Glebe Administration Board as trustee for the Diocesan Endowment

Audited Accounts for 2008

> *These Audited Accounts should be read in conjunction with the GAB Annual Report for 2008.*

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 544 to 608 of Glebe Administration Board as trustee for the Diocesan Endowment (the Board) which comprises the balance sheet as at 31 December 2008, 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 directors 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 2008 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 1 April 2009

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

For the year ended 31 December 2008

In accordance with a resolution of the Board, the members of the Glebe Administration Board submit herewith the financial reports as at 31 December 2008 –

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 D McDonald AC (resigned 10/11/2008)
Mr P R Berkley	Mr I C Miller
Mr P P Driscoll	Mr W H Olson AM
Rt Rev R C Forsyth	Dr L A Scandrett
Dr S E Judd	Mr P R Shirriff
Mr R H Y Lambert	Mr M Todd (appointed 11/11/2008)
Mr N Lewis	

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 a deficit of $160,028,192 (2007: $22,760,058 surplus).

Distributions

Dividends are not paid by the Board, but the Board has made distributions of $10,571,346 (2007: $29,527,654) from the provision for distribution account. Prior year includes a distribution of $20,000,000 to Mission Property Fund.

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 (which is not printed here).

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	12	10
Mr P R Berkley	12	10
Mr P P Driscoll	12	9
Rt Rev R C Forsyth	12	9
Dr S E Judd	12	7
Mr R H Y Lambert	12	10
Mr N Lewis	12	6
Mr D McDonald AC (resigned 10/11/2008)	11	6
Mr I C Miller	12	6
Mr W H Olson AM	12	9
Dr L A Scandrett	12	8
Mr P R Shirriff	12	11
Mr M Todd (appointed 11/11/2008)	1	0

Insurance of officers

During the year insurance premiums totalling $7,878 (2007: $8,249) 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

No matter or circumstance has arisen since 31 December 2008 that has significantly affected, or may significantly affect, the operations of the Board, the results of those operations or the state of affairs of the Board in future years.

Environmental regulation

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

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

Likely developments and expected result of operations

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

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 357.

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

P Shirriff
L A Scandrett
Members 25 March 2009

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 2008, 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
25 March 2009

Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement for the year ended 31 December 2008

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 (resigned 10/11/2008)	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
Mr M Todd (appointed 11/11/2008)	Non-executive member

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	10
Mr P P Driscoll	Non-executive member	11	10
Mr R H Y Lambert	Non-executive member	11	10
Mr S G McKerihan	Chief Executive Officer	11	11
Mr P R Shirriff	Non-executive Chairman	11	9
Mr M Monaghan (appointed 26/3/2008)	Non-executive member	8	8

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	4	3
Mr R H Y Lambert	Non-executive Chairman	4	4
Mr D McDonald AC (resigned 10/11/2008)	Non-executive member	3	3
Dr L A Scandrett (appointed 3/12/2008)	Non-executive member	0	0
Mr P R Shirriff	Non-executive member	4	4

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	4	3
Dr S E Judd	Non-executive member	4	3
Mr N Lewis	Non-executive Chairman	4	2
Mr W H Olson AM	Non-executive member	4	2
Dr L A Scandrett	Non-executive member	4	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
- Privacy
- Data management
- Email usage
- Information technology security

Five year financial summary – consolidated

$'000 (unless otherwise indicated)	2004	2005	2006	2007	2008
Consolidated income statement for the year ended 31 December					
Investment (loss)/income	86,469	79,679	96,462	55,682	(149,183)
Borrowing costs	(11,343)	(14,823)	(16,555)	(18,996)	(18,442)
Deficit/(surplus) attributable to minority interests	(17,468)	(16,278)	(13,407)	(6,002)	17,326
Net investment (loss)/income	57,658	48,578	66,500	30,684	(150,299)
Fee and other income	2,909	3,375	3,582	1,634	751
Net operating (loss)/income	60,567	51,953	70,082	32,318	(149,548)
Operating expenses	(10,879)	(11,514)	(12,377)	(9,558)	(10,480)
Total (loss)/income and expense before tax	49,688	40,439	57,705	22,760	(160,028)
Income tax expense	-	-	-	-	-
Total (loss)/income and expense after tax	49,688	40,439	57,705	22,760	(160,028)
Distributions provided for	9,387	10,564	11,109	29,921 a	10,913 b
Consolidated balance sheet as at 31 December					
Investments, loans and mortgages	507,567	607,800	582,204	583,993	240,067
Cash and other assets	42,062	38,404	76,503	50,515	70,266
Total assets	549,629	646,204	658,707	634,508	310,333

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Payables	1,489	2,144	41,383	2,988	1,447
Interest bearing liabilities	225,253	279,447	274,822	295,487	168,486
Other liabilities	19,706	20,897	21,671	22,887	11,605
Share of net assets attributable to minority interest	105,831	116,426	48,421	47,943	23,881
Total liabilities	352,279	418,914	386,297	369,305	205,419
Net assets	197,350	227,290	272,410	265,203	104,914

Ratios

Total liabilities to net assets (%)	178.5%	184.3%	141.8%	139.3%	195.8%
Investment (loss)/income on average investment assets (%)	20.4%	14.3%	16.2%	9.5%	(36.2)%
(Deficit)/surplus after income tax on net assets (%)	25.2%	17.8%	21.2%	8.6%	(152.5)%
Operating expense to net operating (loss)/income (%)	18.0%	22.2%	17.7%	29.6%	(7.0)%
Operating expenses less fee income to total assets (%)	1.5%	1.3%	1.3%	1.2%	3.1%

a) 2007 includes a special distribution of $20,000,000 to Anglican Church Property Trust Mission Property Fund.

b) Distribution provided	10,913
Less write-back of provision for distribution	(10,632)
Net provision per accounts (note 19)	281

As a result of the change in the Ordinance governing the distribution to Synod, the provision for 2008 has only been made for payment in the succeeding year. Under the previous Ordinance provision was made for two succeeding years.

