebe Administration Board receive no remuneration. Key management personnel compensation is paid by Sydney Diocesan Services and is recovered by way of management fee to GAB.

### Transactions with St Andrew's House Trust

At 31 December 2018, an unsecured loan was provided from GAB for \$9,431,402 (2017: \$11,435,431). This represents a facility to assist in the funding of improvements to Town Hall Square and St Andrew's House. Interest charged to St Andrew's House Trust in respect of this loan was \$398,452 (2017: \$448,517). As at 31 December 2018 the loan had a limit of \$9,431,402 (2017: \$11,435,431). Interest is based on 90 day bank bill rate plus 1%.

### Other related party transactions

The following other related party transactions occurred during the year:

- (i) The following entity was charged a management fee by the Sydney Diocesan Services:

	2018	2017
	\$	\$
Glebe Administration Board	925,413	1,660,044

- (ii) The following entities held money in a current account with the Sydney Diocesan Services on which interest was earned/(paid):

	Current account balance		Interest earned/(paid)	
	2018	2017	2018	2017
	\$	\$	\$	\$
Glebe Administration Board	50,663	46,331	4	73

- (iii) During the prior year Members of the GAB held at call accounts and term deposits with Glebe Income Accounts. The at-call account and term deposits were based on normal commercial terms and conditions. All Glebe Income Accounts were closed by 30 June 2017.

- (iv) At 31 December 2018 an unsecured loan was provided to DCIF for \$6,601,078 (2017: \$10,104,078). Interest earned in respect of this loan was \$114,369 (2017: \$134,149).

## 21. Reconciliation of (loss)/surplus after income tax to the net cash flows from operating activities

	2018 \$	2017 \$
(Loss)/surplus from continuing operations after income tax	(79,720)	24,875,956
Net realised and unrealised (gain) on investments	5,039,765	(20,681,503)
Interest capitalised on Glebe Income Accounts	-	596,939
Dividends and distributions reinvested	(4,148,130)	(1,771,544)
<b>Changes in assets and liabilities</b>		
Decrease in receivables	(511,262)	180,172
(Decrease) in payables	(76,330)	(187,421)
<b>Net cash inflow from operating activities</b>	<b>224,323</b>	<b>3,012,599</b>

## 22. Contingent liabilities and assets

A guarantee has been given to Westpac Banking Corporation by GAB for overdraft accommodation up to \$1,200,000 granted to Sydney Diocesan Services (refer note 15). No losses are expected from this guarantee.

## 23. Remuneration of auditors

The remuneration of auditors paid and payable is as follows:

	2018 \$	2017 \$
Pricewaterhousecoopers Australia		
Audit	52,795	83,635
Taxation	-	4,014
	<b>52,795</b>	<b>87,649</b>

## 24. Events occurring after reporting date

The members of GAB are not aware of any events occurring after reporting date that impact on the financial statements as at 31 December 2018.

This financial report was authorised for issue on 15 April 2019 by GAB.

# **GLEBE ADMINISTRATION BOARD**

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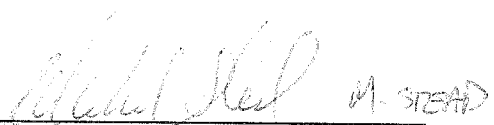
## **MEMBERS' DECLARATION**


The members of the Glebe Administration Board as Trustee for the Diocesan Endowment declare that the financial statements and notes set out on pages 20 to 44:

- (a) comply with accounting policies in note 2 of the financial report;
- (b) give a true and fair view of the entity's financial position as at 31 December 2018 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

In the members' opinion there are reasonable grounds to believe that GAB 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 members.

  
\_\_\_\_\_  
Member 15 April 2019

  
\_\_\_\_\_  
Member 15 April 2019



## *Independent auditor's report*

To the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and to the members of Glebe Administration Board for Diocesan Endowment

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### *Our opinion*

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Diocesan Endowment (the Entity) as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

### *What we have audited*

The financial report comprises:

- the balance sheet as at 31 December 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the members' declaration.

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

### *Independence*

We are independent of the 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.

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### *Emphasis of matter - basis of accounting and restriction on distribution and use*

We draw attention to Note 2 in the financial report, which describes the basis of accounting. The financial report has been prepared to meet the requirements of the *Glebe Administration Ordinance 1930*, the *Diocesan Endowment Trust Ordinance 2016*, and of the *Accounts, Audits and Annual Reports Ordinance 1995*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and for the members of Glebe Administration Board and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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### *Other information*

The members of Glebe Administration Board as trustee for the Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

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

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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the members of Glebe Administration Board as trustee for the financial report*

The members of Glebe Administration Board as trustee for the Entity are responsible for the preparation and fair presentation of the financial report in accordance with the accounting policies described in Note 2 to the financial statements, and for such internal control as the members 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 members are responsible for assessing the ability of the Entity 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 Entity or to cease operations, or have no realistic alternative but to do so.



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### *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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:  
[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Francois Bruder'.

Francois Bruder  
Principal

Sydney  
15 April 2019