

## **Glebe Administration Board Audited Accounts for 2004**

Independent Audit Report to the Members of Glebe Administration Board

### **Audit opinion**

In our opinion, the financial report of Glebe Administration Board as set out [on pages 239 to 291]:

- gives a true and fair view of the financial position of the Glebe Administration Board and the Glebe Administration Board Group (defined below) as at 31 December 2004, and of their performance for the year ended on that date; and
- is presented in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and the provisions of the Diocesan Endowment Ordinance 1984, the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church Diocese of Sydney.

This opinion must be read in conjunction with the rest of our audit report.

### **Scope**

#### ***The financial report and members' responsibility***

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the members' declaration for both Glebe Administration Board (the Board) and the Glebe Administration Board Group (the Consolidated Entity), for the year ended 31 December 2004. The Consolidated Entity comprises both the Board and the entities it controlled during that year.

The members of the Board are responsible for the preparation and true and fair presentation of the financial report in accordance with the Diocesan Endowment Ordinance 1984 and the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church of Australia Diocese of Sydney. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### ***Audit approach***

We conducted an independent audit of the financial report in order to express an opinion on it to members of the Board. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing,

the inherent limitation of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Diocesan Endowment Ordinance 1984, the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church Diocese of Sydney, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Board's and the Consolidated Entity's financial position, and the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included -

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the members of the Board.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by the members of the Board or management.

***Independence***

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

PricewaterhouseCoopers  
Chartered Accountants

M J Codling  
Partner

Sydney  
24 March 2005

## **Statutory Report of the Members of the Glebe Administration Board**

In accordance with a resolution of the Board, the members of the Glebe Administration Board submit herewith the financial reports as at 31 December 2004:

### **Members**

The members of the Glebe Administration Board in office at any time during or since the end of the year are:

#### **Name**

Canon B A Ballantine-Jones OAM	Mr N Lewis
Mr P Berkley	Mr D McDonald AO
Mr P Driscoll	Mr I C Miller
Rt Rev R C Forsyth	Mr W H Olson AM
Dr S E Judd	Dr L A Scandrett
Mr R H Y Lambert	Mr P Shirriff

Members have been in office since the start of the year to the date of this report unless otherwise stated.

### **Scope**

This financial report covers both Glebe Administration Board as an individual entity and the consolidated entity consisting of Glebe Administration Board and its controlled entities.

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, domiciled in Australia. Its registered office and principal place of business is:

Glebe Administration Board  
Level 2, St Andrew's House  
Sydney Square NSW 2000

### **Principal activities**

The object of the Glebe Administration Board is to act as trustee of church trust property vested in it or in respect of which it may be appointed trustee and to do so in a way which both –

- (a) preserves the real value of that property; and
- (b) provides a reasonable income therefrom.

To achieve this, the principal activities of the Board have been to own, manage, develop, let, buy and sell real estate and securities as Trustee for the Diocesan Endowment, 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 Board's activities during the year.

### Results for the year

The consolidated total changes in equity before distributions and capital transactions, after adjusting the equity and fixed interest portfolio to market value, bringing to account profits on the sale of property and equity accounting for the beneficial interest in St Andrews House, is \$48,327,648 (2003: \$17,094,218 surplus).

### Distributions

Dividends are not paid by the Board, but the Board has made distributions of \$8,948,212 (2003: \$8,672,785) from the provision for distribution account. Of the balance of the provision for distribution of \$18,236,161 as at 31 December 2004, \$8,939,566 is anticipated to be utilised during 2005 (refer to note 17 of the financial report).

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

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

### Members' meetings

The number of meetings attended by each member during the year.

	No. eligible to attend	No. attended
Canon B A Ballantine-Jones OAM	8	6
Mr P R Berkley	8	8
Mr P P Driscoll	8	8
Rt Rev R C Forsyth	8	6
Dr S E Judd	8	6
Mr R H Y Lambert	8	7
Mr N Lewis	8	6
Mr D McDonald AO	8	6
Mr I C Miller	8	4
Mr W H Olson AM	8	6
Dr L A Scandrett	8	8
Mr P R Shirriff	8	7

### Insurance of officers

During the year insurance premiums totalling \$14,628 (2003: \$14,580) were paid for directors' and officers' liability insurance in respect of the members of the Glebe Administration Board and its controlled entities. 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 subsequent to the end of the year**

No matter or circumstance has arisen since 31 December 2004 that has significantly affected, or may significantly affect, the operations of the Board, the results of those operations or the state of affairs of the Board in future years.

**Environmental regulation**

The operations of the Board 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 Board has not incurred any liability (including rectification costs) under any environmental legislation.

**Likely developments and expected result of operations**

The members have excluded from this report any information on the likely developments in operations of the Board and the expected results of those operations in future years, as the members have reasonable grounds to believe that it would be likely to result in unreasonable prejudice to the Board.

R H Y Lambert

L A Scandrett

**Members**

16 March 2005

## Corporate Governance Statement

The Australian Stock Exchange Listing Rule 4.10.3 requires that the annual report of a listed company must include a statement of the main corporate governance practices. Whilst the Glebe Administration Board is not listed and not subject to the above rule, nevertheless it is considered best practice for such a statement to be included with the annual financial report.

The Board was involved in corporate governance practices during the year through the continuation of its various committees and sub-committees and through its internal control framework and delegation authorities.

By resolution dated 17 November 2004 the joint board of the Glebe Administration Board and the Sydney Diocesan Secretariat approved the implementation of a new board committee structure and memberships with effect from 1 October 2004. The new committees are:

- i. Board Asset Liability Committee (replaced the Finance & Review Committee);
- ii. Board Audit Committee (replaced the Accounts Review Committee);
- iii. Board Compliance and Risk Management Committee;
- iv. Board Management Remuneration and Nomination Committee (replaced Senior Staff Salaries Review Committee).

## Members of the Board

The Board is responsible for the overall corporate governance of the consolidated entity and as such provides the strategic direction, the establishment of goals for management and the monitoring and achievement of these goals. Responsibility for achieving these goals has been delegated to the Chief Executive Officer, the senior management team and the various committees.

## Composition of the Board

The members of the Board in office at the date of this statement are -

<b>Name</b>	<b>Position</b>
Canon B A Ballantine-Jones OAM	Non-executive Deputy Chairman
Mr P Berkley	Non-executive member
Mr P Driscoll	Non-executive member
Rt Rev R C Forsyth	Non-executive member
Dr S E Judd	Non-executive member
Mr R H Y Lambert	Non-executive member
Mr N Lewis	Non-executive member
Mr D McDonald AO	Non-executive member
Mr I C Miller	Non-executive member
Mr W H Olson AM	Non-executive member
Dr L A Scandrett	Non-executive member
Mr P Shirriff	Non-executive Chairman

The Board members are nominated and appointed by the Standing Committee of Synod as members of the Sydney Diocesan Secretariat and as such become members of this Board. One third of the membership retires each year and may be re-elected. The non-executive members receive no remuneration. The Chief Executive Officer attends Board meetings.

### Committees

#### *Finance and Review Committee – ceased 1 October 2004*

The following comprised the members of the Finance and Review Committee -

Name	Position	No. eligible to attend	No. attended
Mr P Berkley	Non-executive member	8	8
Mr D Cannings	Chief Financial Officer	8	7
Mr M Cambridge	GM, Property & Treasury	8	8
Mr P Driscoll	Non-executive member	8	7
Mr R S Dredge	Chief Executive Officer	8	8
Rt Rev R C Forsyth	Non-executive member	8	4
Mr R H Y Lambert	Non-executive member	8	6
Mr J S McSkimming	GM, Equities	5	4
Mr P Shirriff	Non-executive Chairman	8	7

The function of the Finance and Review Committee was to consider all matters pertaining to funds management, property, mortgage, treasury and equity investments and where appropriate make recommendations to the Board. The Finance and Review Committee had a delegation to authorise expenditure up to certain limits.