Income statements for the year ended 31 December 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
(Loss)/revenue from continuing operations	4	**(142,688,803)**	**52,390,855**	**(130,776,012)**	**48,081,672**
Share of net (loss)/surplus of St Andrew's House Corporation (SAHC) accounted for using the equity method	14	(5,743,596)	4,925,316	-	-
Borrowing costs	5(a)	(18,442,309)	(18,995,744)	(18,466,669)	(19,053,021)
Deficit/(surplus) attributable to minority interests		17,326,333	(6,002,674)	-	-
Other expenses	5(b)	(10,479,817)	(9,557,695)	(10,293,683)	(6,028,316)
(Deficit)/surplus from continuing operations before income tax		**(160,028,192)**	**22,760,058**	**(159,536,364)**	**23,000,335**
Income tax expense	6	-	-	-	-
(Deficit)/surplus from continuing operations after income tax		**(160,028,192)**	**22,760,058**	**(159,536,364)**	**23,000,335**

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

Balance sheets as at 31 December 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current assets					
Cash and cash equivalents	7	69,147,625	44,610,064	67,013,163	38,036,549
Receivables	8	1,118,029	3,936,642	2,285,453	10,562,279
Loans and mortgages	9	12,425,434	35,514,943	11,450,578	16,685,647
Other financial assets at fair value through profit or loss	11	83,344,937	448,600,719	13,874,593	152,304,112
Investments in controlled entities	12	-	-	42,455,243	240,645,716
Derivative financial instruments	15	-	586,200	-	586,200
Total current assets		166,036,025	533,248,568	137,079,030	458,820,503
Non-current assets					
Loans and mortgages	10	110,888,976	59,222,261	114,581,093	81,056,253
Investments in controlled entities	13	-	-	-	1,700,000
Investment in St Andrew's House	14	33,407,721	40,655,025	33,407,721	40,655,025
Other assets	27	-	1,381,816	-	1,381,816
Total non-current assets		144,296,697	101,259,102	147,988,814	124,793,094
Total assets		310,332,722	634,507,670	285,067,844	583,613,597

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Current liabilities					
Payables	16	1,446,621	2,987,834	1,042,959	2,483,113
Interest bearing liabilities	17	165,497,955	150,805,651	165,503,096	150,828,435
Provisions	19	11,604,652	12,254,904	10,731,723	10,390,127
Share of net assets attributable to minority interests		23,881,343	47,943,446	-	-
Total current liabilities		202,430,571	213,991,835	177,277,778	163,701,675
Non-current liabilities					
Interest bearing liabilities	18	2,988,038	144,681,107	2,988,038	144,681,107
Provisions	19	-	10,632,252	-	10,632,252
Total non-current liabilities		2,988,038	155,313,359	2,988,038	155,313,359
Total liabilities		205,418,609	369,305,194	180,265,816	319,015,034
Net assets		**104,914,113**	**265,202,476**	**104,802,028**	**264,598,563**
EQUITY					
Capital	20	33,645,407	33,624,888	33,645,407	33,624,888
Reserves	21	-	586,981	-	-
Accumulated surplus	22	71,268,706	230,990,607	71,156,621	230,973,675
Total equity		**104,914,113**	**265,202,476**	**104,802,028**	**264,598,563**

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 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Total equity at the beginning of the year		**265,202,476**	**272,410,003**	**264,598,563**	**271,505,303**
Share of SAHC's movement in deferred maintenance reserve	21	-	(60,510)	-	-
Net (expense)/income recognised directly in equity		-	(60,510)	-	-
(Deficit)/surplus for the year after tax		(160,028,192)	22,760,058	(159,536,364)	23,000,335
Total recognised income and expense for the year		(160,028,192)	22,699,548	(159,536,364)	23,000,335
Transactions with equity holders:					
Gifts received	20	20,519	13,769	20,519	13,769
Distributions provided for or paid	19	(280,690)	(29,920,844)	(280,690)	(29,920,844)
		(260,171)	(29,907,075)	(260,171)	(29,907,075)
Total equity at the end of the year		**104,914,113**	**265,202,476**	**104,802,028**	**264,598,563**

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

Cash flows statements for the year ended 31 December 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash flows from operating activities					
Management and service fees		775,852	2,808,474	747,202	776,071
Interest received		11,699,763	11,338,477	10,820,552	10,460,938
Dividends and distributions		17,034,108	38,175,798	8,696,066	26,934,809
Grants and donations		-	250,000	-	250,000
Other revenue		505,789	454,255	305,665	262,806
Finance costs		(12,180,004)	(12,517,690)	(12,204,364)	(12,574,967)
Payments to suppliers		(9,428,536)	(10,142,796)	(7,253,656)	(5,387,830)
Net cash inflow from operating activities	24	**8,406,972**	**30,366,518**	**1,111,465**	**20,721,827**
Cash flows from investing activities					
Refund/(payment) for 'The Edge' project cost		55,090	(1,416,750)	55,090	(1,416,750)
Proceeds from sale of investments		318,440,618	103,614,333	249,134,247	106,946,116
Payments for investments		(120,850,763)	(92,971,010)	(47,807,240)	(88,652,675)
Net (increase) in loans provided		(28,577,206)	(5,433,340)	(28,289,771)	(5,008,034)
Net cash inflow from investing activities		**169,067,739**	**3,793,233**	**173,092,326**	**11,868,657**

