

Glebe Administration Board Audited Accounts for 2005

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 291 to 354):

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Glebe Administration Board and the Glebe Administration Board Group (defined below) as at 31 December 2005, and of their performance for the year ended on that date; and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, the *Corporations Regulations 2001*, and the provisions of 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 balance sheet, income statement, cash flow statements, statement of changes in equity, , 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 2005. 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 *Corporations Act 2001* 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 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 *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church Diocese of Sydney a view which is consistent with our understanding of the Board's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations, changes in equity 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.

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 directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

The independent declaration, dated 22 March 2006, included in the directors' report would be the same if it had been made on the date on this audit report.

PricewaterhouseCoopers

B Entwistle
Partner

Sydney
6 April 2006

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 2005:

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 R Berkley	Mr D McDonald AO
Mr P 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 there from.

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 \$40,439,074 (2004: \$49,688,079 surplus).

Distributions

Dividends are not paid by the Board, but the Board has made distributions of \$ 9,657,435 (2004: \$8,948,212) from the provision for distribution account. Of the balance of the provision for distribution of \$19,142,234 as at 31 December 2005, \$9,329,302 is anticipated to be utilised during 2006 (refer to note 18 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	11	9
Mr P R Berkley	11	9
Mr P P Driscoll	11	10
Rt Rev R C Forsyth	11	6
Dr S E Judd	11	10
Mr R H Y Lambert	11	9
Mr N Lewis	11	10
Mr D McDonald AO	11	6
Mr I C Miller	11	8
Mr W H Olson AM	11	7
Dr L A Scandrett	11	10
Mr P R Shirriff	11	11

Insurance of officers

During the year insurance premiums totalling \$21,218 (2004: \$14,628) 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

During the year a review of the funds management activities was undertaken which resulted in a decision to sell Glebe Asset Management Limited and outsource investment management and investment accounting and administration. After conducting a thorough sales process, despite substantial initial interest, a buyer could not be identified which met the Glebe Administration Board's needs. Subsequent to year end a decision was taken to wind up several of the Glebe Investment Trusts and ultimately to wind up the funds management business of Glebe Asset Management Limited.

Glebe Asset Management Limited will continue to hold its Australian Financial Services Licence and maintain an adequate level of capital in the coming financial year, up to the date of the next annual financial report.

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.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 294.

Signed in accordance with a resolution of the members of Glebe Administration Board.

R H Y Lambert

L A Scandrett

Members

22 March 2006

Auditor's Independence Declaration

As lead auditor for the audit of Glebe Administration Board for the year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Glebe Administration Board and the entities it controlled during the period.

B Entwistle
Partner
PricewaterhouseCoopers

Sydney
22 March 2006

Liability limited by a scheme approved under Professional Standards
Legislation

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.

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 -

Name	Position
Canon B A Ballantine-Jones OAM	Non-executive Deputy Chairman
Mr P R Berkley	Non-executive member
Mr P 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 R 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

Board Asset Liability Committee

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	10	7
Mr R S Dredge	Chief Executive Officer	10	9
Mr P P Driscoll	Non-executive member	10	10
Mr R H Y Lambert	Non-executive member	10	10
Mr P R Shirriff	Non-executive Chairman	10	10

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.

Board Audit Committee

The Board Audit Committee consists of the following persons:

Name	Position	No. eligible to attend	No. attended
Mr P P Driscoll	Non-executive member	5	5
Mr R H Y Lambert	Non-executive Chairman	5	5
Mr D McDonald AO	Non-executive member	5	3
Mr P R Shirriff	Non-executive member	5	5

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.

Management Remuneration and Nomination Committee

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	2	2
Mr P P Driscoll	Non-executive member	2	2

Rt Rev R C Forsyth	Non-executive member	2	1
Mr I C Miller	Non-executive member	2	2
Mr P R Shirriff	Non-executive Chairman	2	2

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

This Committee comprises the following members:

Name	Position	No. eligible to attend	No. attended
Rt Rev R C Forsyth	Non-executive member	3	2
Dr S E Judd	Non-executive member	3	3
Mr N Lewis	Non-executive Chairman	3	3
Mr W H Olson AM	Non-executive member	3	1
Dr L A Scandrett	Non-executive member	3	3

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 has 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.

The Sydney Diocesan Secretariat has issued a policy in relation to dealing with conflicts of interest.

Five year financial summary - consolidated

\$'000 (unless otherwise indicated)	2001	2002	2003	2004	2005
Consolidated income statement for the year ended 31 December					
Investment income	30,098	4,507	32,755	86,469	79,679
Finance costs	(7,817)	(6,823)	(9,018)	(28,811)	(31,101)
Net investment income	22,281	(2,316)	23,737	57,658	48,578
Fee and other income	4,759	4,047	2,901	2,909	3,375
Net operating income	27,040	1,731	26,638	60,567	51,953
Operating expenses	(6,608)	(7,386)	(9,544)	(10,879)	(11,514)
Total income and expense before tax	20,432	(5,655)	17,094	49,688	40,439
Income tax expense	-	-	-	-	-
Total income and expense after tax	20,432	(5,655)	17,094	49,688	40,439
Provision for income distribution	8,475	8,136	8,241	9,387	10,564
Consolidated balance sheet as at 31 December					
Investments, loans and mortgages	319,743	303,517	338,682	507,567	607,800
Cash and other assets	3,293	11,701	9,598	42,062	38,404
Total assets	323,036	315,218	348,280	549,629	646,204

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Payables	2,252	412	913	1,489	2,144
Interest bearing liabilities	140,683	149,174	173,298	225,253	279,447
Other liabilities	18,920	18,230	17,797	19,706	20,897
Share of net assets attributable to minority interest	-	-	-	105,831	116,426
Total liabilities	161,855	167,816	192,008	352,279	418,914
Net assets	161,181	147,402	156,272	197,350	227,290
Ratios					
Total liabilities to net assets (%)	100.4%	113.8%	122.9%	178.5%	184.3%
Investment income on investment assets (%)	9.4%	1.5%	9.7%	17.0%	13.1%
Surplus after income tax on net assets (%)	12.7%	(3.8)%	10.9%	25.2%	7.8%
Operating expense to net operating income (%)	(24.4)%	(426.7)%	35.8)%	(18.0)%	(22.2)%
Operating expenses, less fee income to total assets (%)	(3.5)%	(3.6)%	(3.6)%	(2.5)%	(2.3)%

The comparatives for 2001 to 2003 are prior to the implementation of Australian equivalents to International Financial Reporting Standards (AIFRS) and the consolidation of the Glebe Investment Trusts and are not directly comparable.

Income statements for the year ended 31 December 2005

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenue from continuing operations	3	82,107,519	86,588,946	61,432,418	67,953,418
Share of net profits of St Andrew's House Corporation (SAHC) accounted for using the equity method	13	946,475	2,789,642	-	-
Finance costs	4(a)	(14,823,400)	(11,342,982)	(14,760,722)	(11,324,702)
Surplus attributable to minority interests		(16,277,513)	(17,468,480)	-	-
Total finance costs		(31,100,913)	(28,811,462)	(14,760,722)	(11,324,702)
Other expenses	4(b)	(11,514,007)	(10,879,047)	(5,926,911)	(8,034,470)
Surplus from continuing operations before income tax		40,439,074	49,688,079	40,744,785	48,594,246
Income tax expense	5	-	-	-	-
Surplus from continuing operations after income tax		40,439,074	49,688,079	40,744,785	48,594,246

The above income statements should be read in conjunction with the accompanying notes.

