ST ANDREW'S HOUSE TRUST

ABN 81 498 954 541

MANAGER: ST ANDREW'S HOUSE CORPORATION

TRUSTEE: ST ANDREW'S HOUSE CORPORATION

Annual financial report – 31 December 2021

ST ANDREW'S HOUSE TRUST

Asset Report
31 December 2021

Description of Building

St Andrew's House ("SAH") is a mixed-use property that comprises 9 levels of commercial accommodation, 77% of which is leased to the St Andrew's Cathedral School ("SACS"), rooftop playground, plant rooms and a 5 level basement car park. The property also incorporates a lower ground floor retail arcade known as "Town Hall Square" providing 37 shops, which is partly held by way of a ground lease with the Council of the City of Sydney. It is classified as a 'B' grade asset within the Property Council of Australia's (PCA's) definitions.

SAH is located within the midtown precinct of the Sydney CBD and adjoins the Sydney Town Hall, Sydney Square and St Andrew's Cathedral. The total net lettable area of the tower and retail arcade is approximately 23,450 square metres.

Colliers International provide property management services in respect of SAH, including building, engineering, financial and lease administration services.

Property Market Commentary*

Economic Overview – Q4 2021

Domestic Economy Displays Resilience midst Global Uncertainty

The evolving coronavirus outbreak poses significant downside risks for the global economy. The spread of the virus globally has weighed heavily on economic activity although the severity and duration of the impacts has been varied from industry to industry and the longevity of these effects remains uncertain.

Sydney Office Market Overview – H2 2021

The Key Insights

- As the pace of vaccinations increase and the national path out of lockdowns becomes clearer, there will be greater confidence that the growth momentum seen earlier this year will return.
- The strong gains seen early 2021 in the economy quickly translated into rebound in office leasing activity, with leasing volumes YTD (August) 125% above same time in 2020.
- Prime incentives average 32%. Face rents are holding but with incentives up, net effective rents have declined by 10% y-y in both prime and secondary markets.
- The supply deficit experienced over the last few years has come to an end with office completions now at its highest level since the completion of International Towers.
- $2.3 billion in transactions has been recorded over the year to August 2021, already above volumes at the same time last year.

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Macroeconomic Trends - Rebound on hold but green shoots remain

The economy's position of strength going into this lockdown will aid recovery

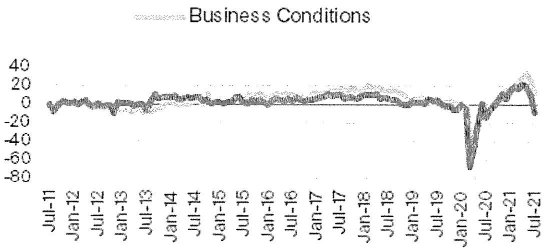
Prior to the current virus outbreaks, the Australian economy had achieved considerable recovery across a number of data points, including a strong rebound in consumer spending and a stronger than anticipated economic growth rate. Both housing and business investment had also increased, reflecting further signs of confidence in the economy, and the rise in employment and hours worked had exceeded expectations.

There is a view amongst commentators that whilst the current outbreaks are challenging and will lead to a contraction in both confidence levels and GDP in the short-term, the momentum gained in the first half the year has put Australia in a position of strength, which will aid in the next stage of the economic recovery.

In NAB's recent business survey it showed that although the strength in the business sector seen in early-to-mid 2021 had now faded due to disruptions in the economy, it has not yet deteriorated to the lows seen in early 2020. The survey highlighted that the experience has been that once restrictions are eased, activity bounces back, and even shows some degree of pent-up demand. The RBA has also recently said the experience to date has been that once virus outbreaks are contained the economy bounces back quickly.

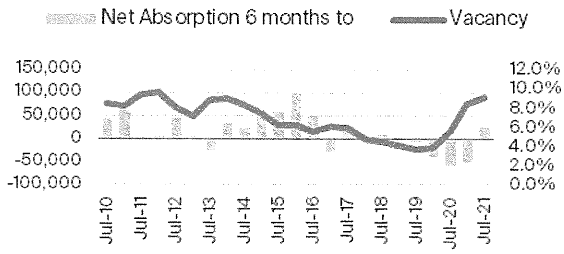
As the pace of vaccinations continues to increase and the national path out of lockdowns becomes clearer, there will be greater confidence that the growth momentum seen earlier this year will return.

Business Confidence and Conditions
Net balance of positive and negative responses



Source: Knight Frank Research, Macrobond

Sydney CBD Vacancy / Net Absorption
sqm, %



Source: Knight Frank Research, PCA

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Underlying strength and resilience in Sydney office market holds it in good stead for recovery

The strong gains seen early to mid-2021 in the economy, quickly translated into a rebound in office leasing activity in Sydney. The pickup in jobs growth in particular provided the strongest signal that the economy had made significant headway from the downturn in conditions last year, with the uptick in leasing activity YTD (August) showing deal volumes eclipsing 200,000 sqm or 125% above the volumes reported at same time in 2020.

Reflecting the improvement in demand levels during the first half of the year is the 27,269 sqm of positive net absorption that was recorded in H1 2021. While the announcement that Atlassian had agreed to take 75,000 sqm with Dexus at Central Place bolsters leasing volumes, when this deal is excluded, overall leasing volumes are still 40% above the 2020 level, further supporting the view that that has been a significant improvement in leasing demand for 2021, relative to the downturn in activity due to the pandemic in 2020.

Despite the challenges from lockdowns, there are still active mandates from tenants needing to make decisions on office space, whether it is upsizing or downsizing requirements or operating a hybrid workplace model. A protracted lockdown will halt inspections and delay activity in the short-term. However, as vaccinations rates improve and restrictions start to ease, green shoots will emerge. That sense of positivity and desire to get back into the workplace, along with pent-up demand from tenants who were on short-term hold over deals during the lockdowns, will kick-start deal activity as it did earlier in the year, generating optimism in the long-term recovery of Sydney's office market.

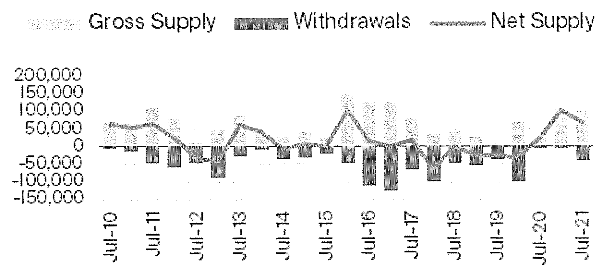
Completions near 5 year high

Following a year of record levels of office refurbishments in 2020, the market continues to welcome new and refurbished stock. The supply deficit experienced over the last few years has come to an end with office completions now at its highest level since the completion of International Towers.