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	Note				
Cash flows from financing activities					
Distributions to Synod		(10,123,000)	(9,374,000)	(10,123,000)	(9,374,000)
Distributions to other Anglican organisations		(448,346)	(20,153,654)	(448,346)	(20,153,654)
Distributions to minority interests		(898,750)	(6,842,117)	-	-
Repayments of borrowings		(126,000,000)	-	(126,000,000)	-
Net (decrease)/increase in Glebe Income Accounts		(8,658,706)	14,652,749	(8,676,350)	13,939,978
Gifts received		20,519	13,769	20,519	13,769
Units issued to minority interests		8,931,985	1,000,000	-	-
Redemptions paid to minority interests		(15,760,852)	(770,000)	-	-
Net cash (outflow) from financing activities		**(152,937,150)**	**(21,473,253)**	**(145,227,177)**	**(15,573,907)**
Net increase in cash held		**24,537,561**	**12,686,498**	**28,976,614**	**17,016,577**
Cash and cash equivalents at the beginning of the year		44,610,064	31,923,566	38,036,549	21,019,972
Cash and cash equivalents at the end of the year	7	**69,147,625**	**44,610,064**	**67,013,163**	**38,036,549**

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 Diocesan 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.

At 31 December 2008 the parent entity and consolidated group had an excess of current liabilities over current assets. This financial report has been prepared on the basis of the group being a going concern. In arriving at this position the Board has taken into account a number of factors including –

- Historical analysis and experience of redemptions from at call Glebe Income accounts of $151,497,955 (2007:$150,805,651) shows low levels of net redemptions. That is, the deposits in total display characteristics of being non current liabilities.
- Cash flow projections prepared for financial budgeting purposes reveal the ability to pay all the group's debts as and when they fall due, on the basis of the group operating as a going concern.
- Availability of in excess of $50,000,000 of bank finance.

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 2008 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 2008 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 2007. 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 exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997 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.

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. In previous years the distribution was calculated at 5.4% of the average net assets of the previous 3 years. The distributions for 2010 and beyond were anticipated to 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.

Due to the exceptional decline in net assets in 2008 the Glebe Administration Board will be recommending to the Standing Committee that the operation of this formula be altered for 2010 and thereafter.

(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**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	69,147,625	44,610,064	67,013,163	38,036,549
Loans and mortgages	123,314,410	94,737,204	126,031,671	97,741,900
Receivables	1,118,029	3,936,642	2,285,453	10,562,279
Equity investments	68,280,540	367,738,911	-	73,159,538
Property related investments	10,841,734	70,847,192	10,424,309	69,875,538

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Interest related investments	4,022,624	10,014,616	3,250,245	9,269,036
Other investments	200,039	-	200,039	-
Investments in controlled entities	-	-	42,455,243	242,345,716
Derivative financial instruments	-	586,200	-	586,200
	276,925,001	592,470,829	251,660,123	541,576,756
Financial liabilities				
Payables	1,446,621	2,987,834	1,042,959	2,483,113
Interest bearing liabilities and loans	168,485,993	295,486,758	168,491,134	295,509,542
Provision for income distribution	11,604,652	22,887,156	10,731,723	21,022,379
Share of net assets attributable to minority interests	23,881,343	47,943,446	-	-
	205,418,609	369,305,194	180,265,816	319,015,034
Net financial assets/(liabilities)	71,506,392	223,165,635	71,394,307	222,561,722

(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 (deficit)/surplus for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% (2007: +/- 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 (deficit)/surplus		Impact on equity	
Index	**2008**	**2007**	**2008**	**2007**
	+/- $	**+/- $**	**+/- $**	**+/- $**
Australian equities - ASX	4,376,023	24,317,793	4,376,023	24,317,793
Australian property securities - ASX	41,743	6,213,590	41,743	6,213,590
Foreign equities - MSCI	-	7,315,954	-	7,315,954
	4,417,766	37,847,337	4,417,766	37,847,337

Parent Entity

	Impact on (deficit)/surplus		Impact on equity	
Index	**2008**	**2007**	**2008**	**2007**
	+/- $	**+/- $**	**+/- $**	**+/- $**
Australian equities - ASX	4,245,524	24,064,572	4,245,524	24,064,572
Australian property securities - ASX	-	6,116,425	-	6,116,425
Foreign equities - MSCI	-	7,315,954	-	7,315,954
	4,245,524	37,496,951	4,245,524	37,496,951

(Deficit)/surplus for the year would increase/decrease as a result of losses/gains 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 outstanding –

	2008		2007	
Index	**Weighted average interest rate**	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$**	**%**	**$**
Cash and cash equivalents	5.53	69,147,625	7.24	44,610,064
Loans and mortgages	6.57	123,314,410	8.62	94,737,204
Interest related investments	6.32	4,022,624	4.40	10,014,616
Derivative financial instruments		-	7.11	60,586,200
Interest bearing liabilities	5.96	(168,485,993)	6.43	(295,486,758)
Interest rate swaps (notional principal amount)		-	5.76	(60,000,000)
Net exposure to cash flow interest rate risk		27,998,666		(145,538,674)

An analysis by maturities is provided in (b) 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.