#### *Board Asset Liability Committee – appointed 1 October 2004*

The following comprise the members of the Board Asset Liability Committee -

Name	Position	No. eligible to attend	No. attended
Mr P R Berkley	Non-executive member	4	2
Mr R S Dredge	Chief Executive Officer	4	4
Mr P P Driscoll	Non-executive member	4	4
Mr R H Y Lambert	Non-executive member	4	3
Mr P R Shirriff	Non-executive Chairman	4	4

The function of the Committee is to assist the Board in achieving the objectives set forth in the Glebe Administration Ordinance 1930 with respect to the Diocesan Endowment and the business plans as adopted by the Board. The committee is expected to assist the Board by making appropriate recommendations with respect to reviewing investment policies, strategies, transactions and performance; credit and market risk policies, procedures and reporting; and balance sheet

management policies, procedures and reporting. The committee has oversight responsibility for the design, approval and evaluation of the investment strategies, policies and other business initiatives of the Board.

*Accounts Review Committee – ceased 1 October 2004*

The Accounts Review Committee consisted of the following persons -

Name	Position	No. eligible to attend	No. attended
Mr D R Cannings	Chief Financial Officer	2	1
Mr J W Flavin	Non-executive member	2	2
Mr R H Y Lambert	Non-executive member	2	2

This Committee's role was to carry out a review of the accounts to be presented to the Board for adoption and signing, following the audit in the case of the annual financial statements, and to satisfy itself that the financial statements as presented represent a true and fair view of the operations.

*Board Audit Committee – appointed 1 October 2004*

The Board Audit Committee consists of the following persons:

Name	Position	No. eligible to attend	No. attended
Mr P P Driscoll	Non-executive member	-	-
Mr R H Y Lambert	Non-executive Chairman	-	-
Mr D McDonald AO	Non-executive member	-	-
Mr P R Shirriff	Non-executive member	-	-

The function of the 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.

*Senior Staff Salaries Review Committee – ceased 1 October 2004*

All staff are employed by the Sydney Diocesan Secretariat, the Board of which is the same as the Glebe Administration Board. This committee comprised the following members -

Name	Position	No. eligible to attend	No. attended
Mr R S Dredge	Chief Executive Officer	2	2
Mr P Driscoll	Non-executive member	2	2
Mr I C Miller	Non-executive member	2	2
Mr P R Shirriff	Non-executive Chairman	2	2

The Committee was charged with recommending appropriate remuneration levels and other staff benefits to the senior managers. In determining the appropriate levels the Committee had regard to



general movements in salaries and in particular movements in comparable positions. It was not intended that the salaries paid to staff should be leading but at the same time it is considered that they should represent a fair and reasonable remuneration for the work and the responsibilities undertaken.

This Committee met twice during the year to consider remuneration as part of the annual review and made recommendations to the full Board.

*Management Remuneration and Nomination Committee - appointed 1 October 2004*

All staff are employed by the Sydney Diocesan Secretariat, the Board of which is the same as the Glebe Administration Board. This Committee comprises the following members:

Name	Position	No. eligible to attend	No. attended
Canon B A Ballantine-Jones OAM	Non-executive member	-	-
Mr P P Driscoll	Non-executive member	-	-
Rt Rev R C Forsyth	Non-executive member	-	-
Mr I C Miller	Non-executive member	-	-
Mr P R Shirriff	Non-executive Chairman	-	-

The function of the Committee is to ensure that the Board maintains its established policy of developing and implementing competitive and effective remuneration practices and senior manager nomination processes that comply with the law, regulations, internal policies and the requirements of statutory authorities.

*Compliance and Risk Management Committee - appointed 1 October 2004*

This Committee comprises the following members:

Name	Position	No. eligible to attend	No. attended
Rt Rev R C Forsyth	Non-executive member	-	-
Dr S E Judd	Non-executive member	-	-
Mr N Lewis	Non-executive Chairman	-	-
Mr W H Olson AM	Non-executive member	-	-
Dr L A Scandrett	Non-executive member	-	-

The function of the Committee is to assist in ensuring the Board and its subsidiaries maintain its established policy of effective and informed policies including meeting the requirements of statutory authorities and church ordinances.

### **Identifying significant business risks**

The Board 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**

The Board has resolved that members do not have the right to seek independent professional advice at the expense of the Board.

### **Ethical standards**

The Board has adopted standards for the staff of the Sydney Diocesan Secretariat to ensure that the highest ethical standards are maintained in their work and in their dealings with each other, the general public and clients.

The Sydney Diocesan Secretariat also issued a Code of Conduct in relation to dealing in securities setting out how staff should deal with personal equity sales and purchases and the responsibilities they have in relation to the matters set out under corporate legislation.

### Five year financial summary - consolidated

<b>\$'000 (unless otherwise indicated)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Consolidated statement of financial performance for the year ended 31 December</b>					
Investment income	24,393	30,098	4,507	32,755	65,680
Borrowing costs	(8,314)	(7,817)	(6,823)	(9,018)	(11,286)
Net investment income	16,079	22,281	(2,316)	23,737	54,394
Fee and other income	3,737	4,759	4,047	2,901	4,752
Net operating income	19,816	27,040	1,731	26,638	59,146
Operating expenses	(6,200)	(6,608)	(7,386)	(9,544)	(10,818)
Surplus before income tax	13,616	20,432	(5,655)	17,094	48,328
Income tax expense	-	-	-	-	-
Surplus after income tax	13,616	20,432	(5,655)	17,094	48,328
Provision for income distribution	7,108	8,475	8,136	8,241	9,387
<b>Consolidated statement of financial position at 31 December</b>					
Investments, loans and mortgages	308,050	319,743	303,517	338,682	412,707
Other assets	1,919	3,293	11,701	9,598	27,441
Total assets	309,969	323,036	315,218	348,280	440,148

continued ...

continued ...

Payables	1,459	2,252	412	913	1,436
Interest bearing liabilities	141,772	140,683	149,174	173,298	225,252
Other liabilities	18,149	18,920	18,230	17,797	18,236
Total liabilities	<u>161,380</u>	<u>161,855</u>	<u>167,816</u>	<u>192,008</u>	<u>244,924</u>
Net assets	<u><b>148,589</b></u>	<u><b>161,181</b></u>	<u><b>147,402</b></u>	<u><b>156,272</b></u>	<u><b>195,224</b></u>
<b>Ratios</b>					
Total liabilities to net assets (%)	108.6%	100.4%	113.8%	122.9%	125.5%
Investment income on investment assets (%)	7.9%	9.4%	1.5%	9.7%	15.9%
Surplus after income tax on net assets (%)	9.2%	12.7%	(3.8)%	10.9%	24.8%
Operating expense to net income (%)	(31.3)%	(24.4)%	(426.7)%	(35.8)%	(18.3)%
Operating expenses, less fee income to total assets (%)	(3.2)%	(3.5)%	(3.6)%	(3.6)%	(3.5)%

**Statements of financial performance for the year ended 31 December 2004**

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>Revenue from ordinary activities</b>	3	<b>68,230,860</b>	<b>37,152,421</b>	<b>66,213,715</b>	<b>35,967,032</b>
Share of net profits of St Andrew's House Corporation (SAHC) accounted for using the equity method	11	1,749,536	1,746,516	-	-
Carrying amount of investment property sold	12	-	(4,100,000)	-	(4,100,000)
Borrowing costs	4(b)	(11,285,678)	(9,017,637)	(11,324,702)	(8,493,620)
Other expenses	4(c)	(10,817,947)	(9,773,629)	(8,034,470)	(7,218,246)
<b>Surplus from ordinary activities before income tax</b>		<b>47,876,771</b>	<b>16,007,671</b>	<b>46,854,543</b>	<b>16,155,166</b>
Income tax expense	5	-	(137)	-	-
<b>Surplus from ordinary activities after income tax</b>		<b>47,876,771</b>	<b>16,007,534</b>	<b>46,854,543</b>	<b>16,155,166</b>
Share of SAHC's movement in asset revaluation reserve	19(b)	(314,144)	511,351	-	-
Revaluation of beneficial interest in SAHC	19(b)	-	-	385,453	1,050,260
Share of SAHC's movement in deferred maintenance reserve	19(c)	765,021	575,333	-	-
<b>Total valuation adjustments recognised directly in equity</b>		<b>450,877</b>	<b>1,086,684</b>	<b>385,453</b>	<b>1,050,260</b>
<b>Total charges in equity before distributions and capital transactions</b>		<b>48,327,648</b>	<b>17,094,218</b>	<b>47,239,996</b>	<b>17,205,426</b>

The above statements of financial performance should be read in conjunction with the accompanying notes.