Balance sheets as at 31 December 2005

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	6	34,784,808	39,459,166	17,861,534	22,086,331
Receivables	7	3,323,956	2,602,228	5,742,443	4,598,166
Loans and mortgages	8	19,254,813	5,385,278	1,490,029	5,385,278
Other financial assets at fair value through profit or loss	10	500,289,102	420,351,395	44,689,119	46,243,868
Investments in controlled entities	11	-	-	345,587,602	276,179,726
Derivative financial instruments	14	295,628	-	295,628	-
Total current assets		<u>557,948,307</u>	<u>467,798,067</u>	<u>415,666,355</u>	<u>354,493,369</u>
Non-current assets					
Loans and mortgages	9	51,236,439	44,082,854	72,051,525	47,200,072
Investments in controlled entities	12	-	-	1,700,000	1,700,000
Investment in St Andrew's House	13	37,019,733	37,747,608	37,019,733	37,747,608
Total non-current assets		<u>88,256,172</u>	<u>81,830,462</u>	<u>110,771,258</u>	<u>86,647,680</u>
Total assets		<u>646,204,479</u>	<u>549,628,529</u>	<u>526,437,613</u>	<u>441,141,049</u>

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Current liabilities					
Payables	15	2,144,379	1,488,656	1,865,980	1,402,981
Interest bearing liabilities	16	131,298,646	120,959,260	131,263,550	121,154,366
Provisions	18	11,084,650	10,410,327	9,329,302	8,939,566
Total current liabilities		<u>144,527,675</u>	<u>132,858,243</u>	<u>142,458,832</u>	<u>131,496,913</u>
Non-current liabilities					
Interest bearing liabilities	17	148,147,906	104,293,498	148,147,906	104,293,498
Provisions	18	9,812,932	9,296,595	9,812,932	9,296,595
Share of net assets attributable to minority interests		116,425,725	105,830,538	-	-
Total non-current liabilities		<u>274,386,563</u>	<u>219,420,631</u>	<u>157,960,838</u>	<u>113,590,093</u>
Total liabilities		<u>418,914,238</u>	<u>352,278,874</u>	<u>300,419,670</u>	<u>245,087,006</u>
Net assets		<u>227,290,241</u>	<u>197,349,655</u>	<u>226,017,943</u>	<u>196,054,043</u>
EQUITY					
Capital	19	31,119,554	31,107,047	31,119,554	31,107,047
Reserves	20	2,141,511	1,859,114	-	-
Accumulated surplus	21	194,029,176	164,383,494	194,898,389	164,946,996
Total equity		<u>227,290,241</u>	<u>197,349,655</u>	<u>226,017,943</u>	<u>196,054,043</u>

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

Statements of changes in equity for the year ended 31 December 2005

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Total equity at the beginning of the year		197,349,655	156,272,112	196,054,043	156,835,354
Share of SAHC's movement in deferred maintenance reserve	20	282,397	765,021	-	-
Net income recognised directly in equity		282,397	765,021	-	-
Surplus for the year after tax		40,439,074	49,688,079	40,744,785	48,594,246
Total recognised income and expense for the year		40,721,471	50,453,100	40,744,785	48,594,246
Transactions with equity holders:					
Gifts received	19	12,507	11,820	12,507	11,820
Distributions provided for or paid	18	(10,563,508)	(9,387,377)	(10,563,508)	(9,387,377)
Reversal of provision for doubtful debts	21(b)	750,000	-	750,000	-
Distributions paid not provided for	21(b)	(979,884)	-	(979,884)	-
		<u>(10,780,885)</u>	<u>(9,375,557)</u>	<u>(10,780,885)</u>	<u>(9,375,557)</u>
Total equity at the end of the year		<u>227,290,241</u>	<u>197,349,655</u>	<u>226,017,943</u>	<u>196,054,043</u>

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

Statements of cash flows for the year ended 31 December 2005

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Cash flows from operating activities					
Management and service fees		2,853,787	2,586,801	1,446,218	1,469,141
Interest received		10,831,356	10,054,995	7,046,571	7,008,652
Dividends and distributions		22,892,565	16,617,478	28,512,777	12,646,569
Other revenue		522,537	444,530	60,371	27,745
Finance costs		(9,782,856)	(7,162,819)	(9,794,915)	(7,173,564)
Payments to suppliers		(10,940,518)	(10,752,862)	(5,811,650)	(6,460,446)
Net cash inflow from operating activities	23	16,376,871	11,788,123	21,459,372	7,518,097
Cash flows from investing activities					
Proceeds from sale of investments		23,794,477	19,631,150	21,694,925	19,131,150
Payments for investments		(55,644,042)	(75,160,451)	(65,585,706)	(76,934,396)
Net (increase)/decrease in loans provided		(20,273,115)	31,414,906	(20,206,199)	32,257,688
Net cash (outflow) from investing activities		(52,122,680)	(24,114,395)	(64,096,980)	(25,545,558)
Cash flows from financing activities					
Distributions to Synod		(8,697,109)	(8,436,959)	(8,697,109)	(8,436,959)
Distributions to other Anglican organisations		(1,940,195)	(511,253)	(1,940,195)	(511,253)
Distributions to other organisations		(6,966,737)	(5,222,495)	-	-

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Proceeds from borrowings	45,000,000	55,000,000	45,000,000	55,000,000
Net increase/(decrease) in Glebe Income Accounts	4,397,236	(7,517,249)	4,428,676	(7,322,144)
Gifts received	12,507	11,820	12,507	11,820
Net units (redeemed)/issued	(551,918)	4,358,950	-	-
Net cash inflows from financing activities	31,253,784	37,682,814	38,803,879	38,741,464
Net (decrease)/increase in cash held	(4,492,025)	25,356,542	(3,833,729)	20,714,003
Cash and cash equivalents at the beginning of the year	38,901,651	13,574,133	21,528,816	814,813
Effects of exchange rate changes on cash	(52,907)	(29,024)	-	-
Cash and cash equivalents at the end of the year	34,356,719	38,901,651	17,695,087	21,528,816

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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 there from.

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 Synod is entitled to the income of the Board and the income is reinvested by the Board. 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

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Glebe Administration Board as an individual entity and the consolidated entity consisting of Glebe Administration Board and its subsidiaries.

(a) Basis of preparation

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 equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Glebe Administration Board comply with International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs and it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 Financial Instruments: Presentation and Disclosure and AASB 124 Related Party Disclosures.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first financial statements to be prepared in accordance with AIFRSs. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards to only apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139: Financial Instruments: Recognition and Measurement from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in note 28.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Glebe Administration Board as at 31 December 2005 and the results of all subsidiaries for the year then ended. Glebe Administration Board and its subsidiaries together are

referred to in this financial report as the Group or the consolidated entity.

Subsidiaries also include entities in which the parent entity holds a majority economic interest.

