Glebe Administration Board as trustee for the Diocesan Endowment Audited Accounts for 2007

Independent Audit Report to the Members of Glebe Administration Board as trustee for the Diocesan Endowment

Report on the financial report

We have audited the accompanying financial report (as set out on pages 465 to 528) of Glebe Administration Board as trustee for the Diocesan Endowment (the Board) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the members' declaration for both Glebe Administration board as trustee for the Diocesan Endowment (the Board) and the Glebe Administration Board Group (the consolidated entity). The consolidated entity comprises the Board and the entities it controlled at the year's end or from time to time during the year.

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001, and the provisions of the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church of Australia Diocese of Sydney. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the members also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion on the financial report

In our opinion –

(a) the financial report of Glebe Administration Board as trustee for the Diocesan Endowment is in accordance with the Corporations Acts 2001, including –

(i) giving a true and fair view of Glebe Administration Board Group financial position as at 31 December 2007 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001, and the provisions of the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church of Australia Diocese of Sydney

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

PricewaterhouseCoopers

Kristin Stubbins
Partner

Sydney 31 March 2008

Statutory Report of the members of the Glebe Administration Board as trustee for the Diocesan Endowment

For the year ended 31 December 2007

In accordance with a resolution of the Board, the members of the Glebe Administration Board submit herewith the financial reports as at 31 December 2007 –

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 AC
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 trustee for the Diocesan Endowment as an individual entity and the consolidated entity consisting of Glebe Administration Board and its controlled entities. The Glebe Administration Board as trustee for the Diocesan Endowment will be referred to as the Board, within this financial report.

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 surpluses on sale of property and equity accounting for the beneficial interest in St Andrew's House, is $22,760,058 (2006: $57,705,206 surplus).

Distributions

Dividends are not paid by the Board, but the Board has made distributions of $29,527,654 (2006: $9,622,207) from the provision for distribution account including a distribution of $20,000,000 to Mission Property Fund. Of the balance of the provision for distribution of $21,022,379 as at 31 December 2007, $9,923,484 is anticipated to be utilised during 2008 (refer to note 19 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	10	9
Mr P R Berkley	10	7
Mr P P Driscoll	10	8
Rt Rev R C Forsyth	10	9
Dr S E Judd	10	7
Mr R H Y Lambert	10	8
Mr N Lewis	10	5
Mr D McDonald AC	10	8
Mr I C Miller	10	5
Mr W H Olson AM	10	6
Dr L A Scandrett	10	9
Mr P R Shirriff	10	9

Insurance of officers

During the year insurance premiums totalling $8,249 (2006: $15,277) were paid for directors' and officers' liability insurance in respect of the members of the Glebe Administration Board as trustee for The Diocesan Endowment 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

Since 31 December 2007 the Board has experienced a decline in the value of the investment portfolio held in its capacity as trustee of the Diocesan Endowment (DE) due to adverse investment market conditions. Further details have been disclosed in Events occurring after reporting date (note 28).

Other than the matter noted above there are no matters that have arisen since 31 December 2007 which are likely to have a significant effect on the Board.

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 468.

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

R H Y Lambert
L A Scandrett
Members 26 March 2008

Auditor's Independence Declaration

As lead auditor for the audit of Glebe Administration Board as trustee for the Diocesan Endowment for the year ended 31 December 2007, 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.

K Stubbins
Partner
PricewaterhouseCoopers

Sydney
26 March 2008

Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement for the year ended 31 December 2007

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 as trustee for the Diocesan Endowment 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 AC	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**	**Number eligible to attend**	**Number attended**
Mr P R Berkley	Non-executive member	11	9
Mr R S Dredge (resigned 13/07/2007)	Chief Executive Officer	6	4
Mr P P Driscoll	Non-executive member	11	10
Mr R H Y Lambert	Non-executive member	11	9
Mr S G McKerihan (appointed 16/07/2007)	Chief Executive Officer	5	5
Mr P R Shirriff	Non-executive Chairman	11	11

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	3	3
Mr R H Y Lambert	Non-executive Chairman	3	3
Mr D McDonald AC	Non-executive member	3	1
Mr P R Shirriff	Non-executive member	3	2

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	0
Mr P P Driscoll	Non-executive member	2	2
Rt Rev R C Forsyth	Non-executive member	2	2
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	2
Mr N Lewis	Non-executive Chairman	3	3
Mr W H Olson AM	Non-executive member	3	3
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 policy in relation to dealing with conflicts of interest.

Corporate policies

The Sydney Diocesan Secretariat has issued policies on the following subjects in order to provide guidance for staff on proper governance and management of the organisation –

- Developing and approving governance documentation
- Commercially significant contracts
- Managing conflicts of interest
- Sensitive external communications
- Obtaining external legal advice

Five year financial summary – consolidated

$'000 (unless otherwise indicated)	**2003**	**2004**	**2005**	**2006**	**2007**
Consolidated income statement for the year ended 31 December					
Investment income	32,755	86,469	79,679	96,462	55,682
Finance costs	(9,018)	(28,811)	(31,101)	(29,962)	(24,998)
Net investment income	23,737	57,658	48,578	66,500	30,684
Fee and other income	2,901	2,909	3,375	3,582	1,634
Net operating income	26,638	60,567	51,953	70,082	32,318
Operating expenses	(9,544)	(10,879)	(11,514)	(12,377)	(9,558)
Total income and expense before tax	17,094	49,688	40,439	57,705	22,760
Income tax expense	-	-	-	-	-
Total income and expense after tax	17,094	49,688	40,439	57,705	22,760
Distributions provided for or paid	8,241	9,387	10,564	11,109	29,921
Consolidated balance sheet as at 31 December					
Investments, loans and mortgages	338,682	507,567	607,800	582,204	583,993
Cash and other assets	9,598	42,062	38,404	76,503	50,515
Total assets	348,280	549,629	646,204	658,707	634,508

continued …

continued …

Payables	913	1,489	2,144	41,383	2,988
Interest bearing liabilities	173,298	225,253	279,447	274,822	295,487
Other liabilities	17,797	19,706	20,897	21,671	22,887
Share of net assets attributable to minority interest	-	105,831	116,426	48,421	47,943
Total liabilities	192,008	352,279	418,914	386,297	369,305
Net assets	156,272	197,350	227,290	272,410	265,203
Ratios					
Total liabilities to net assets (%)	122.9%	178.5%	184.3%	141.8%	139.3%
Investment income on investment assets (%)	9.7%	17.0%	13.1%	16.6%	9.5%
Surplus after income tax on net assets (%)	10.9%	25.2%	17.8%	21.2%	8.6%
Operating expense to net operating income (%)	(35.8)%	(18.0)%	(22.2)%	(17.7)%	(29.6)%
Operating expenses less fee income to total assets (%)	(1.9)%	(1.5)%	(1.3)%	(1.3)%	(1.2)%