Group interest rate sensitivity

At 31 December 2008, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, (deficit)/surplus for the year and equity would have been $279,987 lower/higher (2007 – change of 100 bps: $1,455,387 lower/higher), mainly as a result of lower/ higher interest expense on interest bearing liabilities.

Parent entity interest rate sensitivity

At 31 December 2008, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, deficit/surplus for the year and equity would have been $278,039 lower/higher (2007 – change of 100 bps: $1,498,759 lower/higher), 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 rated 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 2008 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 $176,000,000 (2007 : $151,000,000). Collateral held by the parent entity is $78,000,000 (2007: $61,000,000).

	Consolidated		Parent entity	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Receivables				
Not rated	1,118,029	3,936,642	2,285,453	10,562,279
Cash and cash equivalents				
Not rated - no defaults in the past. Includes Sydney Diocesan Secretariat current account.	1,115,172	2,503,184	846,760	2,012,373
Better than Standard and Poors A-2 rating	68,032,453	42,106,880	66,166,403	36,024,176
	69,147,625	44,610,064	67,013,163	38,036,549
Derivative financial instruments				
Better than Standard and Poors A-2 rating	-	586,200	-	586,200
Loan and mortgages				
Not rated - no defaults in the past	123,314,410	94,737,204	126,031,671	97,741,900

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 and Flinders Trustee Ltd shares totaling $6,100,000 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 17.

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 2008 Non-derivatives	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-interest bearing	1,446,621	-	-	-	-	1,446,621	1,446,621
Provisions	6,474,652	5,130,000	-	-	-	11,604,652	11,604,652
Variable rate	123,767,706	-	-	-	-	123,767,706	123,548,945
Fixed rate	33,577,582	9,167,728	1,717,524	1,718,701	-	46,181,536	44,937,048
Share of net assets attributable to minority interests	23,881,343	-	-	-	-	23,881,343	23,881,343
	189,147,904	14,297,728	1,717,524	1,718,701	-	206,881,858	205,418,609

Group 31 December 2007 Non-derivatives	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-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	106,504,482	3,933,659	140,218,761	-	-	250,656,901	242,570,823
Fixed rate	38,111,068	10,999,820	3,983,957	1,225,667	-	54,320,512	52,915,935
Share of net assets attributable to minority interests	47,943,446	-	-	-	-	47,943,446	47,943,446
	202,745,607	19,989,606	154,834,970	1,225,667	-	378,795,849	369,305,194

Parent entity 31 December 2008	**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	1,042,959	-	-	-	-	1,042,959	1,042,959
Provisions	5,601,723	5,130,000	-	-	-	10,731,723	10,731,723
Variable rate	123,772,847	-	-	-	-	123,772,847	123,554,086
Fixed rate	33,577,582	9,167,728	1,717,524	1,718,701	-	46,181,536	44,937,048
	163,995,111	14,297,728	1,717,524	1,718,701	-	181,729,065	180,265,816

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	106,527,266	3,933,659	140,218,761	-	-	250,679,685	242,593,607
Fixed rate	38,111,068	10,999,820	3,983,957	1,225,667	-	54,320,512	52,915,935
	152,455,447	19,989,606	154,834,970	1,225,667	-	328,505,689	319,015,034

(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	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
(Loss)/revenue from continuing operations				
Property related investments:				
St. Andrew's House Corporation distribution	-	-	1,503,708	2,129,449
Distributions from other property trusts	6,303,239	8,786,746	6,257,361	8,644,017
Revaluation of beneficial interest in SAHC	-	-	(7,247,304)	2,735,357
Net realised and unrealised (losses) and gains	(39,184,435)	(13,360,996)	(38,628,247)	(13,128,181)
(Loss)/income from property related investments	(32,881,196)	(4,574,250)	(38,114,482)	380,642

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Interest related investments:				
Interest and distributions	1,882,367	2,233,443	1,832,324	1,999,281
Net realised and unrealised gains and (losses)	511,101	922,317	499,232	928,000
Income from interest related investments	2,393,468	3,155,760	2,331,556	2,927,281
Income from loans and mortgages	9,723,683	7,939,226	8,986,316	7,132,177
Equity related investments:				
Dividends and distributions	19,905,477	27,197,156	13,615,291	50,181,463
Net realised and unrealised (losses) and gains	(142,575,098)	17,039,065	(118,335,915)	(13,566,069)
(Loss)/income from equity related investments	(122,669,621)	44,236,221	(104,720,624)	36,615,394
Other investments:				
Net realised and unrealised (losses) and gains	(6,066)	-	(6,066)	-
(Loss)/income from other investments	(6,066)	-	(6,066)	-
Total investment (loss)/income	**(143,439,732)**	**50,756,957**	**(131,523,300)**	**47,055,494**

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Fee income:				
Fund administration fees	148,348	759,904	144,707	230,296
Property management fees	602,581	623,994	602,581	545,882
Total fee income	**750,929**	**1,383,898**	**747,288**	**776,178**
Other income				
Refund from Ordination Training Fund	-	**250,000**	-	**250,000**
Total (loss)/revenue from continuing operations	**(142,688,803)**	**52,390,855**	**(130,776,012)**	**48,081,672**

Dividends and distributions include franking credits of $3,457,187 (2007: $3,743,605).