Subsidiaries are fully consolidated from 1 January 2005. Transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(c) 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 profit and loss. Distributions received by the Board are recognised in the statements of financial performance as trust income when declared.

(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 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.

(e) 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 or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Glebe Australia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2004. The head entity, Glebe Australia Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Glebe Australia Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused

tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 5.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(f) Cash and cash equivalents

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.

(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 trade 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 Group 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

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, interest rate swaps, loans and mortgages. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in

the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(h) Investments and other financial assets (cont.)

Interest rate swaps

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period to settlement. The amount recognised is accounted for as an adjustment to interest and finance charges during the period and included in other debtors or other creditors at each reporting date.

Loans and mortgages

Loans and mortgages 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.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and mortgages 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 Group 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 Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired

(i) 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.

(j) Borrowings and borrowing costs

Borrowings are initially recognised at fair value. Borrowings are classified as current liabilities unless the Group 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 and long-term borrowings.

(k) 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.

(l) 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.

(m) Foreign currency translation*Functional and presentation currency*

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

3. Revenue

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Property related investments:				
Revaluation of SAPF	256,765	257,484	256,765	257,484
Distributions from SAPF	804,920	529,938	804,920	529,938
St. Andrew's House Corporation distribution	-	-	1,956,750	1,814,960
Distributions from other property trusts	16,298	7,645	7,304,803	2,205,519
Revaluation of beneficial interest in SAHC	-	-	(727,875)	1,739,703
Net realised and unrealised gains and losses	2,288,100	6,428,738	(889,435)	7,404,038
Income from property related investments	<u>3,366,083</u>	<u>7,223,805</u>	<u>8,705,928</u>	<u>13,951,642</u>
Fixed interest investments:				
Interest and distributions	6,724,751	4,717,470	3,192,798	2,107,775
Net realised and unrealised gains and losses	(2,705,304)	1,516,731	(2,642,692)	1,192,409
Income from fixed interest investments	<u>4,019,447</u>	<u>6,234,201</u>	<u>550,106</u>	<u>3,300,184</u>
Income from loans and mortgages	<u>4,666,385</u>	<u>4,511,898</u>	<u>4,090,192</u>	<u>4,235,454</u>

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Equity related investments:				
Dividends and distributions	32,250,320	25,109,735	18,823,418	10,229,197
Net realised and unrealised gains and losses	34,430,048	40,600,040	27,757,953	34,800,160
Income from equity related investments	<u>66,680,368</u>	<u>65,709,775</u>	<u>46,581,371</u>	<u>45,029,357</u>
Total investment income	<u>78,732,283</u>	<u>83,679,679</u>	<u>59,927,597</u>	<u>66,516,637</u>
Fee income:				
Fund administration fees	1,454,394	1,073,953	-	-
Property management fees	1,920,842	1,835,314	1,504,821	1,436,781
Total fee income	<u>3,375,236</u>	<u>2,909,267</u>	<u>1,504,821</u>	<u>1,436,781</u>
Total revenue from continuing operations	<u>82,107,519</u>	<u>86,588,946</u>	<u>61,432,418</u>	<u>67,953,418</u>

Dividends and distributions include franking credits of \$2,121,183 (2004: \$1,356,392).

4. Surplus from continuing operations

Surplus from continuing operations before income tax includes the following specific net gains and expenses:

(a) Finance costs

Finance costs include interest paid on Glebe Income Account deposits of which \$5,707,484 (2004: \$4,885,817) was paid to churches, Anglican organisations and other Christian organisations.

(b) Other expenses

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Management fees from Sydney Diocesan Secretariat	8,476,374	8,466,743	4,572,145	4,168,780
Subsidy	-	-	(184,183)	1,750,673
Professional fees	1,750,157	907,954	1,124,079	595,607
Property expenses	134,855	170,379	134,836	170,275
Office operating expenses	297,672	511,267	197,044	228,896
Insurance	297,675	246,392	42,691	38,696
Marketing expenses	71,239	87,200	39,807	19,601
Bad and doubtful debts	-	6,668	-	1,011,168
Other expenses	486,035	482,444	492	50,774
	<u>11,514,007</u>	<u>10,879,047</u>	<u>5,926,911</u>	<u>8,034,470</u>

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	
	2005	2004	2005	2004
	\$	\$	\$	\$
Surplus from continuing operations before income tax	40,439,074	49,688,079	40,744,785	48,594,246
Less surplus from non assessable entities	(40,691,889)	(49,609,927)	(40,744,785)	(48,594,246)
(Deficit)/surplus from continuing operations before income tax	(252,815)	78,152	-	-
Income tax (benefit)/expense calculated at 30%	(75,845)	23,446	-	-
Tax effect of permanent differences	73,616	-	-	-
Tax losses not brought to account as future income tax benefits	2,229	(23,446)	-	-
Current tax	-	-	-	-

The director's estimate that the potential future income tax benefit at 31 December 2005 in respect of tax losses not brought to account is \$171,077 (2004: \$168,848).

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 controlled entities have implemented the tax consolidation legislation as of 1 January 2004. The accounting policy in relation to this legislation is set out in note 2(e).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Glebe Australia Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Glebe Australia Limited for any current tax payable assumed and are compensated by Glebe Australia Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Glebe Australia Limited under the tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

6. Current assets – Cash and cash equivalents

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Cash at bank	4,960,241	2,412,139	828,224	74,813
Bank bills	1,793,770	11,302,371	-	3,561,053
Negotiable certificates of deposit	4,793,054	5,791,356	4,793,054	5,791,356
Convertible notes	-	4,118,935	-	-
Term deposits	15,671,710	5,933,465	5,199,716	4,591,463
Corporate papers	7,120,408	8,091,827	7,040,540	8,067,646
Foreign Cash	445,625	1,809,073	-	-
	<u>34,784,808</u>	<u>39,459,166</u>	<u>17,861,534</u>	<u>22,086,331</u>

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

Balance as above	34,784,808	39,459,166	17,861,534	22,086,331
Less: Cash at bank in overdraft (note 16)	428,089	557,515	166,447	557,515
Balance per statements of cash flows	<u>34,356,719</u>	<u>38,901,651</u>	<u>17,695,087</u>	<u>21,528,816</u>

7. Current assets – Receivables

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Distributions receivable	2,383,972	2,049,530	5,149,413	4,351,074
Prepayments	154,232	175,082	154,232	175,082
Accrued management fees	252,992	170,590	58,603	-
Accrued interest	422,452	139,032	70,607	70,322
Amount receivable from subsidiary	-	-	300,000	-
Other	110,308	67,994	9,588	1,688
	<u>3,323,956</u>	<u>2,602,228</u>	<u>5,742,443</u>	<u>4,598,166</u>

8. Current assets – Loans and mortgages

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Loans	826,527	1,635,278	826,527	1,635,278
Mortgages	18,428,286	4,500,000	663,502	4,500,000
Provision for doubtful debts	-	(750,000)	-	(750,000)
	<u>19,254,813</u>	<u>5,385,278</u>	<u>1,490,029</u>	<u>5,385,278</u>

9. Non-current assets – Loans and mortgages

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Loans	20,604,955	34,657,854	65,200,603	38,784,572
Mortgages	30,631,484	9,425,000	7,860,422	9,425,000
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)	(2,009,500)
	<u>51,236,439</u>	<u>44,082,854</u>	<u>72,051,525</u>	<u>47,200,072</u>
Summary:				
Anglican Diocesan organisations	49,569,984	43,118,132	72,887,546	47,244,850
Other	21,921,268	8,100,000	2,663,508	8,100,000
Provision for doubtful debts	(1,000,000)	(1,750,000)	(2,009,500)	(2,759,500)
Total current and non-current loans and mortgages	<u>70,491,252</u>	<u>49,468,132</u>	<u>73,541,554</u>	<u>52,585,350</u>

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 balance sheets, the consolidated entity has exposure to credit risk for undrawn facilities of \$21,318,498 (2004: \$7,154,387).