The comparatives for 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 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Revenue from continuing operations	4	**52,390,855**	**95,827,594**	**48,081,672**	**80,357,924**
Share of net profits of St Andrew's House Corporation (SAHC) accounted for using the equity method	14	4,925,316	4,217,013	-	-
Finance costs	5(a)	(18,995,744)	(16,554,547)	(19,053,021)	(16,597,639)
Surplus attributable to minority interests		(6,002,674)	(13,407,149)	-	-
Total finance costs		(24,998,418)	(29,961,696)	(19,053,021)	(16,597,639)
Other expenses	5(b)	(9,557,695)	(12,377,705)	(6,028,316)	(7,181,501)
Surplus from continuing operations before income tax		**22,760,058**	**57,705,206**	**23,000,335**	**56,578,784**
Income tax expense	6	-	-	-	-
Surplus from continuing operations after income tax		**22,760,058**	**57,705,206**	**23,000,335**	**56,578,784**

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

Balance sheets as at 31 December 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Current assets					
Cash and cash equivalents	7	44,610,064	31,952,650	38,036,549	21,049,056
Receivables	8	3,936,642	43,928,978	10,562,279	6,842,665
Loans and mortgages	9	35,514,943	37,318,784	16,685,647	15,389,957
Other financial assets at fair value through profit or loss	11	448,600,719	454,429,491	152,304,112	171,070,941
Investments in controlled entities	12	-	-	240,645,716	237,297,871
Derivative financial instruments	15	586,200	621,163	586,200	621,163
Total current assets		533,248,568	568,251,066	458,820,503	452,271,653
Non-current assets					
Loans and mortgages	10	59,222,261	52,535,080	81,056,253	77,893,909
Investments in controlled entities	13	-	-	1,700,000	1,700,000
Investment in St Andrew's House	14	40,655,025	37,919,668	40,655,025	37,919,668
Other assets	27	1,381,816	-	1,381,816	-
Total non-current assets		101,259,102	90,454,748	124,793,094	117,513,577
Total assets		634,507,670	658,705,814	583,613,597	569,785,230

continued …

continued …

	Note				
Current liabilities					
Payables	16	2,987,834	41,382,810	2,483,113	2,093,564
Interest bearing liabilities	17	150,805,651	225,455,702	150,828,435	226,191,257
Provisions	19	12,254,904	11,050,081	10,390,127	10,009,329
Share of net assets attributable to minority interests		47,943,446	48,421,441	-	-
Total current liabilities		213,991,835	326,310,034	163,701,675	238,294,150
Non-current liabilities					
Interest bearing liabilities	18	144,681,107	49,365,917	144,681,107	49,365,917
Provisions	19	10,632,252	10,619,860	10,632,252	10,619,860
Total non-current liabilities		155,313,359	59,985,777	155,313,359	59,985,777
Total liabilities		369,305,194	386,295,811	319,015,034	298,279,927
Net assets		**265,202,476**	**272,410,003**	**264,598,563**	**271,505,303**
EQUITY					
Capital	20	33,624,888	33,361,119	33,624,888	33,361,119
Reserves	21	586,981	647,491	-	-
Accumulated surplus	22	230,990,607	238,401,393	230,973,675	238,144,184
Total equity		**265,202,476**	**272,410,003**	**264,598,563**	**271,505,303**

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 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Total equity at the beginning of the year		**272,410,003**	**227,290,241**	**271,505,303**	**226,017,943**
Share of SAHC's movement in deferred maintenance reserve	21	(60,510)	(1,494,020)	-	-
Net (expense)/income recognised directly in equity		(60,510)	(1,494,020)	-	-
Surplus for the year after tax		22,760,058	57,705,206	23,000,335	56,578,784
Total recognised income and expense for the year		22,699,548	56,211,186	23,000,335	56,578,784
Transactions with equity holders:					
Gifts received	20	13,769	17,738	13,769	17,738
Distributions provided for or paid	19	(29,920,844)	(11,109,162)	(29,920,844)	(11,109,162)
		(29,907,075)	(11,091,424)	(29,907,075)	(11,091,424)
Total equity at the end of the year		**265,202,476**	**272,410,003**	**264,598,563**	**271,505,303**

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 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Cash flows from operating activities					
Management and service fees		2,808,474	3,701,558	776,071	1,598,194
Interest received		11,338,477	10,297,585	10,460,938	8,811,395
Dividends and distributions		38,175,798	58,065,615	26,934,809	62,245,586
Grants and donations		250,000	-	250,000	-
Other revenue		454,255	433,033	262,806	124,969
Finance costs		(12,517,690)	(11,503,126)	(12,574,967)	(11,546,218)
Payments to suppliers		(10,142,796)	(12,582,612)	(5,387,830)	(7,460,914)
Net cash inflow from operating activities	24	**30,366,518**	**48,412,053**	**20,721,827**	**53,773,012**
Cash flows from investing activities					
Payment for 'The Edge' project cost		(1,416,750)	-	(1,416,750)	-
Proceeds from sale of investments		103,614,333	301,387,318	106,946,116	204,985,820
Payments for investments		(92,971,010)	(222,409,489)	(88,652,675)	(218,131,642)
Net (increase) in loans provided		(5,433,340)	(19,362,618)	(5,008,034)	(19,442,318)
Net cash inflow/(outflow) from investing activities		**3,793,233**	**59,615,211**	**11,868,657**	**(32,588,140)**