**Statement of financial position as at 31 December 2004**

	Notes	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>Current assets</b>					
Cash assets	6	22,357,879	1,904,215	2,208,6331	816,126
Receivables	7	4,908,393	7,520,257	4,423,084	7,260,256
Loans and mortgages	8	5,385,278	34,376,887	5,385,278	34,376,887
Investments	9	326,845,944	221,799,479	322,423,594	216,921,407
Other	10	175,082	173,704	175,082	173,704
<b>Total current assets</b>		<b>359,672,576</b>	<b>265,774,542</b>	<b>354,493,369</b>	<b>259,548,380</b>
<b>Non-current assets</b>					
Loans and mortgages	8	44,082,854	46,497,542	47,200,072	51,467,042
Investments accounted for using the equity method	11	36,393,358	36,007,905	36,393,358	36,007,905
Investments in controlled entities	13	-	-	1,700,000	1,700,000
<b>Total non-current assets</b>		<b>80,476,212</b>	<b>82,505,447</b>	<b>85,293,430</b>	<b>89,174,947</b>
<b>Total assets</b>		<b>440,148,788</b>	<b>348,279,989</b>	<b>439,786,799</b>	<b>348,723,327</b>
<b>Current liabilities</b>					
Payables	15	1,435,666	912,554	1,402,981	873,278
Interest bearing liabilities	16	120,959,260	123,461,996	121,154,366	123,381,368
Provisions	17	8,939,566	8,136,000	8,939,566	8,136,000
<b>Total current liabilities</b>		<b>131,334,492</b>	<b>132,510,550</b>	<b>131,496,913</b>	<b>132,390,646</b>

continued ...

continued ...

**Non-current liabilities**

Interest bearing liabilities	16	104,293,498	49,836,331	104,293,498	49,836,331
Provisions	17	9,296,595	9,660,996	9,296,595	9,660,996
<b>Total non-current liabilities</b>		<b>113,590,093</b>	<b>59,497,327</b>	<b>113,590,093</b>	<b>59,497,327</b>
<b>Total liabilities</b>		<b>244,924,585</b>	<b>192,007,877</b>	<b>245,087,006</b>	<b>191,887,973</b>
<b>Net assets</b>		<b>195,224,203</b>	<b>156,272,112</b>	<b>194,699,793</b>	<b>156,835,354</b>
<b>Equity</b>					
Capital	18	31,107,047	31,095,227	31,107,047	31,095,227
Reserves	19	18,751,924	18,301,047	24,651,105	24,265,652
Accumulated surplus	20	145,365,232	106,875,838	138,941,641	101,474,475
<b>Total equity</b>		<b>195,224,203</b>	<b>156,272,112</b>	<b>194,699,793</b>	<b>156,835,354</b>

The above statements of financial position should be read in conjunction with the accompanying notes.

**Statements of cash flows for the year ended 31 December 2004**

	Notes	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Management and service fees		4,596,791	2,261,625	1,469,141	-
Rental income		-	313,480	-	313,480
Interest		7,416,354	9,254,946	7,008,652	8,515,289
Dividends and distributions		12,646,569	8,215,706	12,646,569	8,215,706
Other income		53,936	65,203	27,745	65,203
Borrowing costs		(7,134,540)	(4,818,199)	(7,173,564)	(4,818,199)
Payments in respect of the operations		(10,259,041)	(9,202,150)	(6,460,446)	(6,688,305)
<b>Net cash inflow from operating activities</b>	22	<b>7,320,069</b>	<b>6,090,611</b>	<b>7,518,097</b>	<b>5,603,174</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of investment property		-	4,605,000	-	4,605,000
Proceeds from sale of investments		19,631,150	237,014,615	19,131,150	237,014,615
Payments for investments		(76,934,396)	(254,977,407)	(76,934,396)	(250,117,407)
Net (increase)/decrease in loans provided		31,414,906	(4,953,915)	32,257,688	(8,853,916)
Payments for purchase of management rights		-	(427,318)	-	-
<b>Net cash (outflow) from investing activities</b>		<b>(25,888,340)</b>	<b>(18,739,025)</b>	<b>(25,545,558)</b>	<b>(17,351,708)</b>

continued ...



continued ...

**Cash flows from financing activities**

Distributions to Synod	(8,436,959)	(8,474,967)	(8,436,959)	(8,474,967)
Distributions to other Anglican organisations	(511,253)	(197,818)	(511,253)	(197,818)
Proceeds from borrowings	55,000,000	20,000,000	55,000,000	20,000,000
Net increase/(decrease) in Glebe Income Accounts	(7,517,249)	577,801	(7,322,144)	577,801
Distribution of capital from deceased estates	11,820	14,948	11,820	14,948
<b>Net cash inflows from financing activities</b>	<b>38,546,359</b>	<b>11,919,964</b>	<b>38,741,464</b>	<b>11,919,964</b>
<b>Net increase/(decrease) in cash held</b>	<b>19,978,088</b>	<b>(728,450)</b>	<b>20,714,003</b>	<b>171,430</b>
<b>Cash at the beginning of the year</b>	1,822,276	2,553,248	814,813	645,905
Effects of exchange rate changes on cash	-	(2,522)	-	(2,522)
<b>Cash at the end of the year</b>	<b>21,800,364</b>	<b>1,822,276</b>	<b>21,528,816</b>	<b>814,813</b>

6

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

## Notes to the Financial Statements

### 1. Purpose

The Glebe Administration Board (the Board) was created under the Glebe Administration Ordinance 1930. The object of the Board is to act as trustee of church trust property vested in it or in respect of which it may be appointed trustee and to do so in a way which both –

- (a) preserves the real value of that property; and
- (b) provides a reasonable income therefrom.

This financial report records the financial aspect of the Board's activities and responsibilities to own, manage, develop, let, buy and sell real estate and securities as Trustee for and on behalf of the Anglican Church of Australia Diocese of Sydney, to receive money on deposit or loan and to borrow money upon the charge of such real estate. Distributions are made to the Synod of the Anglican Church of Australia Diocese of Sydney in accordance with the Diocese and Endowment Ordinance 1984 and are used for the many purposes of Christian Ministry and for activities which provide services and assistance for those in need in the community. The Board has no employees and no amounts are paid or allocated to or on behalf of members of the Board. The 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

This general purpose financial report has been prepared in accordance with the Diocesan Endowment Ordinance 1984, the Accounts, Audits and Annual Reports Ordinance 1995 as amended by the Synod of the Anglican Church of Australia Diocese of Sydney, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Unless otherwise stated, recoverable amounts are not determined using discounted cashflows.

The accounting policies adopted are consistent with those of the previous year unless otherwise specified. Comparative information is restated where appropriate to enhance comparability.

#### (a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Glebe Administration

Board (parent entity) as at 31 December 2004 and the results of all controlled entities for the year then ended. The Board and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

**(b) Investment in St Andrew's House Corporation**

Glebe Administration Board has a 50% beneficial interest in St Andrew's House Corporation (SAHC), of which the principal activities are to manage and control St Andrew's House. The St Andrew's House Site Ordinance of 1976 provides that one half of the land and buildings known as St Andrew's House be held "upon the Trust to apply the income in accordance with Clause 14 of the Glebe Administration Ordinance 1930 (as amended)".

Glebe Administration Board's investment is accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the surplus of St Andrew's House Corporation is recognised as revenue in the consolidated statements of financial performance and its share of movements in reserves is recognised in consolidated reserves.

In the parent entity financial statements the Glebe Administration Board has resolved to value its beneficial interest in SAHC at fair value, measured as 50% of the Corporation's accumulated funds and provision for distribution. Revaluation increments / decrements are credited / debited directly to the asset revaluation reserve. Distributions received by the Board are recognised in the statements of financial performance as trust income when declared.

**(c) Investment in controlled entities**

Investments in controlled entities are recorded at cost in the statement of financial position of the parent entity.

**(d) Other investments**

Those investments recognised as current assets have been measured at net market values after allowing for costs of realisation. Changes in the net market value of assets are brought to account in the statements of financial performance in the periods in which they occur.