5. Surplus from continuing operations

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

(a) Borrowing costs

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Interest expense				
Churches, Anglican organisations and other Christian organisations	6,575,397	5,088,250	6,599,757	5,145,527
Other Glebe Income Account deposits	3,999,594	3,957,229	3,999,594	3,957,229
Bank loans	7,867,318	9,950,265	7,867,318	9,950,265
	18,442,309	18,995,744	18,466,669	19,053,021

(b) Other expenses

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Management fees from Sydney Diocesan Secretariat	7,331,474	6,735,328	6,453,459	5,620,359
Impairment charge (note 13)	-	-	1,700,000	-
Subsidy	-	-	-	(890,051)
Professional fees	1,430,467	1,685,639	533,209	468,854
Office operating expenses	257,638	226,910	255,163	215,622
Amortisation - The Edge Project costs (note 27)	1,326,726	34,934	1,326,726	34,934
Insurance	126,200	278,926	24,996	28,598
Marketing expenses	7,182	9,538	-	-
Other expenses	130	36,420	130	-
	10,479,817	9,557,695	10,293,683	6,028,316

6. Income Tax

The income tax expense for the year differs from the prima facie tax charge calculated at current rates on operating (deficit)/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	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
(Deficit)/surplus from continuing operations before income tax	(160,028,192)	22,760,058	(159,536,364)	23,000,335
Less (deficit)/surplus from non assessable entities	(158,424,659)	23,077,551	(159,536,364)	23,000,335
(Deficit) from continuing operations before income tax	(1,603,533)	(317,493)	-	-
Income tax benefit calculated at 30%	481,060	95,248	-	-
Permanent differences	31,171	117,186	-	-
Temporary differences not brought to account as deferred tax assets	(417,496)	(189,326)	-	-
Tax losses not brought to account as deferred tax assets	(94,735)	(23,108)	-	-
Current tax	-	-	-	-

The directors estimate that the potential future income tax benefit at 31 December 2008 in respect of tax losses not brought to account is $293,952 (2007: $199,218).

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	
	2008	2007	2008	2007
	$	$	$	$
Current				
Cash at bank	2,634,479	7,792,823	501,175	1,219,308
Bank bills	-	18,112,526	-	18,112,526
Deposits at call	19,655,627	-	19,654,469	-
Term deposits	46,857,519	11,130,098	46,857,519	11,130,098
Corporate paper	-	7,574,617	-	7,574,617
	69,147,625	44,610,064	67,013,163	38,036,549

8. Current assets – Receivables

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Distributions receivable	275,443	1,573,868	1,685,249	10,309,373
Prepayments	-	58,613	-	58,613
Accrued interest	650,142	302,168	597,858	192,742
Amounts owing on investments sold	165,786	1,916,851	-	-
Other	26,658	85,142	2,346	1,551
Unsecured loan to Harvest Living Limited	-	550,000	-	550,000
Provision for doubtful debt	-	(550,000)	-	(550,000)
	1,118,029	3,936,642	2,285,453	10,562,279

During the year an unsecured loan of $550,000 receivable from Harvest Living Limited was written off against the provision for doubtful debt of $550,000 created against this loan as at 31 December 2007.

9. Current assets – Loans and mortgages

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Loans	8,843,402	16,685,647	8,843,402	16,685,647
Mortgages	3,582,032	18,829,296	2,607,176	-
	12,425,434	35,514,943	11,450,578	16,685,647

10. Non-current assets – Loans and mortgages

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Loans	32,188,127	28,574,665	76,550,799	74,227,337
Mortgages	78,700,849	30,647,596	39,039,794	7,838,416
Provision for doubtful debts	-	-	(1,009,500)	(1,009,500)
	110,888,976	59,222,261	114,581,093	81,056,253
Summary:				
Anglican Diocesan organisations	103,344,210	74,323,728	127,041,171	98,751,400
Other	19,970,200	20,413,476	-	-
Provision for doubtful debts	-	-	(1,009,500)	(1,009,500)
Total current and non-current loans and mortgages	123,314,410	94,737,204	126,031,671	97,741,900

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.

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 $15,862,607 (2007: $31,333,749).

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

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Equity investments				
Listed equities (at cost)	100,211,464	359,363,011	-	80,869,867
Fair value adjustment	(31,930,924)	8,375,900	-	(7,710,329)
Total listed equities at fair value	68,280,540	367,738,911	-	73,159,538
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	68,280,540	367,738,911	-	73,159,538
Property investments				
Listed property investments (at cost)	3,754,055	68,499,043	2,713,950	67,460,898
Fair value adjustment	(3,336,622)	(6,363,143)	(2,713,949)	(6,296,652)
Total listed property investments at fair value	417,433	62,135,900	1	61,164,246