In the six months to July 2021, office completions totalled 104,721 sqm, taking the total office stock base to 5,149,548 sqm. New supply was led by the practical completion of Brookfield Place (60,821 sqm), which has achieved near full occupancy. Additionally, the only other new completion stemmed from 185 Clarence street (7,460 sqm) developed by Built Constructions.

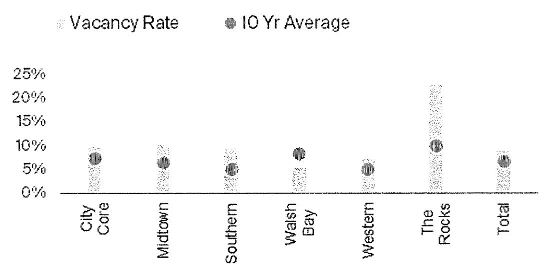
In terms of refurbished stock, two major refurbs to be completed over the period include 44 Martin Place (9,059 sqm) and 4 Bligh Street (9,964 sqm). A further 50,000 sqm of refurbished stock will likely come to market over the next 12 months, including 570 George Street (18,100 sqm) and 255 George Street (19,000 sqm), although these are yet to see any notable commitments.

Supply and withdrawals
sqm



Source: Knight Frank Research, PCA

Vacancy
By precinct, %



Source: Knight Frank Research, PCA

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New development under construction is substantially pre-let

The pipeline of new development stock currently under construction totals over 180,000 sqm, with a commitment rate over 60% across all schemes including CQT (55,000 sqm) and QQT (88,274 sqm) and 210 George Street (16,500 sqm). These schemes will reach practical completion by the end of 2022 and will be less impacted by the limited demand given pre-commitments achieved prior to Covid-19 disruption.

Whilst there are strong pre-commitment levels on the new developments, backfill space looms from occupiers vacating existing space to move into new stock. Significant backfill space will arise from Deloitte vacating Grosvenor Place (27,800 sqm) moving into QQT and NAB, now vacated from 255 George Street (23,000 sqm) to Brookfield Place.

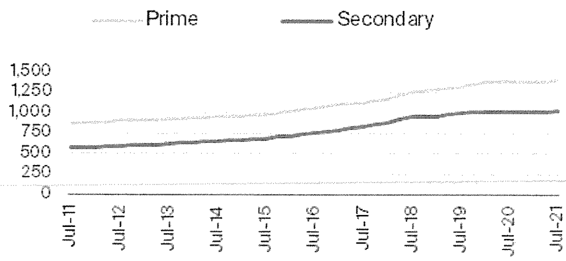
Dexus has recently confirmed its commitment to developing Atlassian's headquarters in the Western Gateway sub-precinct. Atlassian committed to a 15 year occupancy across the whole tower of 75,000 sqm, with delivery expected in 2026. This is a significant step in the rejuvenation of the Central precinct. The entire precinct is earmarked for 250,000 sqm of commercial space aimed towards start-ups, scale ups and innovation ecosystem partners. This milestone will likely see the much needed organic expansion of the CBD to its Southern boundaries and have a profound impact on future demand for the Southern CBD.

Rents to remain steady in the near term

Rental growth has halted since the onset of the pandemic and with the current delta outbreak across the country it has reaffirmed minimal movement in face rents. On a 12 month basis (to July 2021), average prime net face rents have remained unchanged at $1,189/sqm ($1,404/sqm gross face). Similarly, in the secondary market rents are unchanged in the 12 months to July 2021 at $861/sqm ($1,025/sqm gross face).

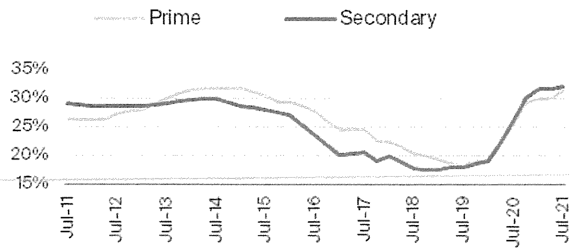
The current rental discount between prime and secondary rents is 28%, widening from 25% over the last few years, Demand has been weighted towards more prime quality office space through the 'flight to quality' adage, with a particular focus on amenity, safety and wellbeing, as occupiers look to remodel their workplace environment. As a result, this could see the rental gap widen as secondary stock may struggle to fulfil these occupier demands.

Gross Face Rents
By grade $/sqm



Source: Knight Frank Research

Incentives
By Grade



Source: Knight Frank Research

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Incentives remain above average

Landlords continue to offer above average incentives in order to retain and attract tenants. Prime incentive now average over 32% as at July 2021, with market evidence of some lease deals being signed at 40%.

The rise in incentives has resulted in net effective rents dropping to $746/sqm, down 10.6% in the 12 months to July 2021. Secondary incentives average 32.2% which has resulted in net effective rents decline 10% to average $531/sqm.

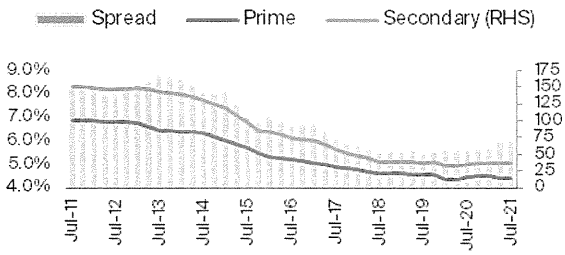
As sentiment and demand look likely to improve on the back of the vaccination roll-out, incentives will likely peak at year end and then begin to pull back slowly. Sublease vacancy and backfill space will still place pressure on effective rents in the near term and will still see landlords offer additional inducements to prospective tenants such as early access and contribution to fit-outs.

Investors start to break through the Covid led inertia

While the initial shock in economic activity in 2020 saw investment volumes fall to their lowest level in eight years, signs of a resurgence to activity levels began in December and extended through the first quarter of 2021.

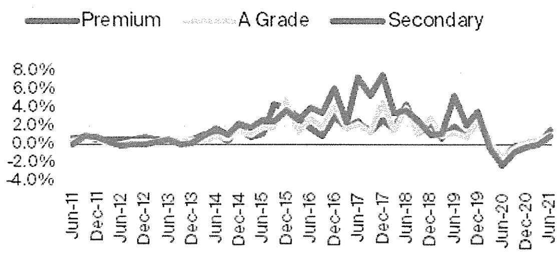
$1.3 billion in transactions was recorded in Q1, more than double its five year average of $650 million. $2.3 billion in transactions has been recorded over the year to August 2021. This is already above the c.$900 million in transactions recorded to the same time last year, further supporting the view that despite the short-term volatility in property fundamentals, investors are optimistic about prospects in Sydney office market beyond the pandemic.