continued …

continued …

	Note				
Cash flows from financing activities					
Distributions to Synod		(9,374,000)	(9,162,504)	(9,374,000)	(9,162,504)
Distributions to other Anglican organisations		(20,153,654)	(459,703)	(20,153,654)	(459,703)
Distributions to minority interests		(6,842,117)	(13,169,195)	-	-
Net increase/(decrease) in Glebe Income Accounts		14,652,749	(8,764,527)	13,939,978	(8,255,518)
Gifts received		13,769	17,738	13,769	17,738
Units issued to minority interests		1,000,000	-	-	-
Redemptions paid to minority interests		(770,000)	(78,922,226)	-	-
Net cash (outflow)/inflow from financing activities		**(21,473,253)**	**(110,460,417)**	**(15,573,907)**	**(17,859,987)**
Net increase/(decrease) in cash held		**12,686,498**	**(2,433,153)**	**17,016,577**	**3,324,885**
Cash and cash equivalents at the beginning of the year		31,923,566	34,356,719	21,019,972	17,695,087
Cash and cash equivalents at the end of the year	7	**44,610,064**	**31,923,566**	**38,036,549**	**21,019,972**

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 the Board as an individual entity and the consolidated entity consisting of the 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 AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Glebe Administration Board as trustee for The Diocesan Endowment comply with International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs.

The accounting policies adopted are consistent with those of the previous financial year.

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, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2007 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8.

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. This standard will not affect any of the amounts recognised in the financial statements and is not expected to have a material impact on the financial statement disclosures of the group.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101.

The revised AASB 101 that was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

There are no material areas of the financial statements where assumptions or estimates are used.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Glebe Administration Board as trustee for The Diocesan Endowment as at 31 December 2007 and the results of all subsidiaries for the year then ended. Glebe Administration Board as trustee for The Diocesan Endowment and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are fully consolidated from 1 January 2006. 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.

Investments in wholly owned subsidiaries are accounted for at cost in the individual financial statements of the Board. Investments in other subsidiaries are accounted for at market value.

(c) Investment in St Andrew's House Corporation

Glebe Administration Board as trustee for The Diocesan Endowment 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 income statements and its share of movements in reserves is recognised in consolidated reserves.

In the parent entity financial statements the Glebe Administration Board as trustee for The Diocesan Endowment 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 income statement. Distributions received by the Board are recognised in the income statements as trust income when declared.

(d) 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.

(e) Revenue recognition

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

Dividends and distributions

Dividends and distributions 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. The Board's proportion of the unpaid surplus is included in the value of the beneficial interest owned.

Franking credits

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

Other revenue

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

Interest income

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

(f) 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 the 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.

The Board is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997.

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.

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 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 6.

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.

(g) Cash and cash equivalents

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

(h) Receivables

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

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the 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.

(i) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, derivatives, 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.

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

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit 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.

(ii) 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.

(j) Derivatives

Interest rate swaps

Interest rate swaps are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in fair value are recognised through the income statement as they have not been designated as a hedging instrument.

(k) Fair value estimation

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.

(l) 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.

(m) 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.

(n) Financial guarantee contracts

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

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

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

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

(o) Distributions

Provision is made for the amount of any distribution required, determined or recommended by the members of the 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. The distributions for 2010 and beyond will be based on a new formula taking 30% of 4.2% of net assets of the previous 3 years plus 70% of prior year's distribution adjusted for CPI. Transitional formulas apply for 2008 and 2009.

(p) Goods and services tax (GST)

The 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 (ATO). In these circumstances it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

3. Financial risk management

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

Prime responsibility for financial risk management is with the Board Asset Liability Committee (ALCO) under policies approved by the Glebe Administration Board. ALCO identifies, evaluates and mitigates financial risks. ALCO provides written principles for overall financial risk management, as well as written policies and limits covering specific areas, such as financial instruments and non-derivative financial instruments, credit risk and investment of excess liquidity. Other risk management is carried out by the Board Risk & Compliance Committee.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	44,610,064	31,952,650	38,036,549	21,049,056
Loans and mortgages	94,737,204	89,853,864	97,741,900	93,283,866
Receivables	3,936,642	43,928,978	10,562,279	6,842,665
Equity investments	367,738,911	314,090,955	73,159,538	60,080,347
Property related investments	70,847,192	107,081,887	69,875,538	78,733,002

continued…

continued…

Fixed interest investments	10,014,616	33,256,649	9,269,036	32,257,592
Investments in controlled entities	-	-	242,345,716	238,997,871
Derivative financial instruments	586,200	621,163	586,200	621,163
	592,470,829	620,786,146	541,576,756	531,865,562
Financial liabilities				
Payables	2,987,834	41,382,810	2,483,113	2,093,564
Overdraft	-	29,084	-	29,084
Interest bearing liabilities and loans	295,486,758	274,792,535	295,509,542	275,528,090
Provision for income distribution	22,887,156	21,669,941	21,022,379	20,629,189
	321,361,748	337,874,370	319,015,034	298,279,927
Net financial assets/(liabilities)	271,109,081	282,911,776	222,561,722	233,585,635

(i) *Price risk*

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

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

The majority of the Group's equity investments are publicly traded.