Net market values have been determined as follows:

- (i) shares and other securities listed on the Australian Stock Exchange by reference to the relevant market quotations at the reporting date;
- (ii) unlisted equities at members'/directors valuation, taking into account the cost and net assets of the entity;

- (iii) units in managed funds and unlisted trusts by reference to the unit redemption price at the reporting date; and
- (iv) investments in bank bonds, bank accepted bills, negotiable certificates of deposit and money market deposits at cost, which approximates market value.

Other investments of the consolidated entity recognised as non-current are recorded at cost.

**(e) Loan and mortgages receivable**

Commercial loans and mortgages receivable are carried at recoverable amount, represented by the gross value of the outstanding balance adjusted for provisions for doubtful debts. All known bad debts are written off against the provisions in the year in which they are identified.

**(f) Revenue recognition**

Dividends and distributions from unlisted trusts are brought to account as revenue when equities and units are quoted "ex distribution". In the parent entity financial statements, distributions from St Andrew's House Corporation are recorded as revenue in the period in which they are received. Glebe Administration Board's proportion of the unpaid surplus is included in the value of the beneficial interest owned.

Franking credits refunded by the Australian Taxation Office are brought to account as revenue when received.

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

**(g) Income tax**

Glebe Administration Board, as Trustee for the Diocesan Endowment, is not subject to income tax and no provision has been made in respect thereof. Where appropriate, provision has been made for income tax in relation to the controlled entities of Glebe Administration Board.

Tax effect accounting procedures are followed by the controlled entities of Glebe Administration Board whereby the income tax expense in the statement of financial performance is matched with the accounting surplus after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

**(h) Deposit liabilities**

Deposits include interest bearing deposits repayable at call and interest bearing deposits repayable subject to certain time restrictions. They are brought to account at the value of the outstanding balance including accrued interest.

**(i) Receivables**

Accounts receivable generally settle within 60 days, and are carried at amounts due.

A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

**(j) Payables**

Accounts payable, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of assets or services. Accounts payable are generally settled within 30 days.

**(k) Cash**

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Recognition of bank accepted bills and money market deposits as cash was adopted with effect from 1 January 2004. The new policy was adopted to provide more relevant information about the liquidity of bank accepted bills, money market deposits and floating rate notes held. The change in accounting policy resulted in an increase in cash assets held and equivalent reduction in investments. The adjustment for the opening balance of bank accepted bills and money market deposits and floating rate notes at 1 January 2004 is reflected in the statements of cash flows in the payments for investments.

**(l) Distributions**

Provision is made for the amount of any distribution required, determined or recommended by the members of the Glebe Administration Board on or before the end of the year but not distributed at balance date. The distribution is calculated at 5.4% of the average net assets of the previous 3 years.

**(m) Borrowing costs**

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on deposits and long-term borrowings.

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

Glebe Administration Board is a member of the Sydney Diocesan Secretariat 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or part an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**(o) International financial reporting standards (IFRS)**

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to the International Accounting Standards Board (IASB) interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 30 June 2005 and the year ending 31 December 2005.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 January 2005.

The Sydney Diocesan Secretariat has established a project team to manage the transition to Australian equivalents to IFRS under the management of its Chief Financial Officer. Not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

### 3. Revenue

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
<b>Revenue from ordinary activities</b>				
Property related investments:				
Gross rental income	-	18,424	-	18,423
Revaluation of Sydney Anglican Property Fund (SAPF)	257,484	(74,850)	257,484	(74,850)
Distributions from SAPF	529,938	511,974	529,938	511,974
Proceeds on sale of investment property	-	4,605,000	-	4,605,000
St Andrew's House Corporation distribution	-	-	1,814,960	1,782,940
Distributions from other property trusts	2,205,519	1,331,147	2,205,519	1,331,147
Net realised and unrealised gains and losses on other property trusts	7,404,038	729,957	7,404,038	729,957
Income from property related investments	<b>10,396,979</b>	<b>7,121,652</b>	<b>12,211,939</b>	<b>8,904,591</b>
Fixed interest investments:				
Interest and distributions	2,286,041	2,106,221	2,107,654	1,966,647
Net realised and unrealised gains and losses	1,254,758	(519,544)	1,192,409	(519,544)
Income from fixed interest investments	<b>3,540,799</b>	<b>1,586,677</b>	<b>3,300,063</b>	<b>1,447,103</b>
Income from loans and mortgages	<b>4,511,898</b>	<b>6,384,023</b>	<b>4,235,454</b>	<b>5,766,868</b>

continued ...

continued ...

Equity related investments:				
Dividends and distributions	10,229,197	3,804,852	10,229,197	3,804,852
Net realised and unrealised gains and losses	34,800,160	15,348,895	34,800,160	15,348,895
Income from equity related investments	<u>45,029,357</u>	<u>19,153,747</u>	<u>45,029,357</u>	<u>19,153,747</u>
<b>Total investment income</b>	<b><u>63,479,033</u></b>	<b><u>34,246,099</u></b>	<b><u>64,776,813</u></b>	<b><u>35,272,309</u></b>
Fee income:				
Fund administration fees	3,306,985	2,211,599	-	-
Property management fees	1,436,781	651,513	1,436,781	651,513
<b>Total fee income</b>	<b><u>4,743,766</u></b>	<b><u>2,863,112</u></b>	<b><u>1,436,781</u></b>	<b><u>651,513</u></b>
Other income	8,061	43,210	121	43,210
<b>Total revenue from ordinary activities</b>	<b><u>68,230,860</u></b>	<b><u>37,152,421</u></b>	<b><u>66,213,715</u></b>	<b><u>35,967,032</u></b>

Included in the 31 December 2004 dividends and distributions are franking credits of \$318,431 received for the tax year 1 July 2002 to 30 June 2003, and \$1,356,392 received for the tax year 1 July 2003 to 30 June 2004.



#### 4. Surplus from Ordinary Activities

Surplus from ordinary activities before income tax includes the following specific net gains and expenses:

##### (a) Net gains

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Net gain on disposal of investment property:				
Proceeds on sale of investment property	-	4,605,000	-	4,605,000
Carrying value of investment property sold	-	(4,100,000)	-	(4,100,000)
	<u>-</u>	<u>505,000</u>	<u>-</u>	<u>505,000</u>
Net foreign exchange gains	-	<b>2,522</b>	-	<b>2,522</b>

##### (b) Borrowing costs

Borrowing costs include interest paid on Glebe Income Account deposits of which \$4,885,817 (2003: \$3,988,373) was paid to churches, Anglican organisations and other Christian organisations.

##### (c) Other expenses

###### Operating expenses

Management fees	8,466,743	7,655,645	4,168,780	4,330,728
Subsidy	-	-	1,750,673	2,260,371
Professional fees	873,369	595,474	190,348	17,183
Purchase of third party funds under management rights	-	427,318	-	-

continued ...

continued ...

Property expenses	575,534	229,478	575,534	229,478
Office operating expenses	511,267	358,913	228,896	326,236
Insurance	246,392	250,280	38,696	9,000
Marketing expenses	87,200	199,452	19,601	-
Bad debts	6,668	33,069	1,011,168	21,250
Amortisation	-	24,000	-	24,000
Other expenses	50,774	-	50,774	-
	<b>10,817,947</b>	<b>9,773,629</b>	<b>8,034,470</b>	<b>7,218,246</b>

## 5. Income Tax

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

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Surplus from ordinary activities before income tax	47,876,771	16,007,671	46,854,543	16,155,166
Less surplus from non assessable entities	(47,798,619)	(16,118,742)	(46,854,543)	(161,55,166)
Surplus/(deficit) from ordinary activities before income tax	<b>78,152</b>	<b>(111,071)</b>	-	-
Income tax expense/(benefit) calculated at 30%	23,446	(33,321)	-	-

continued ...

continued ...

Tax effect of permanent differences:

Purchase of third party funds under management rights	-	125,855	-	-
Income tax adjusted for permanent differences	23,446	92,534	-	-
Tax losses not brought to account as future income tax benefits	(23,446)	34,831	-	-
Prior year losses	-	(122,182)	-	-
Tax effect of timing differences not brought to account as future income tax benefit	-	(5,046)	-	-
<b>Income tax expense</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>-</b>

Income tax expense comprises:

Future income tax benefit (FITB)	-	437	-	-
Deferred income tax provision (DITP)	-	(300)	-	-
<b>Income tax expense</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>-</b>

The members estimate that the potential future income tax benefit at 31 December 2004 in respect of tax losses not brought to account is \$168,649 (2003: \$160,685).