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Other unlisted property investments (at cost)	9,259,989	7,486,411	9,259,989	7,486,411
Fair value adjustment	1,164,312	1,224,881	1,164,319	1,224,881
Total unlisted property investments at fair value	10,424,301	8,711,292	10,424,308	8,711,292
Total property investments	10,841,734	70,847,192	10,424,309	69,875,538
Interest investments				
Unlisted interest investment (at cost)	5,643,694	16,585,207	4,858,735	15,815,178
Fair value adjustment	(1,621,070)	(6,570,591)	(1,608,490)	(6,546,142)
Total unlisted interest investments	4,022,624	10,014,616	3,250,245	9,269,036
Other investments				
Other investments (at cost)	206,105	-	206,105	-
Fair value adjustment	(6,066)	-	(6,066)	-
Total other investments	200,039	-	200,039	-
Summary:				
Equity investments	68,280,540	367,738,911	-	73,159,538
Property investments	10,841,734	70,847,192	10,424,309	69,875,538
Interest investments	4,022,624	10,014,616	3,250,245	9,269,036
Other investments	200,039	-	200,039	-
	83,344,937	448,600,719	13,874,593	152,304,112

12. Current assets – Investments in controlled entities

	Principal activity	Ownership interest 2008 %	Ownership interest 2007 %	Carrying amount 2008 $	Carrying amount 2007 $
Directly controlled by Glebe Administration Board					
Glebe Equities Trust	Investment	62.84%	82.70%	42,455,243	240,645,716

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.

Directly controlled by Glebe Asset Management Limited					
Glebe Equities Trust	Investment	1.93%	0.87%	1,304,992	2,532,206

13. Non-current assets – Investments in controlled entities

	Principal activity	Ownership interest 2008 %	Ownership interest 2007 %	Parent entity carrying amount 2008 $	Parent entity carrying amount 2007 $
Directly controlled by Glebe Administration Board					
Glebe Australia Limited	Administration	100	100	1,700,000	1,700,000
Provision for impairment of investments				(1,700,000)	-
				-	1,700,000
Directly controlled by Glebe Australia Limited					
Glebe Asset Management Limited	Funds management	100	100	2,800,000	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
				3,300,003	5,500,003

An impairment charge of $1,700,000 has been recognised in the current financial year in respect of the parent entities investment in Glebe Australia Limited.

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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
50% Beneficial interest in				
St. Andrew's House Corporation (note 2c)	33,407,721	40,655,025	33,407,721	40,655,025
Movements in carrying amounts:				
Balance 1 January	40,655,025	37,919,668	40,655,025	37,919,668
Share of (loss)/distributable surplus for the year	(5,743,596)	4,925,316	-	-
Distributions received	(1,503,708)	(2,129,449)	-	-
Share of (decrease) in other reserves	-	(60,510)	-	-
Revaluation of beneficial interest in SAHC	-	-	(7,247,304)	2,735,357
Balance 31 December	33,407,721	40,655,025	33,407,721	40,655,025

The carrying amount is comprised of:				
Capital invested	4,714,615	4,714,615	4,714,615	4,714,615
Other reserves	-	586,981	-	586,981
Accumulated surplus	28,569,268	34,549,721	28,569,268	34,549,721
Unpaid distribution	123,838	803,708	123,838	803,708
	33,407,721	40,655,025	33,407,721	40,655,025

15. Current assets – Derivative financial instruments

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Interest rate swap contracts	-	586,200	-	586,200

16. Current liabilities - Payables

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Interest payable	824,589	2,278,839	824,589	2,278,839
Amounts owing on investments purchased	221,955	-	-	-
Accounts payable and accruals	400,077	708,995	218,370	204,274
	1,446,621	2,987,834	1,042,959	2,483,113

17. Current liabilities – Interest bearing liabilities

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Deposits – Glebe Income Accounts	151,497,955	150,805,651	151,503,096	150,828,435
Bank loan	14,000,000	-	14,000,000	-
	165,497,955	150,805,651	165,503,096	150,828,435

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.

The bank loans are unsecured and for a total of $14,000,000.

During the fourth quarter of 2008 the unanticipated falls in investment markets resulted in breaches of the group's bank covenants with Westpac Banking Corporation and Australia and New Zealand Banking Group. The banks have issued waivers of the breaches. Responding to this, the Board has sold investments and repaid the majority of bank loans. The remaining $14,000,000 of bank loans are scheduled for repayment in the first half of 2009. The finance facilities available to the Glebe Administration Board are:

- A multiple option facility with Westpac Banking Corporation for $70,000,000 of which $6,000,000 (2007: $70,000,000) had been drawn down at year end.
- A cash advance facility with Australia and New Zealand Banking Group Limited for a total of $8,000,000 of which $8,000,000 (2007: $70,000,000) had been drawn down at year end.
- Unsecured standby finance of $25,000,000 from the Westpac Banking Corporation to enable temporary shortfalls in liquidity to be adequately met.

The Board plans to maintain a $50,000,000 undrawn bank loan facility in future. 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.

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 $501,963 (2007: $1,759,984).

18. Non-current liabilities – Interest bearing liabilities

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Deposits – Glebe Income Accounts	2,988,038	4,681,107	2,988,038	4,681,107
Bank loan	-	140,000,000	-	140,000,000
	2,988,038	144,681,107	2,988,038	144,681,107

19. Provisions

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Provision for GAB distribution				
Balance 1 January	21,022,379	20,629,189	21,022,379	20,629,189
Provided during the period	280,690	29,920,844	280,690	29,920,844
	21,303,069	50,550,033	21,303,069	50,550,033
Paid during the period	(10,571,346)	(29,527,654)	(10,571,346)	(29,527,654)
Balance 31 December	10,731,723	21,022,379	10,731,723	21,022,379

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Provision for Glebe Equities Trust distributions to Minority Interests				
Balance 31 December	872,929	1,864,777	-	-
	11,604,652	22,887,156	10,731,723	21,022,379
Current	11,604,652	12,254,904	10,731,723	10,390,127
Non-current	-	10,632,252	-	10,632,252
	11,604,652	22,887,156	10,731,723	21,022,379

In previous years the distribution was calculated at 5.4% of the average net assets of the previous 3 years. The distributions for 2010 and beyond were anticipated to 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.