10. Current assets – Other financial assets at fair value through profit or loss

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Equity investments				
Listed equities (at cost)	214,221,618	191,678,649	-	-
Fair value adjustment	76,015,541	43,913,292	-	-
Total listed equities at fair value	<u>290,237,159</u>	<u>235,591,941</u>	<u>-</u>	<u>-</u>
Unlisted equities (at cost)	1,783,393	1,783,393	1,783,393	1,783,393
Fair value adjustment	(1,783,393)	(1,783,393)	(1,783,393)	(1,783,393)
Total unlisted equities at fair value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Glebe Investment Trusts (at cost)	29,794,344	27,448,693	27,694,792	27,448,693
Fair value adjustment	11,256,971	10,801,101	11,186,297	10,801,101
Total unlisted equity unit trusts at fair value	<u>41,051,315</u>	<u>38,249,794</u>	<u>38,881,089</u>	<u>38,249,794</u>
Total equity investments	<u>331,288,474</u>	<u>273,841,735</u>	<u>38,881,089</u>	<u>38,249,794</u>

Property investments

Listed property investments (at cost)	77,582,736	53,762,077	-	-
Fair value adjustment	11,350,640	7,889,210	-	-
Total listed property investments at fair value	<u>88,933,376</u>	<u>61,651,287</u>	<u>-</u>	<u>-</u>

Sydney Anglican Property Fund (at cost)	-	4,999,980	-	4,999,980
Other unlisted property investments (at cost)	9,226,132	8,986,113	2,374,156	460,000
Fair value adjustment	42,924	2,962,526	(860,710)	2,050,258
Total unlisted property investments at fair value	<u>9,269,056</u>	<u>16,948,619</u>	<u>1,513,446</u>	<u>7,510,238</u>
Total property investments	<u>98,202,432</u>	<u>78,599,906</u>	<u>1,513,446</u>	<u>7,510,238</u>

Fixed interest investments

Listed fixed interest investment (at cost)	61,724,504	61,420,240	500,000	500,000
Fair value adjustment	341,825	301,049	(11,590)	(16,164)
Total listed fixed interest investments at fair value	<u>62,066,329</u>	<u>61,721,289</u>	<u>488,410</u>	<u>483,836</u>

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Unlisted fixed interest investment (at cost)	7,156,565	-	7,156,565	-
Fair value adjustment	(3,350,391)	-	(3,350,391)	-
Total Unlisted fixed interest investments at fair value	<u>3,806,174</u>	<u>-</u>	<u>3,806,174</u>	<u>-</u>
Glebe Investment Trusts (at cost)	4,885,772	6,186,998	-	-
Fair value adjustment	39,921	1,467	-	-
Total unlisted fixed interest unit trusts at fair value	<u>4,925,693</u>	<u>6,188,465</u>	<u>-</u>	<u>-</u>
Total fixed interest investments	<u>70,798,196</u>	<u>67,909,754</u>	<u>4,294,584</u>	<u>483,836</u>
Summary:				
Equity investments	331,288,474	273,841,735	38,881,089	38,249,794
Property investments	98,202,432	78,599,906	1,513,446	7,510,238
Fixed interest investments	<u>70,798,196</u>	<u>67,909,754</u>	<u>4,294,584</u>	<u>483,836</u>
	<u>500,289,102</u>	<u>420,351,395</u>	<u>44,689,119</u>	<u>46,243,868</u>

11. Current assets – Investments in controlled entities

	Principal activity	Ownership interest		Parent entity carrying amount	
		2005 %	2004 %	2005 \$	2004 \$
Directly controlled by Glebe Administration Board					
Glebe Large-Cap Shares Fund	Investment	76.95%	77.3%	183,273,716	152,772,565
Glebe Diversified Property Fund	Investment	69.57%	67.0%	66,714,209	48,159,745
Glebe Global Shares Fund	Investment	84.81%	82.8%	42,710,465	31,893,572
Glebe Fixed Interest Fund	Investment	63.58%	57.2%	42,165,751	35,340,565
Glebe Pan-Asian Growth Trust	Investment	69.47%	60.0%	8,744,880	6,042,396
Glebe High Grade Investment Fund	Investment	39.69%	31.4%	1,978,581	1,970,883
				<u>345,587,602</u>	<u>276,179,726</u>
Directly controlled by Glebe Asset Management Limited					
Glebe High Grade Investment Fund	Investment	47.14%	54.69%	2,349,666	3,429,769

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

	Consolidated		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
Investments in controlled entities (at cost)	-	-	271,492,142	227,883,637
Fair value adjustment	-	-	74,095,460	48,296,089
Investments in controlled entities at fair value	<u>-</u>	<u>-</u>	<u>345,587,602</u>	<u>276,179,726</u>

12. Non-current assets – Investments in controlled entities

	Principal activity	Ownership interest		Parent entity carrying amount	
		2005 %	2004 %	2005 \$	2004 \$
Directly controlled by Glebe Administration Board					
Glebe Australia Limited	Administration	100	100	1,700,000	1,700,000
Directly controlled by Glebe Australia Limited					
Glebe Asset Management Limited	Funds management	100	100	5,000,000	5,000,000
Glebe Investment Company Pty Ltd	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>

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

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
50% Beneficial interest in St. Andrew’s House Corporation (note 2c)	37,019,733	37,747,608	37,019,733	37,747,608
	<u>37,019,733</u>	<u>37,747,608</u>	<u>37,019,733</u>	<u>37,747,608</u>
Movements in carrying amounts:				
Balance 1 January	37,747,608	36,007,905	37,747,608	36,007,905
Share of distributable surplus for the year	946,475	2,789,642	-	-
Distributions received	(1,956,747)	(1,814,960)	-	-
Share of increase in other reserves	282,397	765,021	-	-
Revaluation of beneficial interest in SAHC	-	-	(727,875)	1,739,703
Balance 31 December	<u>37,019,733</u>	<u>37,747,608</u>	<u>37,019,733</u>	<u>37,747,608</u>
The carrying amount is comprised of:				
Capital invested	4,714,615	4,714,615	4,714,615	4,714,615
Other reserves	2,141,511	1,859,114	2,141,511	1,859,114
Accumulated surplus	29,107,731	30,312,526	29,107,731	30,312,526
Unpaid distribution	1,055,876	861,353	1,055,876	861,353
	<u>37,019,733</u>	<u>37,747,608</u>	<u>37,019,733</u>	<u>37,747,608</u>