The benefit for tax losses will only be obtained if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the consolidated entity continues to comply with the conditions for tax deductibility imposed by tax legislation,

- and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

**Tax consolidation legislation**

Glebe Australia Limited and its wholly-owned Australian subsidiaries have decided to implement the tax consolidation legislation as of 1 January 2004. The Australian Taxation Office has been notified of this decision.

The wholly-owned entities have fully compensated Glebe Australia Limited for deferred tax liabilities assumed by Glebe Australia Limited on the date of the implementation of the legislation and have been fully compensated for any deferred tax assets transferred to Glebe Australia Limited.

The entities expect to enter into a tax sharing and funding agreement and the financial statements are prepared on the basis of the expected agreement. Under the terms of this expected agreement, the wholly-owned entities reimburse Glebe Australia Limited for any current income tax payable by Glebe Australia Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a receivable by Glebe Australia Limited. In the opinion of the directors, the expected tax sharing agreement will also be a valid agreement under the tax consolidation legislation and will limit the joint and several liability of the wholly-owned entities in the case of a default by Glebe Australia Limited.

## 6. Cash Assets

### Current

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash at bank	213,983	1,903,962	74,813	816,126
Bank bills	3,561,053	-	3,561,053	-
Negotiable certificates of deposit	5,791,356	-	5,791,356	-
Term deposits	4,723,841	-	4,591,463	-
Corporate papers	8,067,646	-	8,067,646	-
Cash on hand	-	253	-	-
	<b>22,357,879</b>	<b>1,904,215</b>	<b>22,086,331</b>	<b>816,126</b>

The above amounts are reconciled to the cash at the end of the year as shown in the statement of cash flows as follows:

Balance as above	22,357,879	1,904,215	22,086,331	816,126
Less: Cash at bank in overdraft (note 16)	557,515	81,939	557,515	1,313
Balance per statements of cash flows	<b>21,800,364</b>	<b>1,822,276</b>	<b>21,528,816</b>	<b>814,813</b>

## 7. Receivables

### Current

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Accrued interest	74,285	4,923,304	70,322	4,923,304
Distributions receivable	4,394,058	2,327,634	4,351,074	2,327,634
Accrued management fees	430,396	256,062	-	-
Other	9,654	34,507	1,688	30,568
Provision for doubtful debts	-	(21,250)	-	(21,250)
	<u>4,908,393</u>	<u>7,520,257</u>	<u>4,423,084</u>	<u>7,260,256</u>

## 8. Loans and Mortgages

Current	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Loans	1,635,278	1,197,677	1,635,278	1,197,677
Mortgages	4,500,000	33,929,210	4,500,000	33,929,210
Provision for doubtful debts	(750,000)	(750,000)	(750,000)	(750,000)
	<b>5,385,278</b>	<b>34,376,887</b>	<b>5,385,278</b>	<b>34,376,887</b>
<b>Non-current</b>				
Loans	34,657,854	11,640,277	38,784,572	33,609,777
Mortgages	9,425,000	34,857,265	9,425,000	17,857,265
Loan to Anglican Church Property Trust	1,000,000	1,000,000	1,000,000	1,000,000
Provision for doubtful debts	(1,000,000)	(1,000,000)	(2,009,500)	(1,000,000)
	<b>44,082,854</b>	<b>46,497,542</b>	<b>47,200,072</b>	<b>51,467,042</b>
Total loans and mortgages	<b>49,468,132</b>	<b>80,874,429</b>	<b>52,585,350</b>	<b>85,843,929</b>
Anglican Diocesan organisations	43,118,132	38,691,055	47,244,850	43,660,555
Property development	-	20,609,618	-	20,609,618
Other	8,100,000	23,323,756	8,100,000	23,323,756
Provision for doubtful debts	(1,750,000)	(1,750,000)	(2,759,500)	(1,750,000)
	<b>49,468,132</b>	<b>80,874,429</b>	<b>52,585,350</b>	<b>85,843,929</b>

continued ...

continued ...

Repayments on loans and mortgages are generally interest only with the principal payable on maturity with an average term of less than 8.7 years. However, in some instances the option of repayments comprising a mixture of principal and interest is available.

The Board was required by the New Sites Ordinance 1982 of the Standing Committee of the Synod of the Anglican Diocese of Sydney to make an interest free loan of \$1 million to the Anglican Church Property Trust Diocese of Sydney for the purpose of acquiring parish sites in new developing areas. This loan is repayable at the discretion of the Trust. The Board resolved to provide for the diminution of the loan over the four years from 1 January, 1984 and it is now fully provided.

**Credit risk**

Loans are unsecured. Mortgages are secured on properties. It is the Board's policy to perform extensive credit reviews before entering into arrangements and not to exceed a loan-to-value ratio of 70%. All exposures are to entities in Australia.

In addition to the carrying amount of loans and mortgages included within the statements of financial position, the consolidated entity has exposure to credit risk for undrawn facilities of \$7,154,387 (2003: \$13,736,686).



## 9. Investments

### Current Equity Investments

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Unlisted equities (at cost)	1,783,393	1,783,393	1,783,393	1,783,393
Mark to market	(1,783,393)	(1,135,962)	(1,783,393)	(1,135,962)
Total listed equities at market value	-	<b>647,431</b>	-	<b>647,431</b>
Glebe Investment Trusts (at cost)	177,799,020	130,023,325	177,799,020	130,023,325
Mark to market	51,159,303	17,477,826	51,159,303	17,477,826
Total unlisted equity unit trusts at market value	<b>228,958,323</b>	<b>147,501,151</b>	<b>228,958,323</b>	<b>147,501,151</b>
Total equity investments	<b>228,958,323</b>	<b>148,148,582</b>	<b>228,958,323</b>	<b>148,148,582</b>
<b>Property investments</b>				
Glebe Investment Trusts (at cost)	40,136,512	22,667,470	40,136,512	22,667,470
Sydney Anglican Property Fund (at cost)	4,999,980	4,999,980	4,999,980	4,999,980
Other unlisted property investments (at cost)	460,000	1,040,255	460,000	1,040,255
Mark to market	10,073,491	2,781,882	10,073,491	2,781,882
Total unlisted property investments at market value	<b>55,669,983</b>	<b>31,489,587</b>	<b>55,669,983</b>	<b>31,489,587</b>

continued ...

continued ...

**Fixed interest investments**

Glebe Investment Trusts (at cost)	41,765,841	35,248,405	37,396,794	30,370,333
Other fixed interest investment (at cost)	500,000	500,000	500,000	500,000
Mark to market	(48,203)	(597,947)	(101,506)	(597,947)
Listed and unlisted fixed interest at market value	<u>42,217,638</u>	<u>35,150,458</u>	<u>37,795,288</u>	<u>30,272,386</u>
Bank accepted bills (at cost)	-	3,460,852	-	3,460,852
Money market deposits (at cost)	-	3,550,000	-	3,550,000
Total fixed interest investments at market value	<u>42,217,638</u>	<u>42,161,310</u>	<u>37,795,288</u>	<u>37,283,238</u>

**Summary**

Equity investments	228,958,323	148,148,582	228,958,323	148,148,582
Property investments	55,669,983	31,489,587	55,669,983	31,489,587
Fixed interest investments	42,217,638	42,161,310	37,795,288	37,283,238
Total current investments	<u>326,845,944</u>	<u>221,799,479</u>	<u>322,423,594</u>	<u>216,921,407</u>

## 10. Other Assets

Current	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Prepayments	175,082	173,704	175,082	173,704
	<b>175,082</b>	<b>173,704</b>	<b>175,082</b>	<b>173,704</b>

## 11. Investments accounted for using the equity method

Non-current	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
50% Beneficial interest in St Andrew's House Corporation (note 2b)	36,393,358	36,007,905	36,393,358	36,007,905
	<b>36,393,358</b>	<b>36,007,905</b>	<b>36,393,358</b>	<b>36,007,905</b>

### Movements in carrying amounts:

Balance 1 January	36,007,905	34,957,645	36,007,905	34,957,645
Share of distributable surplus for the year	1,749,536	1,746,516	-	-
Distributions received	(1,814,961)	(1,782,940)	-	-
Share of increase in other reserves	765,021	575,333	-	-
Share of movement in revaluation reserve	(314,144)	511,351	-	-
Revaluation of beneficial interest in SAHC	-	-	385,453	1,050,260
Balance 31 December	<b>36,393,358</b>	<b>36,007,905</b>	<b>36,393,358</b>	<b>36,007,905</b>

continued ...

continued ...