The tables below summarises the impact of increases/decreases of the ASX and MSCI indexes on the Group's and parent entity's surplus for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% (2006: +/- 10%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Consolidated	**Impact on surplus**		**Impact on equity**	
	2007	**2006**	**2007**	**2006**
Index	**+/- $**	**+/- $**	**+/- $**	**+/- $**
Australian equities - ASX	24,317,793	23,951,553	24,317,793	23,951,553
Australian property securities - ASX	6,213,590	9,897,778	6,213,590	9,897,778
Foreign equities - MSCI	7,315,954	6,008,035	7,315,954	6,008,035
	37,847,337	39,857,366	37,847,337	39,857,366

Parent Entity	**Impact on surplus**		**Impact on equity**	
	2007	**2006**	**2007**	**2006**
Index	**+/- $**	**+/- $**	**+/- $**	**+/- $**
Australian equities - ASX	24,064,572	23,729,787	24,064,572	23,729,787
Australian property securities - ASX	6,116,425	7,062,889	6,116,425	7,062,889
Foreign equities - MSCI	7,315,954	6,008,035	7,315,954	6,008,035
	37,496,951	36,800,711	37,496,951	36,800,711

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

(ii) Cash flow and fair value interest rate risk

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

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding –

	2007		**2006**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
Index	**%**	**$**	**%**	**$**
Cash and cash equivalents	7.24	44,610,064	6.39	31,952,650
Loans and mortgages	8.62	94,737,204	7.92	89,853,864
Fixed interest investments	4.40	10,014,616	4.11	33,256,649
Derivative financial instruments	7.11	60,586,200	6.34	90,621,163
Interest bearing liabilities	6.43	(295,486,758)	6.30	(274,821,619)
Interest rate swaps(notional principal amount)	5.76	(60,000,000)	5.70	(90,000,000)
Net exposure to cash flow interest rate risk		(145,538,674)		(119,137,293)

An analysis by maturities is provided in (c) below.

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

Based on the scenarios, the Group manages part of its cash flow interest risk by using floating-to-fixed interest rate swaps. Such interest swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowing at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Group interest rate sensitivity

At 31 December 2007, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, surplus for the year and equity would have been $1,455,387 higher/ lower (2006 – change of 100 bps: $1,191,373 higher/ lower), mainly as a result of lower/ higher interest expense on interest bearing liabilities.

Parent entity interest rate sensitivity

At 31 December 2007, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, surplus for the year and equity would have been $1,498,759 higher/ lower (2006 – change of 100 bps: $1,283,455 higher/ lower), mainly as a result of lower/ higher interest expense on interest bearing liabilities.

(a) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with financial institutions, loans and mortgages receivable as well as credit exposures to outstanding receivables. For banks and financial institutions, only independently related parties with a minimum rating of Standard and Poors A-2 are accepted. For investments in Corporate Paper only issuers with a minimum rating of Standard and Poors A-2 or better is accepted. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. If available and considered required, the credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

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

As at 31 December 2007 there are no receivables, mortgages and loans that are impaired or past due but not impaired except as disclosed in note 8.

Majority of loans to diocesan organisations including Anglican Church Property Trust as trustee for parishes and Endowment of the See are unsecured with appropriate negative pledge provisions incorporated into the loan documentation. Total consolidated collateral held against mortgages and loans is $151M. Collateral held by the parent entity is $61M.

	Consolidated		Parent entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Receivables				
Not rated	3,936,642	43,928,978	10,562,279	6,842,665
Cash and cash equivalents				
Not rated – no defaults in the past. Includes Sydney Diocesan Secretariat current account and unsettled security sales in prior year.	2,503,184	6,983,765	2,012,373	6,961,033
Better than Standard and Poors A-2 rating	42,106,880	24,968,885	36,024,176	14,088,023
	44,610,064	31,952,650	38,036,549	21,049,056

continued…

continued…

Derivative financial instruments				
Better than Standard and Poors A-2 rating	586,200	621,163	586,200	621,163
Loan and mortgages				
Not rated – no defaults in the past	94,737,204	89,853,864	97,741,900	93,283,866

Included in other financial assets at fair value through profit or loss are investments in Harvest Living Ltd shares, convertible notes in Vitality Care Pty Ltd & Vitality Care Commissioning Pty Ltd, convertible notes in Bridgewater Lake Estate Ltd and Flinders Trustee Ltd shares totaling $10.8M which have been assessed as impaired. These have been fully provided for in previous years based on analysis of the financial position of these entities.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Group it aims at maintaining flexibility in funding by keeping committed credit lines available. The Group manages liquidity risk by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Group and the parent entity had access to undrawn borrowing facilities at the reporting date as shown in note 18.

Maturities of financial liabilities

The table below analyses the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows, except for interest rate swaps where the cash flows have been estimated using forward interest rates applicable at the reporting date.

Group 31 December 2007	**Less than 6 months $**	**6-12 months $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount $**
Non-derivatives							
Non-interest bearing	2,987,834	-	-	-	-	2,987,834	2,987,834
Provisions	7,198,777	5,056,127	10,632,252	-	-	22,887,156	22,887,156
Variable rate	140,281,864	10,523,787	3,660,245	141,020,862	-	295,486,758	295,486,758
	150,468,475	15,579,914	14,292,497	141,020,862	-	321,361,748	321,361,748

Group 31 December 2006	**Less than 6 months $**	**6-12 months $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount $**
Non-derivatives							
Non-interest bearing	41,382,810	-	-	-	-	41,382,810	41,382,810
Provisions	6,045,417	5,004,664	10,619,860	-	-	21,669,941	21,669,941
Variable rate	113,306,272	112,149,430	46,720,811	2,645,106	-	274,821,619	274,821,619
	160,734,499	117,154,094	57,340,671	2,645,106	-	337,874,370	337,874,370

Parent entity 31 December 2007	**Less than 6 months $**	**6-12 months $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount $**
Non-derivatives							
Non-interest bearing	2,483,113	-	-	-	-	2,483,113	2,483,113
Provisions	5,334,000	5,056,127	10,632,252	-	-	21,022,379	21,022,379
Variable rate	140,304,648	10,523,787	3,660,245	141,020,862	-	295,509,542	295,509,542
	148,121,761	15,579,914	14,292,497	141,020,862	-	319,015,034	319,015,034

Parent entity 31 December 2006	**Less than 6 months $**	**6-12 months $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount $**
Non-derivatives							
Non-interest bearing	2,093,564	-	-	-	-	2,093,564	2,093,564
Provisions	5,004,665	5,004,664	10,619,860	-	-	20,629,189	20,629,189
Variable rate	114,041,827	112,149,430	46,720,811	2,645,106	-	275,557,174	275,557,174
	121,140,056	117,154,094	57,340,671	2,645,106	-	298,279,927	298,279,927