Yield Spread
Prime vs Secondary



Source: Knight Frank Research

Sydney CBD Growth in Capital Values
By quarter, % growth on capital return indices by grade



Source: Knight Frank Research, MSCI

Uptick suggest investors are optimistic about prospects beyond the pandemic

The uptick in activity reveals two key drivers. The first is the earlier than expected recovery in the economy and the handling of the virus prior to the current strict lockdown measures currently underway in Sydney. While the landscape has introduced a level of uncertainty that did not exist before March 2020, the rebound boosted confidence levels to the point where investors were starting to break through the Covid-led inertia to gain momentum not seen for 12 months. Sellers, in particular, showed increased confidence that they would achieve strong pricing and were more prepared to go to market in the first half of 2021, relative to 2020.

The second driver is the investor response above the pre-pandemic average, which signifies that there is a large amount of pent-up capital waiting to be deployed following the uncertainty of 2020. Given greater confidence and prospect of economic recovery next year, this will underpin a busy period with more assets coming to market.

Asset Report
31 December 2021

Offshore investors step up their exposure as capital partnerships rise

Despite ongoing travel restrictions, offshore groups continue to show strong interest, with the share of deal volumes growing from a historical average of about 50% to 62% in 2021.

While the pandemic has led to a shortfall in overall investment volumes relative to previous years, the appetite for core assets remains strong with offshore groups increasingly favouring domestic partners to bypass the difficulties travel restrictions currently have on investment in the short-term.

In a recent example of offshore investor demand, Mirvac utilised its pre-emptive rights to acquire a further 50% stake in 200 George Street from AMP Capital for $578.5 million on a core market yield of 4.4%, reportedly securing capital partner M&G Real Estate from the UK to co-own the building. The deal follows Singapore's Mercatus Co-Operative JV with Dexus to acquire a 33.3% interest in 1 Bligh Street for $375 million. Similarly, in December, Investa partnered with Canadian group Manulife to purchase 39 Martin Place for $800 million.

Prime yields stable after sustained period of compression

Office yields have not seen much movement since the onset of the pandemic, only edging out 10 bps during 2020, after a two year period of sustained compression. In spite of uncertain occupier markets, yields have now recovered that lost ground in 2021.

Average prime yields are 4.40% as at July 2021, reflecting a 10bps compression on January 2021, but is unchanged y-y. Yields are expected to remain unchanged in the short-term before gradually tightening in 2022 as the occupier market begins to recover, although pricing for specific assets will vary significantly depending asset quality and length of income.

**Source:Knight Frank Valuation report for SAH – 31 December 2021*

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Valuation

Knight Frank's approach to the valuation is the same as previous years which is to provide a notional assessment of the value for each of the Tower/Car Park and the Arcade as at 31 December 2021, applying capitalisation rates to the assessed net income of each component. The notional amounts adopted as at 31 December 2021 and the comparison values as at 31 December 2020 were as follows –

St Andrew's House	*As at 31 December 2021*	*As at 31 December 2020*
Tower and Car Park	$ 176.5 million	$ 172.0 million
Arcade	$ 36.0 million	$ 41.5 million
Total	**$ 212.5 million**	**$ 213.5 million**

Accordingly, the total value of SAH has decreased by $1.0 million. In brief, the movement in the value of SAH from 2020 can be attributed as follows –

(a) Slightly lower adopted net market income combined with a slightly lower capitalisation rate (office down 0.25% to 5.50% with retail increasing 0.25% to 5.75%).

(b) No material change in building outgoings.

Office Tower

The valuer's assessment of Net Market Income for the year was approximately 6.17% lower than 2020 property income which was primarily due to rental rebates given to some tenants because of the effects of the Covid-19 pandemic.

The office tower was 100% leased as at 31 December 2021.

During the year a number of capital works were undertaken, including planned life cycle equipment replacements and installation and commencement of the Arcade refresh works.

Wilson Parking operate the car park under a 5 year lease that expired on 14 December 2021.

Leasing negotiations continue with the car park operator, Wilson Parking, for a new short term lease for 12 months. Due to the recent COVID lockdowns car park usage has reduced significantly, with a flow on effect to the rent achievable on the car park.

Town Hall Arcade

The Arcade continues to require very intensive management and much of Colliers time is devoted to this task.

As at 31 December 2021 there were seven vacancies in the arcade being Shops 2,4,7,8,14,, 25 & 32. Short term "pop-up" operators have been secured from time to time.

The valuer's assessment of the Net Market Income of the Arcade was approximately 10.89% lower than 2020. This is a direct result of the effect of the Covid-19 pandemic.

Pedestrian traffic counts in the arcade have continued a decline in 2021. The moving annual traffic count as at 31 December 2021 was 3,926,431 which is a decline of 70.40% over the 2019 number. This decline can be attributed to the Government restrictions imposed in response to the Covid-19 pandemic. Month on month numbers are showing a decline of 55-68% in pedestrian traffic numbers.

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Property Financial Performance

The financial results from the operations of SAH (before interest, income distributions and the annual revaluation adjustment) is provided below –

St Andrew's House $'000	Rental Income 2021	Operating Expenses 2021	Net Income 2021	Net Income 2020	Net Income 2019
Arcade	$ 1,917	($ 1,920)	$ (3)	$ 219	$ 2,944
Tower and Car Park	$ 9,203	($ 1,746)	$ 7,457	$ 6,708	$ 7,272
TOTAL	$ 11,120	($ 3,666)	$ 7,454	$ 6,927	**$ 10,216**

ST ANDREW'S HOUSE TRUST

Statement of comprehensive income
For the year ended 31 December 2021

	Notes	2021 $	2020 $
Revenue			
Rental and other property income		11,120,954	11,627,573
Interest		41,237	148,660
Other income	4	95,218	532,469
Total revenue		11,257,409	12,308,702
Expenses			
Interest & finance charges		74,387	137,823
Professional fees		82,143	26,708
SDS Management fee		168,000	158,892
Property expenses		3,918,965	4,859,725
Audit fees		56,981	52,372
Insurance expenses		72,715	66,939
Fair value adjustment to investment property	10(a)	105,600	2,243,945
Total expenses		4,478,791	7,546,404
Surplus for the year	5	**6,778,618**	**4,762,298**
Total comprehensive income for the year		**6,778,618**	**4,762,298**