**The carrying amount is comprised of:**

Capital invested	4,714,615	4,714,615	4,714,615	4,714,615
Revaluation reserve	16,892,810	17,206,953	16,892,810	17,206,953
Other reserves	1,859,114	1,094,092	1,859,114	1,094,092
Accumulated surplus	12,065,466	12,065,469	12,065,466	12,065,469
Unpaid distribution	861,353	926,776	861,353	926,776
	<b>36,393,358</b>	<b>36,007,905</b>	<b>36,393,358</b>	<b>36,007,905</b>

**12. Investment Properties**

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Movements during period				
Balance 1 January	-	4,100,000	-	4,100,000
	-	4,100,000	-	4,100,000
Carrying value of property sold	-	(4,100,000)	-	(4,100,000)
Balance 31 December	-	-	-	-

### 13. Investments in controlled entities

Non-current	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Investments in controlled entities	-	-	1,700,000	1,700,000
	<u>-</u>	<u>-</u>	<u>1,700,000</u>	<u>1,700,000</u>

	Principal activity	Ownership interest		Parent entity carrying amount	
		2004	2003	2004	2003
		%	%	\$	\$
<b>Directly controlled by Glebe Administration Board</b>					
Glebe Australia Limited	Administration	100	100	1,700,000	1,700,000
<b>Directly controlled by Glebe Australia Limited</b>					
Glebe Asset Management Limited	Funds management	100	100	5,000,000	5,000,000
Glebe Investment Company Pty Limited	Financial services	100	100	2	2
Glebe Mortgage Finance Limited	Mortgage lending	100	100	500,001	500,001
				<u>5,500,003</u>	<u>5,500,003</u>

All controlled entities are incorporated within Australia and the investments represent ordinary shares.

#### 14. Summary of Investments

##### Summary of investments (notes 6, 8, 9, 11, 13)

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash	22,357,879	1,904,215	22,086,331	816,126
Fixed interest investments	42,217,638	42,161,310	37,795,288	37,283,238
Loans and mortgages	49,468,132	80,874,429	52,585,350	85,843,929
Equity investments	228,958,323	148,148,582	228,958,323	148,148,582
Property related investments	92,063,341	67,497,492	92,063,341	67,497,492
Other financial assets	-	-	1,700,000	1,700,000
<b>Total investments</b>	<b>435,065,313</b>	<b>340,586,028</b>	<b>435,188,633</b>	<b>341,289,367</b>

#### 15. Payables

Current	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Interest payable	1,226,500	681,616	1,226,501	681,616
Accounts payable and accruals	209,166	230,938	176,480	191,662
	<b>1,435,666</b>	<b>912,554</b>	<b>1,402,981</b>	<b>873,278</b>

## 16. Interest Bearing Liabilities

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
<b>Current</b>				
Deposits – Glebe Income Accounts	120,401,745	123,380,057	120,596,851	123,380,055
Cash at bank in overdraft	557,515	81,939	557,515	1,313
	<u>120,959,260</u>	<u>123,461,996</u>	<u>121,154,366</u>	<u>123,381,368</u>
<b>Non current</b>				
Deposits – Glebe Income Accounts	9,293,498	9,836,331	9,293,498	9,836,331
Bank bill line facility	85,000,000	30,000,000	85,000,000	30,000,000
Bank loan	10,000,000	10,000,000	10,000,000	10,000,000
	<u>104,293,498</u>	<u>49,836,331</u>	<u>104,293,498</u>	<u>49,836,331</u>
Total interest bearing liabilities	<u>225,252,758</u>	<u>173,298,327</u>	<u>225,447,864</u>	<u>173,217,699</u>

The bank bill facilities and bank loans are unsecured and for a total of \$100,000,000. The Glebe Administration Board has a multiple option facility with Westpac Banking Corporation for \$80,000,000 of which \$75,000,000 had been drawn down at year end.

Maturity dates	Interest rate (%)	Consolidated		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
31/07/2007	5.94	20,000,000	20,000,000	20,000,000	20,000,000
31/03/2008	5.42	10,000,000	10,000,000	10,000,000	10,000,000
31/03/2008	5.91	10,000,000	10,000,000	10,000,000	10,000,000
21/04/2007	6.36	10,000,000	-	10,000,000	-
21/04/2007	6.33	10,000,000	-	10,000,000	-
21/10/2007	6.15	10,000,000	-	10,000,000	-
21/10/2007	6.12	10,000,000	-	10,000,000	-
20/04/2008	6.08	10,000,000	-	10,000,000	-
20/04/2008	6.10	5,000,000	-	5,000,000	-
20/04/2008	undrawn	5,000,000	-	5,000,000	-
		<b>100,000,000</b>	<b>40,000,000</b>	<b>100,000,000</b>	<b>40,000,000</b>

#### Undrawn bank finance facilities

A Joint and Several Guarantee has been given to Westpac Banking Corporation by Glebe Administration Board and St Andrew's House Corporation for overdraft accommodation up to \$1.2 million granted to the Sydney Diocesan Secretariat, Anglican Church of Australia.

The Board has an overdraft limit of \$1,000,000 on its current account with Sydney Diocesan Secretariat. At balance date this facility was \$324,165 (2003: \$ 80,628) in overdraft.

Unsecured standby finance facilities of \$50 million (\$25 million from the Westpac Banking Corporation and \$25 million from the Australian & New Zealand Banking Group Limited) have been put in place to enable temporary shortfalls in liquidity to be adequately met.



## 17. Provisions

Provision for income distribution	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Balance 1 January	17,796,996	18,229,258	17,796,996	18,229,258
Provided during the period	9,387,377	8,240,523	9,387,377	8,240,523
	<u>27,184,373</u>	<u>26,469,781</u>	<u>27,184,373</u>	<u>26,469,781</u>
Paid during the period	(8,948,212)	(8,672,785)	(8,948,212)	(8,672,785)
Balance 31 December	<u><b>18,236,161</b></u>	<u><b>17,796,996</b></u>	<u><b>18,236,161</b></u>	<u><b>17,796,996</b></u>
Current	8,939,566	8,136,000	8,939,566	8,136,000
Non-current	9,296,595	9,660,996	9,296,595	9,660,996
	<u><b>18,236,161</b></u>	<u><b>17,796,996</b></u>	<u><b>18,236,161</b></u>	<u><b>17,796,996</b></u>

The distribution is based on 5.4% of the average net assets of the Board over the last three balance dates, in accordance with the Diocesan Endowment Ordinance 1984 Amendment Ordinance 2003. During the year there was also a \$1,000,000 provision made for the New Capital Project in accordance with the New Capital Project Appropriation Ordinance 2004.

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
The composition of payments during the year were as follows:				
Synod	8,436,959	8,474,967	8,436,959	8,474,967
Other Anglican organisations	511,253	197,818	511,253	197,818
	<b>8,948,212</b>	<b>8,672,785</b>	<b>8,948,212</b>	<b>8,672,785</b>

Included in payments to Synod is \$300,962 (2003 \$nil) relating to the funding for the New Capital Project.