14. Current assets – Derivative financial instruments

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Interest rate swap contracts	295,628	-	295,628	-
	<u>295,628</u>	<u>-</u>	<u>295,628</u>	<u>-</u>

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 6.16%. 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 2005, the notional principal amounts and periods or expiry of the interest rate swap contracts are as follows:

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
0 - 1 years	37,552,500	29,580,000	37,552,500	29,580,000
1 - 2 years	50,000,000	37,552,500	50,000,000	37,552,500
2 - 3 years	10,000,000	-	10,000,000	-
3 - 4 years	-	10,000,000	-	10,000,000
	<u>97,552,500</u>	<u>77,132,500</u>	<u>97,552,500</u>	<u>77,132,500</u>

15. Current liabilities - Payables

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Interest payable	1,729,807	1,226,500	1,729,807	1,226,501
Accounts payable and accruals	414,572	262,156	136,173	176,480
	<u>2,144,379</u>	<u>1,488,656</u>	<u>1,865,980</u>	<u>1,402,981</u>

16. Current liabilities – Interest bearing liabilities

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Deposits – Glebe Income Accounts	130,870,557	120,401,745	131,097,103	120,596,851
Cash at bank in overdraft	428,089	557,515	166,447	557,515
	<u>131,298,646</u>	<u>120,959,260</u>	<u>131,263,550</u>	<u>121,154,366</u>

Liabilities to Glebe Income Account holders represent deposits held by Glebe Administration Board on behalf of individuals and organisations. The assets of Glebe Administration Board can be called upon to meet these obligations if required.

17. Non-current liabilities – Interest bearing liabilities

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Deposits – Glebe Income Accounts	8,147,906	9,293,498	8,147,906	9,293,498
Bank bill line facility	130,000,000	85,000,000	130,000,000	85,000,000
Bank loan	10,000,000	10,000,000	10,000,000	10,000,000
	<u>148,147,906</u>	<u>104,293,498</u>	<u>148,147,906</u>	<u>104,293,498</u>

The bank bill facilities and bank loans are unsecured and for a total of \$140,000,000. The Glebe Administration Board has a multiple option facility with Westpac Banking Corporation for \$80,000,000 which had been fully drawn down at year end. The Glebe Administration Board also has a commercial bill and cash advance facility with Australia and New Zealand Banking Group Limited for a total of \$60,000,000 which had been fully drawn down at year end.

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.

The Board has an overdraft limit of \$1,000,000 on its current account with Sydney Diocesan Secretariat. At balance date the balance of the current account was \$871,113 (2004: \$324,165 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.

18. Provisions

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Provision for GAB distribution				
Balance 1 January	18,236,161	17,796,996	18,236,161	17,796,996
Provided during the period	10,563,508	9,387,377	10,563,508	9,387,377
	28,799,669	27,184,373	28,799,669	27,184,373
Paid during the period	(9,657,435)	(8,948,212)	(9,657,435)	(8,948,212)
Balance 31 December	19,142,234	18,236,161	19,142,234	18,236,161
Provision for GIT distributions to Minority Interests				
Balance 31 December	1,755,348	1,470,761	-	-
	20,897,582	19,706,922	19,142,234	18,236,161
Current	11,084,650	10,410,327	9,329,302	8,939,566
Non-current	9,812,932	9,296,595	9,812,932	9,296,595
	20,897,582	19,706,922	19,142,234	18,236,161

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 and is paid to Synod as reflected in the Synod Fund.

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
The composition of payments during the year were as follows:				
Synod	8,697,109	8,436,959	8,697,109	8,436,959
Other	960,326	511,253	960,326	511,253
	<u>9,657,435</u>	<u>8,948,212</u>	<u>9,657,435</u>	<u>8,948,212</u>

Included in payments to Synod is \$457,114 (2004 \$300,962) relating to the funding for the New Capital Project. During the year \$979,884 was also paid to other organisations from accumulated surplus (note 21(b)).

19. Capital

(a) Capital	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Capital	31,119,554	31,107,047	31,119,554	31,107,047
	<u>31,119,554</u>	<u>31,107,047</u>	<u>31,119,554</u>	<u>31,107,047</u>

(b) Movement in deferred maintenance reserve	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Balance 1 January	31,107,047	31,095,227	31,107,047	31,095,227
Gifts received	12,507	11,820	12,507	11,820
Balance 31 December	<u>31,119,554</u>	<u>31,107,047</u>	<u>31,119,554</u>	<u>31,107,047</u>

20. Reserves

(a) Reserves	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Deferred maintenance reserve	2,141,511	1,859,114	-	-
Balance 31 December	<u>2,141,511</u>	<u>1,859,114</u>	<u>-</u>	<u>-</u>

(b) Movement in deferred maintenance reserve	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Balance 1 January	1,859,114	1,094,093	-	-
Share of increase in SAHC's deferred maintenance reserve	282,397	765,021	-	-
Balance 31 December	<u>2,141,511</u>	<u>1,859,114</u>	<u>-</u>	<u>-</u>

(c) Nature and purpose of reserves

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.

21. Accumulated surplus

(a) Accumulated surplus	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Accumulated surplus	194,029,176	164,383,494	194,898,389	164,946,996

(b) Movement in accumulated surplus	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Balance 1 January	164,383,494	106,875,838	164,946,996	101,474,475
Surplus after income tax	40,439,074	49,688,079	40,744,785	48,594,246
Adjustment on adoption of AASB 140 Investment Property by SAHC	-	17,206,954	-	24,265,652
Reversal of provision for doubtful debts on adoption of AASB 139	750,000	-	750,000	-
Provisions for distribution during the year	(10,563,508)	(9,387,377)	(10,563,508)	(9,387,377)
Distributions to Synod and other organisations	(979,884)	-	(979,884)	-
Balance 31 December	194,029,176	164,383,494	194,898,389	164,946,996

22. Related Party Transactions

Ultimate control vests with Synod through the sanctioning of governing Ordinances. 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 P R Berkley

Rt Rev R C Forsyth

Dr S E Judd

Mr R H Y Lambert

Mr N Lewis

Mr D McDonald AO

Mr P P Driscoll

Mr I C Miller

Mr W H Olson AM

Dr L A Scandrett

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:

- (i) At year end loans and interest on those loans were outstanding as follows:

	Loan Balance		Interest Paid	
	2005	2004	2005	2004
	\$	\$	\$	\$
Glebe Administration Board loan to:				
Glebe Investment Company Pty Limited	1,009,500	1,009,500	-	-
Glebe Mortgage Finance Limited	39,843,929	20,750,000	1,738,635	1,164,964
Glebe Australia Limited	3,742,218	3,742,218	-	-
	<u>44,595,647</u>	<u>25,501,718</u>	<u>1,738,635</u>	<u>1,164,964</u>
Glebe Australia Limited loan to:				
Glebe Investment Company Pty Limited	85,129	85,129	-	-
	<u>85,129</u>	<u>85,129</u>	<u>-</u>	<u>-</u>

- (i) Glebe Administration Board provided a subsidy of \$115,817 (2004: \$1,750,673) 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. At year end a subsidy of \$58,603 (2004: nil) was receivable from Glebe Asset Management Limited by Glebe Administration Board.
- (iii) Management fees of \$300,000 (2004: nil) were charged by Glebe Administration Board to Glebe Australia Limited.