Due to the exceptional decline in net assets in 2008 the Glebe Administration Board will be recommending to the Standing Committee that the operation of this formula be altered for 2010 and thereafter.

As a result of the change in the Ordinance governing the distribution to Synod, the provision for 2008 has only been made for payment in the succeeding year. Under the previous Ordinance provision was made for two succeeding years.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
The composition of payments during the year were as follows:				
Synod	10,123,000	9,374,000	10,123,000	9,374,000
Mission Property Fund	-	20,000,000	-	20,000,000
Other	448,346	153,654	448,346	153,654
	10,571,346	29,527,654	10,571,346	29,527,654

20. Capital

(a) Capital	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Capital	33,645,407	33,624,888	33,645,407	33,624,888

(b) Movement in capital

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Balance 1 January	33,624,888	33,361,119	33,624,888	33,361,119
Transfer from accumulated surplus - Ordination Training Fund	-	250,000	-	250,000
Gifts received	20,519	13,769	20,519	13,769
Balance 31 December	33,645,407	33,624,888	33,645,407	33,624,888

21. Reserves

(a) Reserves

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Deferred maintenance reserve	-	586,981	-	-

(b) Movement in deferred maintenance reserve

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Balance 1 January	586,981	647,491	-	-
Share of (decrease) in SAHC's deferred maintenance reserve	(586,981)	(60,510)	-	-
Balance 31 December	-	586,981	-	-

(c) Nature and purpose of reserves

Deferred maintenance reserve

Prior year represents the Board's share of the deferred maintenance reserve of St Andrew's House Corporation to provide for the costs of structural works to St Andrew's House.

22. Accumulated surplus

(a) Accumulated surplus

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Accumulated surplus	71,268,706	230,990,607	71,156,621	230,973,675

(b) Movement in accumulated surplus

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Balance 1 January	230,990,607	238,401,393	230,973,675	238,144,184
(Deficit)/surplus after income tax	(160,028,192)	22,760,058	(159,536,364)	23,000,335
Share of SAHC's movement in deferred maintenance reserve (transfer to accumulated surplus)	586,981	-	-	-
Refund from Ordination Training Fund transferred to Capital	-	(250,000)	-	(250,000)
Provisions for distribution during the year	(280,690)	(29,920,844)	(280,690)	(29,920,844)
Balance 31 December	71,268,706	230,990,607	71,156,621	230,973,675

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 P R Berkley
Rt Rev R C Forsyth
Dr S E Judd
Mr R H Y Lambert
Mr N Lewis
Mr D McDonald AC (resigned 10/11/2008)
Mr P P Driscoll
Mr I C Miller
Mr W H Olson AM
Dr L A Scandrett
Mr P R Shirriff
Mr M Todd (appointed 11/11/2008)

Key management personnel include the following executives below with the greatest authority for the strategic direction and management of the entity.

Name	*Position*
Mr S G McKerihan	Chief Executive Officer
Mr M A Blaxland	Chief Financial Officer
Mr M J Cambridge (to 28 May 2008)	General Manager, Property Services
Mr D R Cannings	General Manager, Investment Services
Mr M A Payne (from 28 May 2008)	General Manager, Parish & Property Services

Administration services are provided by the Sydney Diocesan Secretariat (SDS). The compensation payable to key management personnel who are employees of SDS is set out below. These amounts are calculated by reference to the proportion of SDS fees charged to the entity to the total SDS fees to all its client funds.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Short- term benefits	793,000	815,000	679,000	692,000
Long-term benefits	18,000	19,000	15,000	16,000
Other benefits	106,000	159,000	91,000	135,000
	917,000	993,000	785,000	843,000

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 following related party transactions occurred during the year –

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

	Loan Balance 2008 $	Loan Balance 2007 $	Interest Paid 2008 $	Interest Paid 2007 $
Glebe Administration Board loan to:				
Glebe Investment Company Pty Limited	1,009,500	1,009,500	-	-
Glebe Mortgage Finance Limited	38,963,610	40,253,610	3,004,632	2,715,841
Glebe Australia Limited	4,389,562	4,389,562	-	-
	44,362,672	45,652,672	3,004,632	2,715,841
Glebe Australia Limited loan to:				
Glebe Investment Company Pty Limited	85,129	85,129	-	-

The unsecured loan to Glebe Mortgage Finance Limited from Glebe Administration Board as trustee for the Diocesan Endowment is interest only and due for repayment on 01/05/2015. The interest on this loan is based on the bank bill swap rate (mid rate 90 days) set at the beginning of each quarter and is payable monthly.

The unsecured loan to Glebe Investment Company from Glebe Administration Board as trustee for the Diocesan Endowment is interest free and repayable upon written notice. It is not expected to be repaid within twelve months.

The unsecured loan to Glebe Australia Limited from Glebe Administration Board as trustee for the Diocesan Endowment is interest free and repayable upon written notice. It is not expected to be repaid within twelve months.