## 18. Capital

### (a) Capital

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Capital	31,107,047	31,095,227	31,107,047	31,095,227
	<b>31,107,047</b>	<b>31,095,227</b>	<b>31,107,047</b>	<b>31,095,227</b>

### (b) Movement in capital

Balance 1 January	31,095,227	31,080,279	31,095,227	31,080,279
Distribution of capital from deceased estates	11,820	14,948	11,820	14,948
Balance 31 December	<b>31,107,047</b>	<b>31,095,227</b>	<b>31,107,047</b>	<b>31,095,227</b>

## 19. Reserves

### (a) Reserves

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Asset revaluation reserve	16,892,810	17,206,954	24,651,105	24,265,652
Deferred maintenance reserve	1,859,114	1,094,093	-	-
Balance 31 December	<b>18,751,924</b>	<b>18,301,047</b>	<b>24,651,105</b>	<b>24,265,652</b>

### (b) Movement in asset revaluation reserve

Balance 1 January	17,206,954	18,980,358	24,265,652	25,500,147
Share of movement in SAHC's revaluation reserve	(314,144)	511,351	-	-
Revaluation of beneficial interest in SAHC	-	-	385,453	1,050,260
Transfer to accumulated surplus	-	(2,284,755)	-	(2,284,755)
Balance 31 December	<b>16,892,810</b>	<b>17,206,954</b>	<b>24,651,105</b>	<b>24,265,652</b>

### (c) Movement in deferred maintenance reserve

Balance 1 January	1,094,093	518,760	-	-
Share of increase in SAHC's deferred maintenance reserve	765,021	575,333	-	-
Balance 31 December	<b>1,859,114</b>	<b>1,094,093</b>	-	-

continued ...

**(d) Nature and purpose of reserves**

**Asset revaluation reserve**

This represents the Board's share of movements in the asset revaluation reserve of St Andrew's House Corporation and increments and decrements on the revaluation of investment properties.

**Deferred maintenance reserve**

This represents the Board's share of the deferred maintenance reserve of St Andrew's House Corporation, which is available to provide for the costs of structural works to St Andrew's House.

**20. Accumulated Surplus**

**(a) Accumulated surplus**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accumulated surplus	<b>145,365,232</b>	<b>106,875,838</b>	<b>138,941,641</b>	<b>101,474,475</b>

**(b) Movement in accumulated surplus**

Balance 1 January	106,875,838	96,824,072	101,474,475	91,275,077
Surplus from ordinary activities after income tax	47,876,771	16,007,534	46,854,543	16,155,166
Provisions for distribution during the year (Note 17)	(9,387,377)	(8,240,523)	(9,387,377)	(8,240,523)
Transfer from asset revaluation reserve	-	2,284,755	-	2,284,755
Balance 31 December	<b>145,365,232</b>	<b>106,875,838</b>	<b>138,941,641</b>	<b>101,474,475</b>

## **21. Related Party Transactions**

Ultimate control vests with Synod through the sanctioning of governing Ordinances and transactions between Diocesan Funds are carried out on a commercial basis. The nature of related party transactions involving the Glebe Administration Board consolidated entity are disclosed in the financial statements. The following persons held office as a member of the Glebe Administration Board during the year.

Canon B A Ballantine-Jones OAM	Mr D McDonald AO
Mr P R Berkley	Mr P P Driscoll
Rt Rev R C Forsyth	Mr I C Miller
Dr S E Judd	Mr W H Olson AM
Mr R H Y Lambert	Dr L A Scandrett
Mr N Lewis	Mr P R Shirriff

### **i. Transactions with entities in the wholly-owned group**

Glebe Administration Board is the ultimate parent entity of the wholly-owned group comprising the Board and its controlled entities.

The Board provided accounting and administrative assistance to other entities in the wholly-owned group during the year on commercial terms and conditions.

The following related party transactions occurred during the year:

	Loan Balance		Interest Paid	
	2004	2003	2004	2003
	\$	\$	\$	\$
Glebe Administration Board loan to:				
Glebe Investment Company Pty Limited	1,009,500	1,069,500	-	-
Glebe Mortgage Finance Limited	20,750,000	17,000,000	1,164,964	522,575
Glebe Australia Limited	3,742,218	3,900,000	-	-
	<b>25,501,718</b>	<b>21,969,500</b>	<b>1,164,964</b>	<b>522,575</b>
Glebe Australia Limited loan to:				
Glebe Investment Company Pty Limited	85,129	300,000	-	-
	<b>85,129</b>	<b>300,000</b>	<b>-</b>	<b>-</b>

- (i) At year end loans and interest on those loans were outstanding as follows:
- (ii) Glebe Administration Board provided a subsidy of \$1,750,673 (2003: \$1,945,287) to assist Glebe Asset Management Limited meet expenses during the year. The amount of the subsidy is calculated as the difference between expenses incurred by Glebe Administration Board on behalf of Glebe Asset Management Limited and income earned by Glebe Asset Management Limited funds management operations. The subsidy is not separately disclosed in the accounts but shown as a net expense.
- (iii) There was no subsidy provided by Glebe Administration Board to assist Glebe Investment Company Pty Limited meet expenses during the year (2003: \$315,084).

- (iv) There was no management fee charged by Glebe Investment Company Pty Limited to Glebe Asset Management Limited during the year (2003: \$576,759).

**ii. Transaction with St Andrew's House Corporation**

Glebe Administration Board holds a beneficial interest of 50% in St Andrew's House Corporation. As a result, 50% of the net surplus (excluding income from the Town Hall Square Arcade) of St Andrew's House Corporation is distributed half-yearly. The distributions received this year total \$1,814,961 (2003: \$1,782,940).

At 31 December 2004, a loan was provided from Glebe Administration Board for \$5,300,000 (2003: \$3,115,874). This represents an at-call finance facility to assist in funding of improvements to Town Hall Square. Interest paid by St Andrew's House Corporation in respect of this loan was \$245,619 (2003: \$176,429).

Management fees of \$422,697 (2003: \$339,845) were charged from Glebe Administration Board to St Andrew's House Corporation.

**iii. Related party investments**

The Board invests in the Glebe Investment Trusts, which are managed by related entities of the Board. The following related party investments occurred during the year. The units were all purchased and sold at fair market value on the day of application.

	Consolidated		Parent Entity		Ownership
	2004	2003	2004	2003	2004
	\$	\$	\$	\$	%
Transactions with the Glebe Administration Board:					
Glebe Large-Cap Shares Fund	30,000,000	83,111,467	10,000,000	2,600,000	77.30
Glebe Diversified Property Fund	20,150,000	22,667,470	3,000,000	-	66.98
Glebe Global Shares Fund	14,025,000	1,110,521	2,500,000	-	82.85
Glebe Fixed Interest Fund	9,750,000	4,994,001	3,000,000	3,400,000	57.21
Glebe Small-Cap Shares Fund	8,100,000	7,642,216	-	-	47.92
Glebe Pan-Asian Growth Trust	3,936,102	477,001	-	-	59.97
Glebe Board Spread Investment Trust	2,123,302	2,263,577	-	-	65.47
Glebe High-Grade Fixed Interest Trust	267,650	419,999	-	-	31.43
Glebe Straight Forward Growth Trust	164,574	15,479	-	-	21.22
Glebe World Wide Equities Trust	125,000	-	-	-	36.94
Glebe Large-Cap Equities Trust	28,104	252,980	-	-	15.05
Glebe Large-Cap Shares Trust	5,402	6,388	-	-	23.22
Glebe Small-Cap Equities Trust	2,120	121,194	-	-	20.00
	<b>88,677,254</b>	<b>123,082,293</b>	<b>18,500,000</b>	<b>6,000,000</b>	
Transactions with Glebe Asset Management:					
Glebe Fixed Interest Fund	500,000	3,400,000	-	-	1.61
Glebe High-Grade Fixed Interest Fund	-	1,400,000	-	-	54.69
	<b>500,000</b>	<b>4,800,000</b>	<b>-</b>	<b>-</b>	



**iv. Other related party transactions**

The following other related party transactions occurred during the year:

- (i) A mortgage loan of \$1,000,000 (2003: \$120,000) is provided to Canon B A Ballantine-Jones OAM under normal commercial terms. Interest revenue recorded by the Board in respect of the above loan was \$73,153 (2003: \$33,637).
- (ii) The following related parties were charged a management fee from the Sydney Diocesan Secretariat:

	<b>Management Fee Paid</b>	
	<b>2004</b>	<b>2003</b>
	\$	\$
Glebe Administration Board	4,168,780	4,330,728
Glebe Asset Management Limited	4,086,040	-
Glebe Mortgage Finance Limited	211,923	14,000

- (iii) The following related parties held money in a current account with the Sydney Diocesan Secretariat on which interest was earned/(paid):