(c) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market (for example, investments in unlisted managed funds) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

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

4. Revenue

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Revenue from continuing operations				
St. Andrew's House Corporation distribution	-	-	2,129,449	1,823,058
Distributions from other property trusts	8,786,746	12,772,951	8,644,017	12,758,855
Revaluation of beneficial interest in SAHC	-	-	2,735,357	899,935
Net realised and unrealised gains and (losses)	(13,360,996)	5,057,672	(13,128,181)	4,882,906
Income from property related investments	(4,574,250)	17,830,623	380,642	20,364,754

continued…

continued…

Fixed interest investments:				
Interest and distributions	2,233,443	4,702,001	1,999,281	4,141,548
Net realised and unrealised gains and (losses)	922,317	(2,887,549)	928,000	(2,855,954)
Income from fixed interest investments	3,155,760	1,814,452	2,927,281	1,285,594
Income from loans and mortgages	7,939,226	6,107,642	7,132,177	5,407,371
Equity related investments:				
Dividends and distributions	27,197,156	42,254,738	50,181,463	48,046,019
Net realised and unrealised gains and (losses)	17,039,065	24,237,968	(13,566,069)	3,714,595
Income from equity related investments	44,236,221	66,492,706	36,615,394	51,760,614
Total investment income	**50,756,957**	**92,245,423**	**47,055,494**	**78,818,333**
Fee income:				
Fund administration fees	759,904	1,878,539	230,296	50,445
Property management fees	623,994	1,703,632	545,882	1,489,146
Total fee income	**1,383,898**	**3,582,171**	**776,178**	**1,539,591**
Other income				
Refund from Ordination Training Fund	250,000	-	250,000	-
Total revenue from continuing operations	**52,390,855**	**95,827,594**	**48,081,672**	**80,357,924**

Dividends and distributions include franking credits of $3,743,605 (2006: $2,518,963).

5. 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 $7,748,760 (2006: $5,688,291) was paid to churches, Anglican organisations and other Christian organisations.

(b) Other expenses

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Management fees from Sydney Diocesan Secretariat	6,735,328	7,918,393	5,620,359	5,395,639
Subsidy	-	-	(890,051)	(320,000)
Professional fees	1,685,639	2,896,301	468,854	1,335,795
Property expenses	10,368	453,706	7,822	446,250
Office operating expenses	251,476	588,444	242,734	274,633
Insurance	278,926	478,447	28,598	43,499
Marketing expenses	9,538	31,820	-	5,157
Doubtful debt (note 8 & 23)	550,000	-	550,000	-
Other expenses	36,420	10,594	-	528
	9,557,695	12,377,705	6,028,316	7,181,501

6. 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	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Surplus from continuing operations before income tax	22,760,058	57,705,206	23,000,335	56,578,784
Less surplus from non assessable entities	(23,077,551)	(57,786,036)	(23,000,335)	(56,578,784)
(Deficit) from continuing operations before income tax	(317,493)	(80,830)	-	-
Income tax benefit calculated at 30%	95,248	24,249	-	-
Tax effect of permanent differences	(72,140)	(34,181)	-	-
Tax benefit of prior year losses	-	9,932	-	-
Tax losses not brought to account as deferred tax assets	(23,108)	-	-	-
Current tax	-	-	-	-

The directors estimate that the potential future income tax benefit at 31 December 2006 in respect of tax losses not brought to account is $199,218 (2006: $176,109).

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(f).

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.

7. Current assets – Cash and cash equivalents

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Current				
Cash at bank	7,792,823	3,959,903	1,219,308	10,413
Bank bills	18,112,526	6,843,743	18,112,526	1,394,347
Negotiable certificates of deposit	-	1,394,347	-	-
Term deposits	11,130,098	11,248,035	11,130,098	11,137,674
Corporate paper	7,574,617	8,506,622	7,574,617	8,506,622
	44,610,064	31,952,650	38,036,549	21,049,056

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

Balance as above	44,610,064	31,952,650	38,036,549	21,049,056
Less: Cash at bank in overdraft (note 17)	-	29,084	-	29,084
Balance per statements of cash flows	44,610,064	31,923,566	38,036,549	21,019,972

8. Current assets – Receivables

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Distributions receivable	1,573,868	1,385,950	10,309,373	5,952,984
Prepayments	58,613	158,977	58,613	158,977
Accrued management fees	-	108,940	-	-
Accrued interest	302,168	786,027	192,742	726,935
Amounts owing on investments sold	1,916,851	41,401,270	-	-
Other	85,142	87,814	1,551	3,769
Unsecured loan to Harvest Living Limited	550,000	-	550,000	-
Provision for doubtful debt	(550,000)	-	(550,000)	-
	3,936,642	43,928,978	10,562,279	6,842,665

9. Current assets – Loans and mortgages

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Loans	16,685,647	13,269,957	16,685,647	13,269,957
Mortgages	18,829,296	24,048,827	-	2,120,000
	35,514,943	37,318,784	16,685,647	15,389,957

10. Non-current assets – Loans and mortgages

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Loans	28,574,665	23,961,699	74,227,337	73,392,697
Mortgages	30,647,596	28,573,381	7,838,416	5,510,712
Loan to Anglican Church Property Trust	-	1,000,000	-	1,000,000
Provision for doubtful debts	-	(1,000,000)	(1,009,500)	(2,009,500)
	59,222,261	52,535,080	81,056,253	77,893,909
Summary:				
Anglican Diocesan organisations	74,323,728	65,181,195	98,751,400	93,173,366
Other	20,413,476	25,672,669	-	2,120,000
Provision for doubtful debts	-	(1,000,000)	(1,009,500)	(2,009,500)
Total current and non-current loans and mortgages	94,737,204	89,853,864	97,741,900	93,283,866

Repayments on loans and mortgages are generally interest only with the principal payable on maturity with terms between 1 and 27 years. However, in some instances the option of repayments comprising a mixture of principal and interest is available.