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 \$1,956,749 (2004: \$1,814,961).

At 31 December 2005, a loan was provided from Glebe Administration Board for \$7,800,124 (2004: \$5,300,000). This represents an at-call finance facility to assist in funding of improvements to Town Hall Square. Interest charged to St Andrew's House Corporation in respect of this loan was \$412,738 (2004: \$245,619). As at 31 December 2005 the loan had a limit of \$14,000,000 (2004: \$7,300,000).

Management fees of \$347,871 (2004: \$422,697) 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.

	Units purchased		Units redeemed	
	2005	2004	2005	2004
	\$	\$	\$	\$
Transactions with the Glebe Administration Board:				
Glebe Large-Cap Shares Fund	10,500,000	30,000,000	1,000,000	10,000,000
Glebe Diversified Property Fund	25,500,000	20,150,000	7,000,000	3,000,000
Glebe Global Shares Fund	7,750,000	14,025,000	1,700,000	2,500,000

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Glebe Fixed Interest Fund	7,750,000	9,750,000	1,100,000	3,000,000
Glebe Small-Cap Shares Fund	2,900,000	8,100,000	2,000,000	-
Glebe Pan-Asian Growth Trust	2,050,000	3,936,102	350,000	-
Glebe Straightforward Investment Trust	-	2,123,302	-	-
Glebe High-Grade Fixed Interest Trust	-	267,650	-	-
Glebe Straight Forward Growth Trust	-	164,574	1,321,122	-
Glebe World Wide Equities Trust	-	125,000	-	-
Glebe Large-Cap Equities Trust	-	28,104	-	-
Glebe Large-Cap Shares Trust	-	5,402	-	-
Glebe Small-Cap Equities Trust	-	2,120	-	-
	<u>56,450,000</u>	<u>88,677,254</u>	<u>14,471,122</u>	<u>18,500,000</u>
Transactions with Glebe Asset Management:				
Glebe Fixed Interest Fund	-	-	999,552	500,000
Glebe Straight Forward Growth Trust	2,099,552	-	-	-
Glebe High-Grade Fixed Interest Fund	-	-	1,100,000	-
	<u>2,099,552</u>	<u>-</u>	<u>2,099,552</u>	<u>500,000</u>

iv. Other related party transactions

The following other related party transactions occurred during the year:

- (i) A mortgage loan of \$120,000 (2004: \$1,000,000) 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 \$66,848 (2004: \$73,153).

(ii) The following related parties were charged a management fee by the Sydney Diocesan Secretariat:

	Management Fee Paid	
	2005	2004
	\$	\$
Glebe Administration Board	4,572,145	4,168,780
Glebe Asset Management Limited	3,657,893	4,086,040
Glebe Mortgage Finance Limited	246,336	211,923

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

	Current account balance		Interest earned/(paid)	
	2005	2004	2005	2004
	\$	\$	\$	\$
Glebe Administration Board	871,113	(324,065)	24,944	17,905
Glebe Asset Management Limited	26,765	134,581	2,773	711
Glebe Investment Company Pty Limited	30	1,540	21	28
Glebe Mortgage Finance Limited	224,273	2,912	(21,829)	(1,013)
Glebe Australia Limited	(261,642)	138	(1,362)	170

(iv) During the year the following investments were transferred from the Glebe Diversified Property Fund to the Glebe Administration Board. The investments were subsequently written down in the accounts of Glebe Administration Board.

	2005	2005
	\$ Cost	\$ Write-down
Bridgewater Lake Estate Limited shares	2,198,676	963,585
Bridgewater Lake Estate Limited convertible notes	3,690,940	1,618,179
Vitality Care Pty Ltd convertible notes	1,600,000	800,000
Vitality Care Commissioning Pty Ltd convertible notes	1,865,625	932,812

- (v) Glebe Administration Board received property management fees of \$90,000 (2004: \$50,000) from Endowment of the See.
- (vi) A loan facility has been provided by Glebe Administration Board to the Endowment of the See to assist with the funding of development of Greenoaks Apartments. As at 31 December 2005 the loan had a limit of \$17,000,000 (2004: \$2,000,000) and was drawn to \$4,266,359 (2004: \$200,000). Interest charged for the year ended 31 December 2005 was \$158,774 (2004: \$318).

23. Reconciliation of surplus after income tax to the net cash flows from operating activities

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Surplus from continuing operations after income tax	40,439,074	49,688,079	40,744,785	48,594,246
Mark to market of investments	(31,650,976)	(44,982,104)	(19,199,917)	(42,561,820)
Gain on sale of investments	(4,085,272)	(2,153,864)	(4,034,559)	(2,144,818)
Interest capitalised on Glebe Income Accounts	4,925,984	3,996,102	4,925,984	3,996,102

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Interest capitalised on loans and mortgages	-	(31,529)	-	(31,529)
Dividends reinvested	-	(127,255)	-	(127,255)
Decrease in unpaid distribution	(194,523)	(385,453)	-	-
Interest reinvested	-	18,070	-	-
Provision for non-recovery of intercompany loan	-	1,668	-	1,011,168
Glebe Investment Trust distributions	7,251,324	4,155,228	-	-
Foreign Exchange	52,907	29,026	-	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	(721,724)	1,054,937	(1,144,277)	(1,935,471)
(Increase) in other assets	(295,628)	(1,378)	(295,628)	-
Increase/(decrease) in provisions	129,688	(211,019)	-	(750,000)
Increase in tax payable	-	-	-	-
Increase in payables	526,017	737,615	462,984	1,467,474
Net cash inflow from operating activities	<u>16,376,871</u>	<u>11,788,123</u>	<u>21,459,372</u>	<u>7,518,097</u>

24. Risk Management and financial instruments

The Glebe Administration Board and its consolidated entities have a Compliance and Risk Management Team whose responsibility it is to co-ordinate the risk management program and to assist in the development of awareness of risk management within GAB.

The entities' activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The entities' exposure to those risks is outlined below:

(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 2005	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 \$		
Financial assets							
Cash assets	5.61	34,784,808	-	-	-	-	34,784,808
Loans and mortgages	7.31	-	2,331,793	54,924,799	13,234,660	-	70,491,252
Receivables		-	-	-	-	3,323,956	3,323,956
Equity investments		-	-	-	-	331,288,474	331,288,474

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Property related investments		-	-	-	-	98,202,432	98,202,432
Fixed interest investments	10.01	70,798,196	-	-	-	-	70,798,196
Derivative financial instruments		-	31,912	263,716	-	-	295,628
		<u>105,583,004</u>	<u>2,363,705</u>	<u>55,188,515</u>	<u>13,234,660</u>	<u>432,814,862</u>	<u>609,184,746</u>
Financial liabilities							
Payables		-	-	-	-	2,144,379	2,144,379
Overdraft	15.51	428,089	-	-	-	-	428,089
Interest bearing liabilities and loans	5.76	80,201,649	50,668,908	148,147,906	-	-	79,018,463
Provision for income distribution		-	-	-	-	20,897,582	20,897,582
Interest rate swaps		(97,552,500)	37,552,500	50,000,000	10,000,000	-	-
		<u>(16,922,762)</u>	<u>88,221,408</u>	<u>198,147,906</u>	<u>10,000,000</u>	<u>23,041,961</u>	<u>302,488,513</u>
Net financial assets/(liabilities)		<u>122,505,766</u>	<u>(85,857,703)</u>	<u>(142,959,391)</u>	<u>3,234,660</u>	<u>409,772,901</u>	<u>306,696,233</u>