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

ST ANDREW'S HOUSE TRUST

Statement of financial position
As at 31 December 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	6	5,000	4,790
Short-term investments	7	7,715,303	4,953,862
Term deposits	8	4,592,500	7,342,500
Receivable and other assets	9	1,584,051	1,640,371
Total current assets		13,896,854	13,941,523
Non-current assets			
Investment property	10(a)	212,500,000	213,500,000
Deferred expenses - Leasing fees	11	151,083	227,743
Total non-current assets		212,651,083	213,727,743
Total assets		226,547,937	227,669,266
LIABILITIES			
Current liabilities			
Payables		908,194	1,344,213
Loans	13	2,500,000	2,500,000
Deferred income	14	708,475	537,403
Total current liabilities		4,116,669	4,381,616
Non-current liabilities			
Loans	13	25,000	2,525,000
Total non-current liabilities		25,000	2,525,000
Total liabilities		4,141,669	6,906,616
Net assets		**222,406,268**	**220,762,650**
EQUITY			
Capital	15	9,429,229	9,429,229
Reserves	17	7,342,500	7,342,500
Accumulated surplus		205,634,539	203,990,921
Total equity		**222,406,268**	**220,762,650**

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

ST ANDREW'S HOUSE TRUST

Statement of changes in equity
For the year ended 31 December 2021

	Notes	Capital	Reserves	Accumulated surplus	Total
		$	$	$	$
Balance at 1 January 2020		**9,429,229**	**8,827,500**	**203,309,623**	**221,566,352**
Surplus for the year		-	-	4,762,298	4,762,298
Transfer to future non-sinking fund capital works reserve	17	-	(1,485,000)	1,485,000	-
Total comprehensive income for the year		-	(1,485,000)	6,247,298	4,762,298
Distributions provided for or paid	12	-	-	(5,566,000)	(5,566,000)
				(5,566,000)	(5,566,000)
Balance at 31 December 2020		**9,429,229**	**7,342,500**	**203,990,921**	**220,762,650**
Surplus for the year		-	-	6,778,618	6,778,618
Total comprehensive income for the year		-	-	6,778,618	6,778,618
Distributions provided for or paid	12	-	-	(5,135,000)	(5,135,000)
		-	-	(5,135,000)	(5,135,000)
Balance at 31 December 2021		**9,429,229**	**7,342,500**	**205,634,539**	**222,406,268**

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

Statement of cash flows
For the year ended 31 December 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Rental and other property income received		12,578,344	12,321,117
Interest received		117,279	232,247
Borrowing costs paid		(74,387)	(137,824)
Payments in respect of the operations		(4,377,849)	(3,901,353)
Net cash inflow from operating activities	20	**8,243,387**	**8,514,187**
Cash flows from investing activities			
Net decrease in term deposits	8	2,750,000	160,000
Decrease/(increase) in short-term investments	7	(2,761,441)	276,736
Payment for investment property	10(a)	(596,736)	(1,510,133)
Net cash (outflow) from investing activities		**(608,177)**	**(1,073,397)**
Cash flows from financing activities			
Distributions to other Anglican organisations	12	(5,135,000)	(5,566,000)
Repayment of borrowings	13	(2,500,000)	(1,875,000)
Net cash (outflow) from financing activities		**(7,635,000)**	**(7,441,000)**
Net increase/(decrease) in cash and cash equivalents		210	(210)
Cash and cash equivalents at the beginning of the financial year		4,790	5,000
Cash and cash equivalents at the end of the year	6	**5,000**	**4,790**

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

1. General information

This financial report records the financial result and state of affairs of the operation of the St Andrew's House Trust (the Trust). The St Andrew's House Corporation ("SAHC") was constituted by the *St Andrew's House Corporation Ordinance 2018* for the purpose of governing and controlling the management and use of the land described in the ordinance. The land on which the building known as St Andrew's House is constructed is held by the SAHC on the trust described in the *St Andrew's House Trust Ordinance 2015* (the "Ordinance"). Under the terms of the Ordinance:

- the trusts on which St Andrew's House is held were re-declared, and
- SAHC became the Trustee, and
- provision was made for the application of the income in 2015 and subsequent years.

2. Summary of significant accounting policies

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

The accounting policies that have been used for the preparation of the financial statements are set out below.

(a) **Basis of preparation**

In the opinion of the members of SAHC as Trustee of the Trust, the Trust is not a reporting entity because there are no users who are dependent on a general purpose financial report. These are special purpose financial statements that have been prepared for the purpose of complying with the *St Andrew's House Trust Ordinance 2015* and the *Accounts, Audits and Annual Statements Ordinance 1995* requirements to prepare and distribute financial statements to the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and to the members of SAHC and must not be used for any other purpose.

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

The Trust is a not-for-profit entity for the purpose of preparing financial statements.

Critical accounting estimates

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

The material area of the financial statements where assumptions or estimates are used include the valuation of the investment property (refer to note 10(a).

2. Summary of significant accounting policies (cont.)

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes paid, net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Lease income

Rental revenue from investment properties is recognised on a straight-line basis over the lease term, net of any incentives. The Trust also provides services to the lessees which primarily consist of general building management and operations in accordance with their lease agreements. Service income, representing the recovery of associated costs from the lessee, is recognised over time when the services are provided.

Rent concessions that have been provided to lessees during the Covid-19 period have been recognised directly as a reduction of lease income based on the actual amount of the concessions provided each month to lessees. No straight-lining of revenue over the remaining lease term has been determined in respect of the rent concessions provided during the year.

Interest income

Interest income is recognised on an effective interest basis.

(c) Income tax

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

(d) Leases as lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Lease incentives may be provided to lessees to enter into an operating lease. These incentives may be in the form of cash, rent free periods, lessee or lessor owned fit-outs. They are amortised over the term of the lease as a reduction of rental income. The carrying amount of the lease incentives is reflected in the fair value of the investment properties. Leasing fees are capitalised and amortised over the term of the lease.

(e) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

(f) Cash and cash equivalents

For cash flow statement 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.

2. Summary of significant accounting policies (cont.)

(g) Short-term investments

The Trust has classified financial assets based on the Trust's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Short-term investments represent financial assets at amortised cost. The Trust's investments in the Diocesan Cash Investment Fund (DCIF) are financial assets. The purpose of these investments is to collect contractual cash flows that are solely payments of principal and interest. They are measured at amortised cost.

At initial recognition, the Trust measures these financial assets at their fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

"Regular way" purchases and sales of financial assets are recognised on trade date, being the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses).

The Trust reclassifies financial assets when and only when its business model for managing those assets changes.

(h) Receivables

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Trust holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Impairment

For trade receivables, the Trust applies the simplified approach permitted by AASB 9, which requires lifetime expected losses to be recognised from initial recognition of the receivables.