The loan of $1 million to the Anglican Church Property Trust Diocese of Sydney was written off against the provision for doubtful debts during the year.

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 $31,333,749 (2006: $6,210,804).

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

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Current				
Equity investments				
Listed equities (at cost)	359,363,011	253,054,666	80,869,867	58,486,313
Fair value adjustment	8,375,900	61,036,289	(7,710,329)	1,594,034
Total listed equities at fair value	367,738,911	314,090,955	73,159,538	60,080,347
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	-	-	-	-
Total equity investments	367,738,911	314,090,955	73,159,538	60,080,347
Property investments				
Listed property investments (at cost)	68,499,043	86,622,512	67,460,898	62,673,139
Fair value adjustment	(6,363,143)	12,355,266	(6,296,652)	7,955,754
Total listed property investments at fair value	62,135,900	98,977,778	61,164,246	70,628,893

continued…

continued…

Other unlisted property investments (at cost)	7,486,411	7,649,805	7,486,411	7,649,805
Fair value adjustment	1,224,881	454,304	1,224,881	454,304
Total unlisted property investments at fair value	8,711,292	8,104,109	8,711,292	8,104,109
Total property investments	70,847,192	107,081,887	69,875,538	78,733,002
Fixed interest investments				
Unlisted fixed interest investment (at cost)	16,585,207	39,590,298	15,815,178	38,589,388
Fair value adjustment	(6,570,591)	(6,333,649)	(6,546,142)	(6,331,796)
Total unlisted fixed interest investments at fair value	10,014,616	33,256,649	9,269,036	32,257,592
Summary –				
Equity investments	367,738,911	314,090,955	73,159,538	60,080,347
Property investments	70,847,192	107,081,887	69,875,538	78,733,002
Fixed interest investments	10,014,616	33,256,649	9,269,036	32,257,592
	448,600,719	454,429,491	152,304,112	171,070,941

12. Current assets – Investments in controlled entities

	Principal activity	Ownership interest 2007 %	2006 %	Parent entity carrying amount 2007 $	2006 $
Directly controlled by Glebe Administration Board					
Glebe Australian Equities Fund (formerly Glebe Large-Cap Shares Fund)	Investment	0.00%	82.63%	-	233,072,940
Glebe Large-Cap Shares Trust	Investment	0.00%	73.82%	-	4,224,931
Glebe Equities Trust	Investment	82.70%	0.00%	240,645,716	-
				240,645,716	237,297,871

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

During the year, pursuant to a resolution of the Board of Glebe Asset Management Limited, two Glebe Investment Trusts were wound up and their assets were transferred in specie to Glebe Equities Trust. Unit holders of the trusts wound up were allocated units in Glebe Equities Trust. Therefore, Glebe Administration Board obtained control of Glebe Equities Trust through this in specie acquisition.

	Principal activity	Ownership interest 2007 %	2006 %	Parent entity carrying amount 2007 $	2006 $
Directly controlled by Glebe Asset Management Limited					
Glebe Australian Equities Fund (formerly Glebe Large-Cap Shares Fund)	Investment	0.00%	0.79%	-	2,217,664
Glebe Equities Trust	Investment	0.87%	0.00%	2,532,206	-
				2,532,206	2,217,664

13. Non-current assets – Investments in controlled entities

	Principal activity	Ownership interest 2007 %	Ownership interest 2006 %	Parent entity carrying amount 2007 $	Parent entity carrying amount 2006 $
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
				5,500,003	5,500,003

14. Non-current assets – Investment in St Andrew's House

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
50% Beneficial interest in St. Andrew's House Corporation (note 2c)	40,655,025	37,919,668	40,655,025	37,919,668
	40,655,025	37,919,668	40,655,025	37,919,668

continued…

continued…

Movements in carrying amounts:				
Balance 1 January	37,919,668	37,019,733	37,919,668	37,019,733
Share of distributable surplus for the year	4,925,316	4,217,013	-	-
Distributions received	(2,129,449)	(1,823,058)	-	-
Share of (decrease) in other reserves	(60,510)	(1,494,020)	-	-
Revaluation of beneficial interest in SAHC	-	-	2,735,357	899,935
Balance 31 December	40,655,025	37,919,668	40,655,025	37,919,668
The carrying amount is comprised of:				
Capital invested	4,714,615	4,714,615	4,714,615	4,714,615
Other reserves	586,981	647,491	586,981	647,491
Accumulated surplus	34,549,721	31,373,560	34,549,721	31,373,560
Unpaid distribution	803,708	1,184,002	803,708	1,184,002
	40,655,025	37,919,668	40,655,025	37,919,668

15. Current assets – Derivative financial instruments

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Interest rate swap contracts	586,200	621,163	586,200	621,163

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 7.13%. 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 2007, the notional principal amounts and periods or expiry of the interest rate swap contracts are as follows –

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
0 - 1 years	30,000,000	60,000,000	30,000,000	60,000,000
1 - 2 years	10,000,000	30,000,000	10,000,000	30,000,000
2 - 3 years	20,000,000	-	20,000,000	-
	60,000,000	90,000,000	60,000,000	90,000,000

16. Current liabilities - Payables

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Interest payable	2,278,839	1,942,623	2,278,839	1,942,623
Amounts owing on investments purchased	-	38,952,335	-	-
Accounts payable and accruals	708,995	487,852	204,274	150,941
	2,987,834	41,382,810	2,483,113	2,093,564

17. Current liabilities – Interest bearing liabilities

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Deposits – Glebe Income Accounts	150,805,651	125,426,618	150,828,435	126,162,173
Cash at bank in overdraft	-	29,084	-	29,084
Bank bill line facility	-	100,000,000	-	100,000,000
	150,805,651	225,455,702	150,828,435	226,191,257

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.