(ii) Glebe Administration Board recovered a subsidy of $Nil (2007: $890,051) 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. The distributions received this year from St Andrew's House Corporation total $1,503,708 (2007: $2,129,449).

At 31 December 2008, an unsecured loan was provided from Glebe Administration Board for $23,889,421 (2007: $20,000,000). This represents a facility to assist in the 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 $1,886,302 (2007: $1,320,554). As at 31 December 2008 the loan had a limit of $24,000,000 (2007: $20,000,000). Interest is based on 90 day bank bill rate plus 1%.

Management fees of $530,495 (2007: $473,773) 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	
	2008	2007	2008	2007
	$	$	$	$
Transactions with the Glebe Administration Board:				
Glebe Australian Equities Fund (formerly Glebe Large-Cap Shares Fund)	-	1,000,000	-	243,883,659
Glebe Equities Trust	9,388,123	272,820,001	114,741,000	21,500,000
Glebe Large-Cap Shares Trust	-	-	-	4,309,067
	9,388,123	273,820,001	114,741,000	269,692,726
Transactions with Glebe Asset Management:				
Glebe Australian Equities Fund (formerly Glebe Large-Cap Shares Fund)	-	48,171	-	2,048,171
Glebe Equities Trust	129,258	2,359,590	300,000	-
	129,258	2,407,761	300,000	2,048,171

Other related party transactions

The following other related party transactions occurred during the year –

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

	Management Fee Paid	
	2008	2007
	$	$
Glebe Administration Board	6,453,459	5,620,359
Glebe Asset Management Limited	511,717	787,981
Glebe Mortgage Finance Limited	366,298	326,988

(ii) 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)	
	2008	2007	2008	2007
	$	$	$	$
Glebe Administration Board	501,963	1,759,984	5,845	2,168
Glebe Asset Management Limited	180,693	325,908	4,496	3,250
Glebe Investment Company Pty Limited	1,126	2,319	88	105
Glebe Mortgage Finance Limited	76,066	139,814	4,503	(221)
Glebe Australia Limited	10,527	22,770	307	106

(iii) An unsecured 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 2008 the loan had a limit of $8,850,000 (2007: $17,000,000) and was drawn to $8,843,402 (2007: $16,687,523). Interest charged for the year ended 31 December 2008 was $1,072,161 (2007: $1,193,970). The loan is expected to be repaid within the next twelve months. Interest is based on 90 day bank bill rate plus 1%.

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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
(Deficit)/surplus from continuing operations after income tax	(160,028,192)	22,760,058	(159,536,364)	23,000,335
Unrealised loss on investments	42,791,099	85,130,879	16,347,653	111,800,588
Realised loss/(gain) on sale of investments	146,172,234	(91,193,231)	147,644,597	(87,746,673)
Interest capitalised on Glebe Income Accounts	7,657,945	6,041,475	7,657,945	6,041,475
Amortisation of 'The Edge' project costs	1,326,726	34,934	1,326,726	34,934
Dividends reinvested	(10,995,045)	-	(10,995,045)	(29,663,731)
Interest reinvested	(132,377)	-	(119,131)	-
(Loss)/surplus attributable to minority interests	(17,326,333)	6,002,674	-	-
Movement in deferred maintenance reserve	-	(60,510)	-	-
Non-cash impairment charges	-	-	1,700,000	-
Provision for doubtful debt	-	550,000	-	550,000
Changes in assets and liabilities				
Decrease/(increase) in receivables	117,883	507,917	(2,060,962)	(3,719,614)
Decrease in other assets	586,200	34,963	586,200	34,963
(Decrease)/increase in payables	(1,763,168)	557,359	(1,440,154)	389,550
Net cash inflow from operating activities	8,406,972	30,366,518	1,111,465	20,721,827

25. Contingent liabilities and assets

The Board has agreed to provide ongoing financial support for the wholly owned entity 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

The audit fee for the year for the Glebe Administration Board is $125,653 (2007: $103,529), and Glebe Administration Board consolidated is $192,306 (2007: $191,870).

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**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Audit	192,306	191,870	125,653	103,529
Taxation	20,990	52,080	-	-
	213,296	243,950	125,653	103,529

27. Non-current assets - Other

	Consolidated		Parent Entity	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
The Edge Project costs	1,326,726	1,416,750	1,326,726	1,416,750
Amortisation	(1,326,726)	(34,934)	(1,326,726)	(34,934)
	-	1,381,816	-	1,381,816

During 2007 a new general ledger project was implemented to replace the previous system, which was no longer supported. In light of the current market conditions and the resultant reduction in net assets in 2008, the Board has written off previously capitalised project costs.

28. Commitments

As at 31 December 2008 Glebe Administration Board had entered into a contract with Stafford Timberland Limited to invest in the Stafford International Timberland V Fund. The contract commits Glebe Administration Board to invest not less than Euro 1,006,000 within five years. As at 31 December 2008 Euro 905,400 ($1,803,195) was outstanding. The management are currently seeking to significantly reduce the investments in this area.

29. Events occurring after reporting date

The members of Glebe Administration Board are not aware of any events occurring after reporting date that impact on the financial statements as at 31 December 2008.

This financial report was authorised for issue on 25 March 2009 by the Board.

Members' Declaration

In the members opinion –

(a) the financial statements and notes set out on pages 544 to 608 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 2008 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.

P Shirriff
L A Scandrett
Members 25 March 2009