(i) Investment property

Investment property, comprising an office complex, carpark and a retail arcade, is held for long-term rental yields. Investment property is carried at fair value, representing open-market value determined annually by external valuer. Changes in fair values are recorded in profit or loss.

The fair value of the investment properties includes the value of the ground lease the Trust has in place which includes both the value of lease payments made by the Trust and the rental income derived from the lease of the ground lease to tenants.

2. Summary of significant accounting policies (cont.)

(j) Payables

Payables include rent received in advance for the following period.

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

(k) Borrowings and borrowing costs

Borrowings are initially recognised at fair value. Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

(l) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(m) Employee benefits

The Trust does not have any employees. Employment services are provided by Sydney Diocesan Services ("SDS") and recovered by way of a management charge.

(n) Investment properties expenses and outgoings

Investment properties expenses relate to those costs that are required to be incurred to allow for the occupation and maintenance of investment properties in order to continue to earn rental revenue. Expenses include statutory levies, insurance and other property outgoings and are recognised on an accruals basis.

(o) Goods and Service Tax (GST)

The Trust is a member of the SDS GST group.

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred 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.

The GST components of cash flows arising from operating, investing or financing activities, which are recoverable from, or payable to, the ATO are presented as operating cash flow.

2. Summary of significant accounting policies (cont.)

(p) Sinking fund

On 16 February 2001 the Glebe Administration Board, in its then capacity as owner and manager of SAHC (lessor), entered into a lease agreement with St Andrew's Cathedral School (the lessee). Under the agreement the school leased levels 6-8, the roof and the school's Kent Street entrance for a period of 120 years. Part of the lease agreement required the establishment of a fund (sinking fund) to provide for structural works. The school currently contributes 34.36% and the lessor 65.64% of the required amounts.

The Trust's share of the sinking fund is set aside as restricted cash and/or short-term investments. The St Andrew's Cathedral School's share of the sinking fund which is not spent at year end is classified as a deferred income in the balance sheet. The deferred income will be released to the income statement as and when the capital expenditure relating to the maintenance of the building is occurring.

(q) Reserves

Reserves are set aside under the terms provided for in the *St Andrew's House Trust Ordinance 2015.*

Clause 5(b) of the ordinance provides for amounts to be reserved for replacement or refurbishment of the SAH tower, shopping arcade and car park.

Clause 5(b) of the ordinance provide for amounts to be reserved for other purposes that SAHC may determine including amounts set aside for distributions in future years.

3. Financial risk management

The Trust's activities expose it to a variety of financial risks; market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Trust 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.

Prime responsibility for oversight of financial risk management is with the members of SAHC.

The Trust holds the following financial instruments:

	2021 $	2020 $
Financial assets		
Current account with Sydney Diocesan Services	5,000	4,790
Short-term investments	7,715,303	4,953,862
Term Deposits	4,592,500	7,342,500
Trade receivables and interest receivable	1,554,898	1,615,837
	13,867,702	13,916,989
Financial liabilities		
Payables	908,194	1,344,213
Interest bearing liabilities- loans	2,525,000	5,025,000
	3,433,194	6,369,213

(i) Foreign exchange risk

The Trust does not operate internationally and is not exposed to foreign exchange risk.

(ii) Price risk

As at 31 December 2021, the Trust did not hold investments in assets classified on the balance sheet at fair value through profit or loss. The Trust is indirectly exposed to equity securities price risk through the investments in the Diocesan Cash Investment Fund. The Corporation is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Trust's main interest rate risk arises from its long-term borrowing. Borrowings, issued at variable rates, expose the Trust to cash flow interest rate risk. The Trust also holds cash and cash equivalent deposits which expose the Trust to interest rate risk from impacts on interest income.

(iv) Interest rate sensitivity

At 31 December 2021, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, the surplus for the year would have been $97,878 lower/ higher (2020: change of 100bps: $72,762 lower/ higher), mainly as a result of higher/lower interest expense on interest bearing liabilities.

3. Financial risk management (cont.)

The following table summarises the sensitivity of the Trust's financial assets and financial liabilities to interest rate risk.

31 December 2021	Carrying amount	Interest rate risk -1.00% Surplus	Equity	1.00% Surplus	Equity
	$	$	$	$	$
Financial assets and liabilities					
Cash and cash equivalent deposits and term deposits	4,597,500	(45,975)	(45,975)	45,975	45,975
Short-term investments	7,715,303	(77,153)	(77,153)	77,153	77,153
Interest bearing liabilities	2,525,000	25,250	25,250	(25,250)	(25,250)
Total increase/ (decrease)		(97,878)	(97,878)	97,878	97,878

31 December 2020	Carrying amount	Interest rate risk -1.00% Surplus	Equity	1.00% Surplus	Equity
	$	$	$	$	$
Financial assets and liabilities					
Cash and cash equivalent deposits and term deposits	7,347,290	(73,473)	(73,473)	73,473	73,473
Short-term investments	4,953,862	(49,539)	(49,539)	49,539	49,539
Interest bearing liabilities	5,025,000	50,250	50,250	(50,250)	(50,250)
Total increase/ (decrease)		(72,762)	(72,762)	72,762	72,762

(b) **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with financial institutions, short-term investments as well as credit exposures to outstanding receivables. 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.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets held. Financial assets held are not rated.

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Trust manages liquidity risk by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

3. Financial risk management (cont.)

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

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cashflows
At 31 December 2021					
Payables	908,194	-	-	-	908,194
Interest bearing liabilities- loans principal	2,500,000	25,000	-	-	2,525,000
Interest bearing liabilities- loans interest	28,893	114	-	-	29,007
	3,437,087	25,114	-	-	3,462,201

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cashflows
At 31 December 2020					
Payables	1,344,213	-	-	-	1,344,213
Interest bearing liabilities- loans principal	2,500,000	2,500,000	25,000	-	5,025,000
Interest bearing liabilities- loans interest	77,254	30,004	118	-	107,376
	3,921,467	2,530,004	25,118	-	6,476,589

(d) **Fair value estimation**

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

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

4. Other income

	Notes	2021 $	2020 $
Portion of sinking fund capital expenditure referable to St Andrew's Cathedral School (SACS) (34.36%)	14	95,504	145,827
Less: Portion of sinking fund investment income referable to St Andrew's Cathedral School (34.36%)	14	(286)	(1,361)
Contribution pursuant to retail arcade ground lease		-	385,503
Other Income		-	2,500
		95,218	532,469

5. Operating surplus

	Notes	2021 $	2020 $
The surplus from ordinary activities has been determined as follows:			
Net income contribution from:			
Commercial offices		5,784,102	5,241,178
Car Park		1,673,796	1,466,702
Arcade		(2,956)	219,219
Sydney Square		(196,632)	(212,228)
Sinking Fund		95,504	145,827
		7,353,814	6,860,698
Interest earned		41,237	148,659
Other income		-	388,003
Interest paid		(74,387)	(137,824)
SDS Management fee		(168,000)	(158,892)
Other expenses		(268,160)	(93,040)
Portion of investment income referable to St Andrew's Cathedral School		(286)	(1,361)
Movement in investment property	10(a)	(105,600)	(2,243,945)
Surplus for the year		6,778,618	4,762,298

The amount recognised in profit or loss as a reduction of revenue for the reporting period to reflect changes in lease payments that arose from rent concessions due to COVID-19 provided to lessees amounted to $2,542,562 (2020: $2,631,224) (refer note 2 (b)). All rent concessions provided to lessees were by way of abatement of rent. There were no rent concessions provided by way of deferral of rent.