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 \$		
Financial assets							
Cash assets	5.78	39,459,166	-	-	-	-	39,459,166
Loans and mortgages	7.30	2,423,927	4,199,986	29,361,364	13,482,855	-	49,468,132
Receivables		-	-	-	-	2,602,228	2,602,228
Equity investments		-	-	-	-	273,841,735	273,841,735
Property related investments		-	-	-	-	78,599,906	78,599,906
Fixed interest investments	4.38	67,909,754	-	-	-	-	67,909,754
		<u>109,792,847</u>	<u>4,199,986</u>	<u>29,361,364</u>	<u>13,482,855</u>	<u>355,043,869</u>	<u>511,880,921</u>
Financial liabilities							
Payables		-	-	-	-	1,488,656	1,488,656
Overdraft	9.30	557,515	-	-	-	-	557,515
Interest bearing liabilities and loans	4.11	160,681,243	9,293,498	54,720,502	-	-	224,695,243

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Provision for income distribution	-	-	-	-	19,706,922	19,706,922
Interest rate swaps	(77,132,500)	29,580,000	47,552,500	-	-	-
	84,106,258	38,873,498	102,273,002	-	21,195,578	246,448,336
Net financial assets/(liabilities)	25,686,589	(34,673,512)	(72,911,638)	13,482,855	333,848,291	265,432,585

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 balance sheets represent the consolidated entity's maximum exposure to credit risk in relation to these assets, except concerning undrawn facilities (refer note 9).

(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.

25. Contingent liabilities and assets

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 17). No losses are expected from this guarantee.

26. 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 \$67,000 (2004: \$44,000), and Glebe Administration Board consolidated is \$107,200 (2004: \$79,500).

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:-

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Audit services	39,300	35,400	-	-
Other assurance services	171,120	-	-	-
Taxation services	135,800	99,618	29,390	-
	<u>346,220</u>	<u>135,018</u>	<u>29,390</u>	<u>-</u>

27. Events occurring after reporting date

Audit fees for the Glebe Administration Board are paid by the Sydney Diocesan Secretariat under contract arrangements. During the year a review of the funds management activities was undertaken which resulted in a decision to sell Glebe Asset Management Limited and outsource investment management and investment accounting and administration. After conducting a thorough sales process, despite substantial initial interest, a buyer could not be identified which met the Glebe Administration Board's needs. Subsequent to year end a decision was taken to wind up several of the Glebe Investment Trusts and ultimately to wind up the funds management business of Glebe Asset Management Limited.

Glebe Asset Management Limited will continue to hold its Australian Financial Services Licence and maintain an adequate level of capital in the coming financial year, up to the date of the next annual financial report.

This financial report was authorised for issue on 22 March 2006 by the Board.

28. Explanation of transition to Australian equivalents to IFRS

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Notes	Consolidated			Parent Entity		
		Previous AGAAP \$	Effect of transition to AIFRS	AIFRS \$	Previous AGAAP \$	Effect of transition to AIFRS	AIFRS \$
Current assets							
Cash and cash equivalents		1,904,215	-	1,904,215	816,126	-	816,126
Receivables		7,693,961	-	7,693,961	7,433,960	-	7,433,960
Loans and mortgages		34,376,887	-	34,376,887	34,376,887	-	34,376,887
Other financial assets at fair value through profit or loss		221,799,479	-	221,799,479	216,921,407	-	216,921,407
Total current assets		265,774,542	-	265,774,542	259,548,380	-	259,548,380
Non-current assets							
Loans and mortgages		46,497,542	-	46,497,542	51,467,042	-	51,467,042
Investments in controlled entities		-	-	-	1,700,000	-	1,700,000
Investment in St Andrew's House		36,007,905	-	36,007,905	36,007,905	-	36,007,905
Total non-current assets		82,505,447	-	82,505,447	89,174,947	-	89,174,947
Total assets		348,279,989	-	348,279,989	348,723,327	-	348,723,327

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Current liabilities						
Payables	912,554	-	912,554	873,278	-	873,278
Interest bearing liabilities	123,461,996	-	123,461,996	123,381,368	-	123,381,368
Provisions	8,136,000	-	8,136,000	8,136,000	-	8,136,000
Total current liabilities	132,510,550	-	132,510,550	132,390,646	-	132,390,646
Non-current liabilities						
Interest bearing liabilities	49,836,331	-	49,836,331	49,836,331	-	49,836,331
Provisions	9,660,996	-	9,660,996	9,660,996	-	9,660,996
Total non-current liabilities	59,497,327	-	59,497,327	59,497,327	-	59,497,327
Total liabilities	192,007,877	-	192,007,877	191,887,973	-	191,887,973
Net assets	156,272,112	-	156,272,112	156,835,354	-	156,835,354
Equity						
Capital	31,095,227	-	31,095,227	31,095,227	-	31,095,227
Reserves	(a) 18,301,047	(17,206,954)	1,094,093	24,265,652	(24,265,652)	-
Accumulated surplus	(a) 106,875,838	17,206,954	124,082,792	101,474,475	24,265,652	125,740,127
Total equity	156,272,112	-	156,272,112	156,835,354	-	156,835,354

(b) At the end of the last reporting period under previous AGAAP: 31 December 2004

	Notes	Consolidated			Parent Entity		
		Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
Current assets							
Cash and cash equivalents	(c)	22,357,879	17,101,287	39,459,166	22,086,331	-	22,086,331
Receivables	(c)	5,083,475	(2,481,247)	2,602,228	4,598,166	-	4,598,166
Loans and mortgages		5,385,278	-	5,385,278	5,385,278	-	5,385,278
Other financial assets at fair value through profit or loss	(c)	326,845,944	93,505,451	420,351,395	322,423,594	(276,179,726)	46,243,868
Investments in controlled entities	(c)	-	-	-	-	276,179,726	276,179,726
Total current assets		<u>359,672,576</u>	<u>108,125,491</u>	<u>467,798,067</u>	<u>354,493,369</u>	<u>-</u>	<u>354,493,369</u>
Non-current assets							
Loans and mortgages		44,082,854	-	44,082,854	47,200,072	-	47,200,072
Investments in controlled entities		-	-	-	1,700,000	-	1,700,000
Investment in St Andrew's House	(b)	36,393,358	1,354,250	37,747,608	36,393,358	1,354,250	37,747,608
Total non-current assets		<u>80,476,212</u>	<u>1,354,250</u>	<u>81,830,462</u>	<u>85,293,430</u>	<u>1,354,250</u>	<u>86,647,680</u>
Total assets		<u>440,148,788</u>	<u>109,479,741</u>	<u>549,628,529</u>	<u>439,786,799</u>	<u>1,354,250</u>	<u>441,141,049</u>