18. Non-current liabilities – Interest bearing liabilities

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Deposits – Glebe Income Accounts	4,681,107	9,365,917	4,681,107	9,365,917
Bank bill line facility	-	30,000,000	-	30,000,000
Bank loan	140,000,000	10,000,000	140,000,000	10,000,000
	144,681,107	49,365,917	144,681,107	49,365,917

The 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 $100,000,000 of which $70,000,000 (2006: $80,000,000) had been drawn down at year end. The Glebe Administration Board also has a cash advance and interest rate swap facility with Australia and New Zealand Banking Group Limited for a total of $84,000,000 of which $70,000,000 (2006: $60,000,000) had been 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 sheet date the balance of the current account was $1,759,984 (2006: $13,886).

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

19. Provisions

	Consolidated		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Provision for GAB distribution				
Balance 1 January	20,629,189	19,142,234	20,629,189	19,142,234
Provided during the period	29,920,844	11,109,162	29,920,844	11,109,162
	50,550,033	30,251,396	50,550,033	30,251,396
Paid during the period	(29,527,654)	(9,622,207)	(29,527,654)	(9,622,207)
Balance 31 December	21,022,379	20,629,189	21,022,379	20,629,189
Provision for GIT distributions to Minority Interests				
Balance 31 December	1,864,777	1,040,752	-	-
	22,887,156	21,669,941	21,022,379	20,629,189
Current	12,254,904	11,050,081	10,390,127	10,009,329
Non-current	10,632,252	10,619,860	10,632,252	10,619,860
	22,887,156	21,669,941	21,022,379	20,629,189

The distribution to Synod is based on 5.4% of the average net assets of the Board over the last three balance dates and is paid to Synod as reflected in the Synod Fund. The distributions for 2010 and beyond will be based on a new formula taking 30% of 4.2% of net assets of the previous 3 years plus 70% of prior year's distribution adjusted for CPI. Transitional formulas apply for 2008 and 2009.

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
The composition of payments during the year were as follows –				
Synod	9,374,000	9,162,504	9,374,000	9,162,504
Mission Property Fund	20,000,000	-	20,000,000	-
Other	153,654	459,703	153,654	459,703
	29,527,654	9,622,207	29,527,654	9,622,207

20. Capital

(a) Capital	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Capital	33,624,888	33,361,119	33,624,888	33,361,119

(b) Movement in capital

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Balance 1 January	33,361,119	31,119,554	33,361,119	31,119,554
Transfer of capital profit on sale of Sydney Anglican Property Fund	-	2,223,827	-	2,223,827
Transfer from accumulated surplus - Ordination Training Fund	250,000	-	250,000	-
Gifts received	13,769	17,738	13,769	17,738
Balance 31 December	33,624,888	33,361,119	33,624,888	33,361,119

21. Reserves

(a) Reserves

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Deferred maintenance reserve	586,981	647,491	-	-

(b) Movement in deferred maintenance reserve

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Balance 1 January	647,491	2,141,511	-	-
Share of (decrease) in SAHC's deferred maintenance reserve	(60,510)	(1,494,020)	-	-
Balance 31 December	586,981	647,491	-	-

(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.

22. Accumulated surplus

(a) Accumulated surplus

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Accumulated surplus	230,990,607	238,401,393	230,973,675	238,144,184

(b) Movement in accumulated surplus

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Balance 1 January	238,401,393	194,029,176	238,144,184	194,898,389
Surplus after income tax	22,760,058	57,705,206	23,000,335	56,578,784
Refund from Ordination Training Fund transferred to Capital	(250,000)	-	(250,000)	-
Provisions for distribution during the year	(29,920,844)	(11,109,162)	(29,920,844)	(11,109,162)
Transfer capital profit on sale of Sydney Anglican Property Fund to capital	-	(2,223,827)	-	(2,223,827)
Balance 31 December	230,990,607	238,401,393	230,973,675	238,144,184

23. 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 D McDonald AC
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

Key management personnel include the four executives below with the greatest authority for the strategic direction and management of the entity. Total compensation payable to the four executives for the financial year comprised short-term benefits amounting to $661,390 (2006: $661,521), and other long-term benefits amounting to $187,828 (2006: $179,886).

Name	*Position*
Mr S G McKerihan	Chief Executive Officer (from 16 July 2007)
Mr R S Dredge	Chief Executive Officer (from 1 November 1999 to 6 July 2007)
Mr M A Blaxland	Chief Financial Officer
Mr M J Cambridge	General Manager, Property Services
Mr D R Cannings	General Manager

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	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Glebe Administration Board loan to:				
Glebe Investment Company Pty Limited	1,009,500	1,009,500	-	-
Glebe Mortgage Finance Limited	40,253,610	43,891,936	2,715,841	2,306,788
Glebe Australia Limited	4,389,562	4,529,562	-	-
	45,652,672	49,430,998	2,715,841	2,306,788
Glebe Australia Limited loan to:				
Glebe Investment Company Pty Limited	85,129	85,129	-	-
	85,129	85,129	-	-

(ii) Glebe Administration Board recovered a subsidy of $890,051 (2006: $320,000) from Glebe Asset Management Limited for prior expenses. The subsidy is not separately disclosed in the accounts but shown as a net expense.

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 $2,129,449 (2006: $1,823,058).

At 31 December 2007, a loan was provided from Glebe Administration Board for $20,000,000 (2006: $14,000,000). This represents an at-call finance facility to assist in funding of improvements to Town Hall Square and St Andrews House. Interest charged to St Andrew's House Corporation in respect of this loan was $1,320,554 (2006: $795,031). As at 31 December 2007 the loan had a limit of $20,000,000 (2006: $14,000,000).

Management fees of $473,773 (2006: $493,305) were charged from Glebe Administration Board to St Andrew's House Corporation.

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 redeemed at fair market value on the day of application.