6. Current assets - Cash and cash equivalents

	2021 $	2020 $
Current account with Sydney Diocesan Services	5,000	4,790
	5,000	4,790

(a) Current account with Sydney Diocesan Services

The current account is at call and bears no interest. (2020 – 0.0%). This deposit is at call.

(b) Restricted cash

Cash includes a restricted cash amount of $0 (2020 - $0), which represents the sinking fund pursuant to a lease agreement St Andrew's Cathedral School. (Refer to note 16).

7. Current assets – Short-term investments

	2021 $	2020 $
Diocesan Cash Investment Fund	7,715,303	4,953,862
	7,715,303	4,953,862

Short-term investments include financial assets at amortised cost and include unsecured advances/investments with the DCIF. The deposits with the DCIF are separate from those made by any other lender and makes the Trust an unsecured creditor of the DCIF. Investments are repayable on request by the Trust in accordance with the conditions set out in the Loan Agreement between the Trust and the DCIF.

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

Restricted short-term investments

Short-term investments includes a restricted amount of $2,065,865 (2020 - $1,520,698), which represents the sinking fund pursuant to a lease agreement St Andrew's Cathedral School. (Refer note 16).

8. Term deposits

	2021 $	2020 $
National Australia Bank Limited - initial term 12 months	-	2,750,000
National Australia Bank Limited - initial term 12 months	2,620,000	2,620,000
National Australia Bank Limited - initial term 12 months	1,972,500	1,972,500
	4,592,500	7,342,500

At 31 December 2021 the two twelve-month term deposits, all with maturity date 26th February 2022, were earning fixed interest rates of 0.41% pa.

9. Current assets – Receivables and other assets

	2021 $	2020 $
Trade receivables	2,915,948	1,085,555
Less: Loss allowance - Notes (a)	(1,378,248)	-
	1,537,700	1,085,555
Accrued interest	17,198	93,240
Other debtors	-	51,540
Accrued income	-	385,503
Prepayments	29,153	24,533
	1,584,051	1,640,371

(a) Loss allowance

The loss allowance consists of a provision for doubtful debts and Covid-19 rent relief amounting to $18,643 and $1,359,605 respectively (2020: Nil)

10. Non-current assets – Investment property

(a) Fair value

	Notes	2021 $	2020 $
Fair value at 1 January		213,500,000	215,500,000
Additions - refurbishments		596,736	1,510,134
Movements in lease incentives/straightlined rental	10(b)	(1,491,136)	(1,266,189)
Net gain/(loss) from fair value adjustment		(105,600)	(2,243,945)
Fair value at 31 December		212,500,000	213,500,000

Valuation basis

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

An independent valuation of the Tower, the SAH Car Park and Town Hall Square Arcade has been undertaken by Knight Frank Australia Pty Ltd as at 31 December 2021. For valuation purposes, SAH is considered to be a single asset and its separate parts not independently realisable. The values provided for the Tower, Car Park and Town Hall Square Arcade are notional assessments of the value of the separate parts of the building. To assess the market value of the Tower and Car Park and the market value of the Town Hall Square Arcade components of the subject property, the valuer has utilised both a capitalisation approach and a discounted cash flow approach.

The capitalisation and discount rates adopted by the valuer are as follows:

Adopted capitalisation rates	2021 %	2020 %
Tower and Car Park	5.50	5.75
Town Hall Square Arcade	5.75	5.50

Adopted discount rates	2021 %	2020 %
Tower and Car Park	6.25	6.50
Town Hall Square Arcade	6.50	6.75

The valuation is as follows –

	2021 $	2020 $
Tower and Car Park	176,500,000	172,000,000
Town Hall Square Arcade	36,000,000	41,500,000
	212,500,000	213,500,000

The fair value of the investment properties at 31 December 2021 includes the value of the ground lease (which includes both the value of lease payments and the rental income derived from the lease of the ground lease to tenants), the amortised cost of lease incentives, and the impact of straight-lining rental income in accordance with the accounting policies of the Trust. Refer to note 10(b) for details of lease incentives and related amortisation and straight-lined rentals.

10. Non-current assets – Investment property (cont.)

(b) **Lease incentives and straight-lined rentals**

	2021 $	2020 $
ST ANDREWS CATHEDRAL SCHOOL LEVELS 3 & 4		
Lease rent incentive	5,062,874	4,661,752
Less: amortisation	(5,012,092)	(4,489,090)
	50,782	172,662
Lease fitout incentive	2,241,432	2,241,432
Less: amortisation	(2,148,039)	(1,923,895)
	93,393	317,537
Straightlined lease rental	213,798	674,669
Total St Andrews Cathedral School Levels 3 & 4	**357,973**	**1,164,868**
ST ANDREWS CATHEDRAL SCHOOL LEVEL 5		
Cash lease incentive	250,000	250,000
Less: amortisation	(250,000)	(225,000)
	-	25,000
Straightlined lease rental	-	242,303
Total ST ANDREWS CATHEDRAL SCHOOL Level 5	**-**	**267,303**
ST ANDREWS CATHEDRAL SCHOOL GROUND FLOOR		
Cash lease incentive (Library)	1,060,828	1,060,828
Less: amortisation	(742,580)	(689,538)
	318,248	371,290
Rent free lease incentive (Foyer)	219,176	219,176
Less: amortisation	(153,423)	(142,464)
	65,753	76,712
Straightlined lease rental	798,926	839,292
Total ST ANDREWS CATHEDRAL SCHOOL Ground Floor	**1,182,927**	**1,287,294**
WILSON PARKING		
Straightlined lease rental	-	170,769
Total Wilson Parking	**-**	**170,769**
ANGLICAN DEACONESS MINISTRIES		
Lease Fitout Incentive	485,526	485,526
Less: amortisation	(242,763)	(194,210)
	242,763	291,316
Straightlined lease rental	235,774	223,772
Total Anglican Deaconess Ministries	**478,537**	**515,088**
SHELDE LEVEL 1		
Lease Fitout Incentive	326,000	326,000
Less: amortisation	(305,625)	(224,125)
	20,375	101,875
Straightlined lease rental	7,163	30,914
Total Shelde	**27,538**	**132,789**
Total lease incentives and straightlined rentals	**2,046,975**	**3,538,111**