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Current liabilities							
Payables	(c)	1,435,666	52,990	1,488,656	1,402,981	-	1,402,981
Interest bearing liabilities		120,959,260	-	120,959,260	121,154,366	-	121,154,366
Provisions	(c)	8,939,566	1,470,761	10,410,327	8,939,566	-	8,939,566
Total current liabilities		<u>131,334,492</u>	<u>1,523,751</u>	<u>132,858,243</u>	<u>131,496,913</u>	<u>-</u>	<u>131,496,913</u>
Non-current liabilities							
Interest bearing liabilities		104,293,498	-	104,293,498	104,293,498	-	104,293,498
Provisions		9,296,595	-	9,296,595	9,296,595	-	9,296,595
Share of net assets attributable to minority interests	(c)	-	105,830,538	105,830,538	-	-	-
Total non-current liabilities		<u>113,590,093</u>	<u>105,830,538</u>	<u>219,420,631</u>	<u>113,590,093</u>	<u>-</u>	<u>113,590,093</u>
Total liabilities		<u>244,924,585</u>	<u>107,354,289</u>	<u>352,278,874</u>	<u>245,087,006</u>	<u>-</u>	<u>245,087,006</u>
Net assets		<u>195,224,203</u>	<u>2,125,452</u>	<u>197,349,655</u>	<u>194,699,793</u>	<u>1,354,250</u>	<u>196,054,043</u>
Equity							
Capital		31,107,047	-	31,107,047	31,107,047	-	31,107,047
Reserves	(b)	1,544,970	314,144	1,859,114	385,453	(385,453)	-
Accumulated surplus	(b),(c)	162,572,186	1,811,308	164,383,494	163,207,293	1,739,703	164,946,996
Total equity		<u>195,224,203</u>	<u>2,125,452</u>	<u>197,349,655</u>	<u>194,699,793</u>	<u>1,354,250</u>	<u>196,054,043</u>

(2) Reconciliation of profit for the year ended 31 December 2004

	Notes	Consolidated			Parent Entity		
		Previous AGAAP \$	Effect of transition to AIFRS	AIFRS \$	Previous AGAAP \$	Effect of transition to AIFRS	AIFRS \$
Revenue from continuing operations	(b),(c)	68,230,860	18,358,086	86,588,946	66,213,715	1,739,703	67,953,418
Share of net profits of St Andrew's House Corporation (SAHC) accounted for using the equity method	(b)	1,749,536	1,040,106	2,789,642	-	-	-
Finance costs	(c)	(11,285,678)	(57,304)	(11,342,982)	(11,324,702)	-	(11,324,702)
Surplus attributable to minority interests	(c)	-	(17,468,480)	(17,468,480)	-	-	-
Total finance costs		(11,285,678)	(17,525,784)	(28,811,462)	(11,324,702)	-	(11,324,702)
Other expenses		(10,817,947)	(61,100)	(10,879,047)	(8,034,470)	-	(8,034,470)
Surplus from continuing operations before income tax		47,876,771	1,811,308	49,688,079	46,854,543	1,739,703	48,594,246
Income tax expense		-	-	-	-	-	-
Surplus from continuing operations after income tax		47,876,771	1,811,308	49,688,079	46,854,543	1,739,703	48,594,246

(3) Reconciliation of cash flow statements for the year ended 31 December 2004

	Notes	Consolidated			Parent Entity		
		Previous AGAAP \$	Effect of transition to AIFRS	AIFRS \$	Previous AGAAP \$	Effect of transition to AIFRS	AIFRS \$
Cash flows from operating activities							
Management and service fees		4,596,791	(2,009,990)	2,586,801	1,469,141	-	1,469,141
Interest	(c)	7,416,354	2,638,641	10,054,995	7,008,652	-	7,008,652
Dividends and distributions	(c)	12,646,569	3,970,909	16,617,478	12,646,569	-	12,646,569
Other income	(c)	53,936	390,594	444,530	27,745	-	27,745
Borrowing costs	(c)	(7,134,540)	(28,279)	(7,162,819)	(7,173,564)	-	(7,173,564)
Payments in respect of the operations	(c)	(10,259,041)	(493,821)	(10,752,862)	(6,460,446)	-	(6,460,446)
Net cash inflow from operating activities		7,320,069	4,468,054	11,788,123	7,518,097	-	7,518,097
Cash flows from investing activities							
Proceeds from sale of investments	(c)	19,631,150	-	19,631,150	19,131,150	-	19,131,150
Payments for investments	(c)	(76,934,396)	1,773,945	(75,160,451)	(76,934,396)	-	(76,934,396)
Net (increase)/decrease in loans provided		31,414,906	-	31,414,906	32,257,688	-	32,257,688
Net cash (outflow) from investing activities		(25,888,340)	1,773,945	(24,114,395)	(25,545,558)	-	(25,545,558)

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Cash flows from financing activities						
Distributions to Synod	(8,436,959)	-	(8,436,959)	(8,436,959)	-	(8,436,959)
Distributions to other Anglican organisations	(511,253)	-	(511,253)	(511,253)	-	(511,253)
Distributions to other organisations (c)	-	(5,222,495)	(5,222,495)	-	-	-
Proceeds from borrowings	55,000,000	-	55,000,000	55,000,000	-	55,000,000
Net increase/(decrease) in Glebe Income Accounts	(7,517,249)	-	(7,517,249)	(7,322,144)	-	(7,322,144)
Distribution of capital from deceased estates	11,820	-	11,820	11,820	-	11,820
Net units (redeemed)/issued (c)	-	4,358,950	4,358,950	-	-	-
Net cash inflows from financing activities	38,546,359	(863,545)	37,682,814	38,741,464	-	38,741,464
Net increase/(decrease) in cash held	19,978,088	5,378,454	25,356,542	20,714,003	-	20,714,003
Cash at the beginning of the year (c)	1,822,276	11,751,857	13,574,133	814,813	-	814,813
Effects of exchange rate changes on cash (c)	-	(29,024)	(29,024)	-	-	-
Cash at the end of the year	21,800,364	17,101,287	38,901,651	21,528,816	-	21,528,816

(4) Notes to reconciliations

Adjustments on transition to AASB 140 Investment Property by SAHC

(a) As at 1 January 2004

50% of the cumulative revaluation of St. Andrew's House Corporation has been transferred from the asset revaluation reserve to accumulated surplus.

(b) For the year ended 31 December 2004

(i) 50 % of the revaluation increment of St. Andrew's House Corporation for 2004 previously shown in asset revaluation reserve is now shown in the income statement.

(ii) 50% of the estimated selling costs of \$2,708,500 on valuation of SAHC has been included in the income statement.

Adjustments on transition to AASB 127 Consolidated and Separate Financial Statements

(c) For the year ended 31 December 2004

The consolidated balance sheet, Income statement and cash flow statement have been adjusted to include the consolidated Glebe Investment Trusts: Glebe Large-Cap Shares Fund, Glebe Diversified Property Fund, Glebe Global Shares Fund, Glebe Fixed Interest Fund and Glebe Pan-Asian Growth Trust.

Members' Declaration

In the members opinion:

- (a) the financial statements and notes set out on pages 291 to 354 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; 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 the members.

R H Y Lambert
L A Scandrett
Members

22 March 2006