	<b>Current account balance</b>		<b>Interest earned/(paid)</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	\$	\$	\$	\$
Glebe Administration Board	(324,065)	816,126	17,905	2,121
Glebe Asset Management Limited	134,581	(80,628)	711	1,376
Glebe Investment Company Pty Limited	1,540	568	28	32
Glebe Mortgage Finance Limited	2,912	79,123	(1,013)	768
Glebe Australia Limited	138	10,777	170	1,538

**22. Reconciliation of surplus from ordinary activities after income tax to the net cash flows from operating activities**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Surplus from ordinary activities after income tax	47,876,771	16,007,534	46,854,543	16,155,166
Mark to market of investments	(40,875,419)	(13,039,504)	(40,822,117)	(13,039,504)
Amortisation of leasing costs	-	24,000	-	24,000
Gain on sale of investments	(2,153,864)	(3,024,805)	(2,144,818)	(3,024,805)
Interest capitalised on Glebe Income Accounts	3,996,102	3,458,805	3,996,102	3,458,805
Interest capitalised on loans and mortgages	(31,529)	(192,429)	(31,529)	(192,429)
Dividends reinvested	(127,255)	(1,510,407)	(127,255)	(1,510,407)
Decrease in unpaid distribution	65,423	36,425	-	-
Interest reinvested	18,070	(18,072)	-	-
Purchase of management rights	-	427,318	-	-
Provision for non-recovery of intercompany loan	1,668	-	1,011,168	-
<b>Changes in assets and liabilities</b>				
(Increase)/decrease in receivables	(2,159,400)	3,479,055	(1,934,093)	3,412,328
(Increase) in other assets	(1,378)	-	(1,378)	-
Increase in payables	710,880	442,554	717,474	320,020
(Decrease) in deferred tax liability	-	(300)	-	-
Decrease in future income tax benefit	-	437	-	-
<b>Net cash inflow from operating activities</b>	<b>7,320,069</b>	<b>6,090,611</b>	<b>7,518,097</b>	<b>5,603,174</b>

## 23. Financial Instruments

### (i) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective interest rates on financial instruments at balance date are:

31 December 2004	Weighted effective interest rate %	Floating interest rate \$	Fixed interest maturing in			Non- interest bearing \$	Total \$
			1 year or less \$	over 1 to 5 years \$	More than 5 years \$		
<b>Financial Assets</b>							
Cash assets	5.78	22,357,879	-	-	-	-	22,357,879
Loans & mortgages	7.30	2,423,927	4,199,986	29,361,364	13,482,855	-	49,468,132
Receivables		-	-	-	-	4,908,393	4,908,393
Equity investments		-	-	-	-	228,958,323	228,958,323
Property related investments		-	-	-	-	92,063,341	92,063,341
Fixed interest investments	4.38	42,217,638	-	-	-	-	42,217,638
		<b>66,999,444</b>	<b>4,199,986</b>	<b>29,361,364</b>	<b>13,482,855</b>	<b>325,930,057</b>	<b>439,973,706</b>
<b>Financial Liabilities</b>							
Payables		-	-	-	-	1,435,666	1,435,666
Overdraft	9.30	557,515	-	-	-	-	557,515
Interest bearing liabilities & loans	4.11	160,681,243	9,293,498	54,720,502	-	-	224,695,243

continued...

continued ...

Provision for income distribution	-	-	-	-	18,236,161	18,236,161
Interest rate swaps	(80,000,000)	-	80,000,000	-	-	-
	<b>81,238,758</b>	<b>9,293,498</b>	<b>134,720,502</b>	<b>-</b>	<b>19,671,827</b>	<b>244,924,585</b>
<b>Net financial assets/(liabilities)</b>	<b>(14,239,314)</b>	<b>(5,093,512)</b>	<b>(105,359,138)</b>	<b>13,482,855</b>	<b>306,258,230</b>	<b>195,049,121</b>

31 December 2003	Weighted effective interest rate %	Floating interest rate \$	Fixed interest maturing in			Non-interest bearing \$	Total \$
			1 year or less \$	over 1 to 5 years \$	More than 5 years \$		
<b>Financial Assets</b>							
Cash assets	5.34	1,904,215	-	-	-	-	1,904,215
Loans & mortgages	8.10	17,000,000	35,126,887	20,943,978	8,553,564	-	81,624,429
Receivables		-	-	-	-	7,520,257	7,520,257
Equity investments		-	-	-	-	153,026,654	153,026,654
Property related investments		-	-	-	-	67,497,492	67,497,492
Fixed interest investments	5.19	37,283,238	-	-	-	-	37,283,238
		<b>56,187,453</b>	<b>35,126,887</b>	<b>20,943,978</b>	<b>8,553,564</b>	<b>228,044,403</b>	<b>348,856,285</b>
<b>Financial Liabilities</b>							
Payables		-	-	-	-	912,554	912,554
Overdraft	8.30	81,939	-	-	-	-	81,939

continued ...

continued ...

Interest bearing liabilities & loans	4.94	-	123,380,057	49,836,331	-	-	173,216,388
Provision for income distribution		-	-	-	-	17,796,996	17,796,996
		<b>81,939</b>	<b>123,380,057</b>	<b>49,836,331</b>	<b>-</b>	<b>18,709,550</b>	<b>192,007,877</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>		<b>56,105,514</b>	<b>(88,253,170)</b>	<b>(28,892,353)</b>	<b>8,553,564</b>	<b>209,334,853</b>	<b>156,848,408</b>

The above interest rate risk disclosures have been prepared on the basis of the consolidated entity's direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the disclosure of interest rate risk in the above note may not represent the true interest rate risk profile of the consolidated entity where the consolidated entity has significant investments in unit trusts which also have exposure to the interest rate markets.

**(ii) Credit risk exposures**

The carrying amount of financial assets included within the statement of financial position represent the consolidated entity's maximum exposure to credit risk in relation to these assets, except concerning undrawn facilities – refer note 8.

**(iii) Net fair value of financial assets and liabilities**

The members consider the carrying amount of financial assets and liabilities approximate their net fair values.

**(i) Interest rate swap contracts**

The Board is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates.

Bank interest bearing loans of the consolidated entity currently bear an average variable interest rate of 6.03%. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis.

At 31 December 2004, the notional principal amounts and periods or expiry of the interest rate swap contracts are as follows:

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
2 – 3 years	50,000,000	-
3 – 4 years	30,000,000	20,000,000
4 – 5 years	-	20,000,000
	<b>80,000,000</b>	<b>40,000,000</b>

#### **24. Contingent Liabilities**

The Board has agreed to provide ongoing financial support for the wholly-owned entities Glebe Asset Management Limited and Glebe Investment Company Pty Limited.

A joint and several guarantee has been given to Westpac Banking Corporation by Glebe Administration Board and St Andrew's House Corporation for overdraft accommodation up to \$1,200,000 granted to the Sydney Diocesan Secretariat, Anglican Church of Australia (refer note 16). No losses are expected from this guarantee.

#### **25. Remuneration of Auditors**

Audit fees for the Glebe Administration Board are paid by the Sydney Diocesan Secretariat under contract arrangements. The audit fee for the year for the Glebe Administration Board is quoted as \$44,000 (2003: \$32,500), and Glebe Administration Board consolidated is \$79,500 (2003: \$57,200).

The cost of auditing the financial statements and completing the income tax returns of third party funds under management is paid by Glebe Asset Management Limited and passed on to the Glebe Investment Trusts as part the management fees charged. Other remuneration paid to auditors are as follows:

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other assurance services	-	4,543	-	-
Taxation - other service	40,047	117,520	-	9,691
	<b>40,047</b>	<b>122,063</b>	<b>-</b>	<b>9,691</b>

**26. Events occurring after reporting date**

The members of the Glebe Administration Board are not aware of any events occurring after reporting date that impact on the financial statements as at 31 December 2004.

**Members' Declaration**

The members' declare that the financial statements and notes set out on pages [239 to291]:

- (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Board's and consolidated entity's financial position as at 31 December 2004 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the members' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Board 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 directors and is signed for and on behalf of the directors by:

R H Y Lambert  
L A Scandrett  
**Members**

16 March 2005