10. Non-current assets – Investment property (cont.)

(b) **Lease incentives and straight-lined rentals (cont.)**

Movement in lease incentives capitalised:

	Notes	2021 $	2020 $
Balance at 1 January		3,538,111	4,804,300
Balance at 31 December		2,046,975	3,538,111
Movement in lease incentives and straightlined rentals	10(a)	**(1,491,136)**	**(1,266,189)**

(c) Leasing arrangements

The investment property is leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment property are as follows:

	2021 $	2020 $
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows.		
Within one year	6,394,371	13,104,753
Later than one year but not later than 5 years	11,214,193	13,535,779
Later than 5 years	2,212,707	2,423,489
	19,821,271	29,064,021

11. Deferred Expenses – Leasing fees

	2021 $	2020 $
Leasing Fees	775,319	817,391
Amortisation on Leasing Fees	(624,236)	(589,648)
	151,083	227,743

12. Distributions

The *St Andrew's House Trust Ordinance 2015* (the Ordinance) provides for the application of income. As per clause 5 of the Ordinance, the income earned is to be applied, so far as it extends, to the payment of interest, loan principal repayments, outgoings and amounts set aside for any provision or reserve which the St. Andrew's House Corporation determines is desirable for the proper management and control of the Trust or property, with the balance being the distribution.

		2021 $	2020 $
Provision for income distribution			
St Andrew's House Trust Ordinance 2015			
Income (Clause 5)		12,695,944	12,545,945
Less: Interest (Clause 5(a)(i))		(74,387)	(137,824)
Less: Loan repayments(Clause 5(a)(ii))	3	(2,500,000)	(1,875,000)
Less: Outgoings (Clause 5(a)(iii))		(5,520,073)	(5,585,170)
Less: Reserve for future non-sinking fund capital works (Clause 5(b)	17	-	1,485,000
Less: Reserve for future rental costs (Clause 5(b))	17	-	-
Less/(Plus): Amounts previously set aside for other purposes (Clause 5(b))		533,516	(866,951)
Surplus available (Clause 5(c))		5,135,000	5,566,000
Less: Distribution Paid		5,135,000	5,566,000
Provision for income distribution (Clause 5(2))		-	-

12. Distributions (cont.)

Amounts set aside for other purposes under Clause 5

	2021 $	2020 $
St Andrew's House Trust Ordinance 2015		
Balance at 1 January	2,536,890	1,669,939
(Less)/plus: Amounts set aside for other purposes (Clause 5(b))	(533,516)	866,951
Balance at 31 December	2,003,374	2,536,890
Total amounts set aside for other purposes	**2,003,374**	**2,536,890**

Total distributions paid during the year were:

	2021 $	2020 $
Distribution from current year income	5,135,000	5,566,000
	5,135,000	5,566,000

	2021 $	2020 $
Distribution to Synod St Andrews House Fund	2,567,500	2,783,000
Distribution to Endowment of the See Trust	2,567,500	2,783,000
	5,135,000	5,566,000

13. Loans

	2021 $	2020 $
Loan from related party- current	2,500,000	2,500,000
Loan from related party- non-current	25,000	2,525,000
	2,525,000	5,025,000

An unsecured loan facility of up to $2,525,000 has been obtained from the Glebe Administration Board for the purposes of renovation and refurbishment of the offices and Town Hall Square. The remaining balance of $2,525,000 is due to be repaid in 2022 ($2,500,000) and 2023 ($25,000). The interest rate at 31 December 2021 was 1.82%.

14. Deferred Income

	Notes	2021 $	2020 $
St Andrew's Cathedral School's share of the sinking fund			
Balance at 1 January		537,403	475,710
Contribution to the sinking fund by St Andrew's Cathedral School	16	266,290	206,160
Sinking fund expenditure	4	(95,504)	(145,827)
Interest	4	286	1,360
Balance at 31 December	16	708,475	537,403

This amount represents the portion of the sinking fund which is committed to be paid on structural works or returned to the school.

The investment income is reinvested in the following investments:

	Notes	2021 $	2020 $
Short-term investments		286	1,360
		286	1,360

15. Capital

	2021 $	2020 $
Capital	9,429,229	9,429,229

16. Reconciliation of sinking fund

On 16 February 2001 the Glebe Administration Board, in its then capacity as owner and manager of the Trust (lessor), entered into a lease agreement with St Andrew's Cathedral School (the lessee). Under the agreement the school leased levels 6-8, the roof and the school's Kent Street entrance for a period of 120 years. Part of the lease agreement required the establishment of a fund (sinking fund) to provide for structural works. The contributions are currently 34.36% by the lessee and 65.64% by the lessor.

The agreement requires that expenditure on structural works be paid from the sinking fund in proportion to each party's contributions. After 115 years from 16 February 2001, any unspent amount is to be returned to each party in proportion to their contributions.

The St Andrew's Cathedral School's 34.36% share of the sinking fund is recognised as a liability.

Under the agreement, the contributions made during the year were as follows:

	2021 $	2020 $
Lessor	508,710	393,840
Lessee	266,290	206,160
Total	775,000	600,000

Movement in sinking fund:

	2021 $	2020 $
Opening balance	1,576,307	1,396,756
Contribution to the sinking fund	775,000	600,000
Capital expenditure	(277,951)	(424,409)
Interest	831	3,960
Closing balance	2,074,187	1,576,307

The total lessor's and lessee's interest in the sinking fund is as follows:

	Notes	2021 $	2020 $
Lessor		1,365,712	1,038,904
Lessee	14	708,475	537,403
Balance of sinking fund 31 December		2,074,187	1,576,307

These amounts are held in the following investments and cash assets within the Trust:

	2021 $	2020 $
Short-term investments	2,065,865	1,520,698
Other receivables	8,322	55,609
Balance at 31 December	2,074,187	1,576,307

17. Reserves

The future rental costs reserve represents amounts set aside for future rental void, incentive and leasing costs.

The non-sinking fund capital works reserve represents amounts set aside for future capital non-sinking fund works.

The strategic projects reserve represents amounts set aside for future strategic initiatives.