	Units purchased		Units redeemed	
	2007	2006	2007	2006
	$	$	$	$
Transactions with the Glebe Administration Board:				
Glebe Australian Equities Fund (formerly Glebe Large-Cap Shares Fund)	1,000,000	37,482,569	243,883,659	9,000,000
Glebe Equities Trust	272,820,001	-	21,500,000	-
Glebe Diversified Property Fund	-	-	-	62,326,347
Glebe Global Shares Fund	-	4,477,464	-	40,497,276
Glebe Fixed Interest Fund	-	-	-	41,328,629
Glebe Small-Cap Shares Fund	-	400,000	-	17,252,641
Glebe Pan-Asian Growth Trust	-	-	-	7,606,844
Glebe Straightforward Investment Trust	-	9,184	-	3,640,437
Glebe High-Grade Fixed Interest Trust	-	-	-	1,955,128
Glebe World Wide Equities Trust	-	-	-	1,984,487
Glebe Large-Cap Equities Trust	-	-	-	824,580
Glebe Large-Cap Shares Trust	-	4,250,000	4,309,067	5,000,396
Glebe Small-Cap Equities Trust	-	-	-	2,236,440
	273,820,001	46,619,217	269,692,726	193,653,205

continued…

continued…

Transactions with Glebe Asset Management:				
Glebe Australian Equities Fund (formerly Glebe Large-Cap Shares Fund)	48,171	1,281,887	2,048,171	-
Glebe Equities Trust	2,359,590	-	-	-
Glebe Straight Forward Growth Trust	-	-	-	1,767,284
Glebe High-Grade Fixed Interest Fund	-	-	-	2,539,355
	2,407,761	1,281,887	2,048,171	4,306,639

Other related party transactions

The following other related party transactions occurred during the year –

(i) A mortgage loan of $Nil (2006: $120,000) was 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 $4,150 (2006: $9,116).

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

	Management Fee Paid	
	2007	**2006**
	$	**$**
Glebe Administration Board	5,620,359	5,395,639
Glebe Asset Management Limited	787,981	2,183,264
Glebe Mortgage Finance Limited	326,988	339,490

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)	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Glebe Administration Board	1,759,984	13,886	2,168	1,965
Glebe Asset Management Limited	325,908	1,404	3,250	3,079
Glebe Investment Company Pty Limited	2,319	2,428	105	5
Glebe Mortgage Finance Limited	139,814	16,620	221	1,710
Glebe Australia Limited	22,770	2,280	106	(7,877)

(iii) Glebe Administration Board received property management fees of $Nil (2006: $119,756) from Endowment of the See.

(iv) 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 2007 the loan had a limit of $17,000,000 (2006: $17,000,000) and was drawn to $16,687,523 (2006: $12,736,047). Interest charged for the year ended 31 December 2007 was $1,193,970 (2006: $563,728).

(v) At year end an unsecured loan of $550,000 (2006: $Nil) was receivable from Harvest Living Limited at an interest rate of 10.25%. A provision for doubtful debt of $550,000 has been created against this loan as at 31 December 2007.

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

	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Surplus from continuing operations after income tax	22,760,058	57,705,206	23,000,335	56,578,784
Mark to market of investments	85,130,879	(25,252,549)	111,800,588	(3,992,017)
Gain on sale of investments	(91,193,231)	(1,249,145)	(87,746,673)	(1,854,187)
Interest capitalised on Glebe Income Accounts	6,041,475	4,538,600	6,041,475	4,538,600
Amortisation of 'The Edge' project costs	34,934	-	34,934	-
Dividends reinvested	-	-	(29,663,731)	-
Surplus attributable to minority interests	6,002,674	13,407,149	-	-
Movement in deferred maintenance reserve	(60,510)	(1,494,020)	-	-
Provision for doubtful debt	550,000	-	550,000	-
Changes in assets and liabilities				
Decrease/(increase) in receivables	507,917	796,248	(3,719,614)	(1,400,222)
Decrease/(increase) in other assets	34,963	(325,535)	34,963	(325,535)
Increase in payables	557,359	286,099	389,550	227,589
Net cash inflow from operating activities	30,366,518	48,412,053	20,721,827	53,773,012

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 18). No losses are expected from this guarantee.

26. Remuneration of Auditors

Audit fees for the Glebe Administration Board in prior years were paid by the Sydney Diocesan Secretariat under contract arrangements. The audit fee for the year for the Glebe Administration Board is quoted as $103,529 (2006: $78,233), and Glebe Administration Board consolidated is $146,900 (2006: $117,367).

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.

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Audit	191,870	160,725	103,529	78,233
Taxation	52,080	104,821	-	-
Other services	-	133,420	-	2,300
	243,950	398,966	103,529	80,533

27. Non-current assets - Other

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
The Edge Project costs	1,416,750	-	1,416,750	-
Amortisation	(34,934)	-	(34,934)	-
	1,381,816	-	1,381,816	-

During the year a new general ledger project was implemented to replace the previous system which is no longer supported. The project known as 'The Edge' also included replacement of a legacy Property Management system. Glebe Administration Board as trustee for the Diocesan Endowment has largely driven the system requirements and 75% of the costs have been incorporated into a service charge from Sydney Diocesan Secretariat. This has been paid in advance by Glebe Administration Board and is being amortised over four years commencing from the date of implementation.

28. Events occurring after reporting date

Since 31 December 2007 the Board has experienced a decline in the value of the investment portfolio held in its capacity as trustee of the Diocesan Endowment (DE) due to adverse investment market conditions.

The Board notes that as trustee of the DE, it has an indefinite time horizon, managing its investment portfolio taking into account the long-term expected returns on various assets classes. Periods of volatility in investment markets are therefore expected to occur. The Board reviews its asset allocations on a regular basis taking account of current market conditions and its long-term risk and return objectives.

The DE has incurred a year to date mark to market loss of approximately $63M to 25 March 2008. Responding to the conditions the Board has retired $25M of bank debt to reduce the gearing of the DE's investment portfolio.

If financial markets remain at or below current levels for a significant period, there will be a flow on effect to distributions to Synod. However this effect is mitigated by the distribution formula contained in the Diocesan Endowment Amendment Ordinance 2007 which smooths the impact on distributions due to variations in the DE's net assets.

Other than the matter noted above there are no matters that have arisen since 31 December 2007 which are likely to have a significant effect on the Board.

This financial report was authorised for issue on 26 March 2008 by the Board.

Members' Declaration

In the members opinion:

(a) the financial statements and notes set out on pages 465 to 528 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 2007 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 26 March 2008