	2021 $	2020 $
Future rental costs reserve	2,620,000	2,620,000
Future non-sinking fund capital works reserve	1,972,500	1,972,500
Strategic projects reserve	2,750,000	2,750,000
	7,342,500	7,342,500

Movement in reserves:

	2021 $	2020 $
Balance at 1 January	7,342,500	8,827,500
Transfer (from) non-sinking fund capital works reserve	-	(1,485,000)
Balance at 31 December	7,342,500	7,342,500

18. Contingent assets and contingent liabilities

The terms of the lease for levels 6, 7 & 8 of SAHC incorporates a put option. Under the option the members of St Andrew's House Cathedral School (the "School") may at any time during the term of its lease require the Trust to acquire the interest of the School in this lease upon written notice. The termination date of the lease is 15 February 2121.

No amount has been recognised as an asset or liability in respect of the option because:

- The School has not indicated an intention to exercise the put option.
- The consideration payable to the School on exercise of the option is equal to the value of the School's interest in the leased premises. Therefore, in the event of the exercise of the option, an asset would be acquired at least of equal value to the amount payable to the School.

19. Related party transactions

Ownership interests

Pursuant to the *St Andrew's House (Variation of Trusts) Ordinance 2017*, which commenced on 1 September 2017, the trusts of the property held in the Trust were re-declared so that the 50% beneficial interest which had been held for the purpose of the Diocesan Endowment Fund would henceforth be held for the general purposes of the Anglican Church of Australia in the Diocese of Sydney.

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

Transactions with related parties

During 2021 the Trust paid distributions to the Synod St. Andrew's House Fund and the Endowment of the See Trust. The distributions paid totalled $5,135,000 (2020: $5,566,000).

SAHC is the trustee and manager of the Trust. SAHC received no fee for acting as trustee or manager of the Trust.

A loan facility has been provided by Glebe Administration Board to assist with the funding of improvements to Town Hall Square and SAH. As at 31 December 2021, the loan had a limit of $2,525,000 and was drawn to $2,525,000 (2020: $5,025,000). Interest for the year ended 31 December 2021 in respect of this loan was $74,387 (2020: $137,824).

Total management administration fee charged from SDS to the Trust during the year was $502,008 (2020: $479,520).

The Trust received $911,795 (2020: $846,111) for office rent from SDS.

The Trust received $336,047 (2020: $326,259) for office rent from the Endowment of the See Trust.

Key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including any director (whether executive or otherwise) of the Trust.

Key management personnel include the following persons who held office as members of SAHC at some time during the year:

Mr L Jackson (resigned on 17 February 2021)
Dr R Tong AM
Mr R Freeman
Rev L Symons
Mr C Bertinshaw
Mr H Bellchambers
Mr C Teh (appointed on 6 September 2021)
Ms M Yacoel
Rev J Sneddon
Mr M Firek
Mr A Buckley

The members of SAHC received no remuneration in connection with their roles as members or for the management of the Trust.

19. Related party transactions (cont.)

Administration services are provided by SDS. Key management personnel compensation is paid by SDS and is recovered by way of an administration service fee to the Trust.

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

Name	*Position*
Mr R J Wicks	Chief Executive Officer
Mr M A Blaxland	Chief Financial Officer

Transactions with other related parties

The following other related party transactions occurred during the year.

At 31 December 2021 the Trust had an amount of $5,000 (2020: $4,790) in a current account with SDS. During the year interest of $0 (2020: $0) was paid to SDS with respect to this current account.

At 31 December 2021, the Trust held $7,715,303 (2020: $4,953,862) in at-call investments with the Diocesan Cash Investment Fund. During the year the Diocesan Cash Investment Fund paid interest of $2,995 (2020: $10,054).

Various entities who are tenants in St Andrew's House are other related parties, some of whom pay below market rental.

20. Reconciliation of surplus from ordinary activities to the net cash flows from operating activities

	2021 $	2020 $
Surplus from ordinary activities	6,778,618	4,762,298
Sinking Fund Income from St Andrew's Cathedral School	(95,218)	(144,467)
Sinking Fund Contribution from St Andrew's Cathedral School	266,290	206,160
Movement in investment property	105,600	2,243,945
Lease incentives, straightlined rentals, and lease fees amortisation	1,567,796	1,310,431
Changes in assets and liabilities		
Decrease/(increase) in receivables	37,677	(487,887)
(Decrease)/increase in payables	(436,019)	623,707
Increase in provision for impaired receivables	18,643	-
Net cash inflow from operating activities	8,243,387	8,514,187

21. Remuneration of auditors

The Trust pays the cost of auditing the financial statements. The audit fee for 2021 is $53,640 (2020: $52,301).

22. Contingent liability

The St Andrew's House Corporation has elected to participate in the *National Redress Scheme for People who have Experienced Child Sexual Abuse* (the Scheme). The Trust is responsible for satisfying its financial liabilities to the Scheme, should such liabilities occur. There were no such known liabilities as at 31 December 2021.

23. Events occurring after the reporting period

The members are not aware of any events occurring after reporting date that impact on the financial statements as at 31 December 2021.

These financial statements were authorised for issue on 5 April 2022 by the members of SAHC.

ST ANDREW'S HOUSE TRUST

MEMBERS' DECLARATION

The members of SAHC, as trustee of St Andrew's House Trust, declare that the financial statements and notes of the Trust set out on pages 9 to 34:

(a) comply with accounting policies in note 2 of the financial report

(b) comply with the *St Andrew's House Trust Ordinance 2015* and the *Accounts, Audits, and Annual Statements Ordinance 1995*; and

(c) present fairly the balance sheet as at 31 December 2021 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

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

______________________ 5 April 2022
Member

______________________ 5 April 2022
Member

Independent auditor's report

To the members of the Standing Committee of the Synod of the Anglican Church of Sydney and the members of the St Andrew's House Corporation for the St Andrew's House Trust

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of St. Andrew House Trust (the Trust) as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation described in Note 2 to the financial statements.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the members' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We draw attention to Note 2 in the financial report, which describes the basis of accounting. The financial report has been prepared meet the requirements of the *St Andrew's House Trust Ordinance 2015* and of the *Accounts, Audits and Annual Reports Ordinance 1995*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of the Standing Committee of the Synod of the Anglican Church of Sydney and for the members of the St Andrew's

House Corporation and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

Other information

The members of St Andrew's House Corporation as Trustee of the Trust are responsible for the other information. The other information comprises the information included in the annual financial report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the members of the St Andrew's House Corporation as Trustee for the financial report

The members of the St Andrew's House Corporation as Trustee of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with the basis of preparation described in Note 2 to the financial statements, and for such internal control as the members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The members have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the needs of the members of the Standing Committee of the Synod of the Anglican Church of Sydney and the members of the St Andrew's House Corporation.

In preparing the financial report, the members are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
5 April 2022