

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 2020

ST ANDREW'S HOUSE TRUST

Asset Report 31 December 2020

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 38 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 22,254 square metres.

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

Property Market Commentary*

Economic outlook downgraded due to COVID-19

The evolving coronavirus outbreak poses significant downside risks for the global economy. The spread of the virus globally is weighing on economic activity although the severity and duration of the impact remains highly uncertain.

Subdued Demand for Office Accommodation

Whilst the full impact of COVID-19 on the Australian commercial real estate market remains uncertain, vacancy rates have risen whilst leasing activity has declined. According to PCA research, Sydney CBD office market has seen the vacancy rate increase by 1.9% in FY2020. Furthermore, Knight Frank Research has indicated that from April to June more than 35% of leasing mandates were put on hold.

Sydney CBD Office Market Statistics

Period	Stock (sqm)	Direct vac. (%)	Sub-lease vac. (%)	Total Vac. (%)
July 19	4,982,819	3.5	0.2	3.7
July 20	4,977,938	4.6	1.0	5.6

Source: PCA, 2020

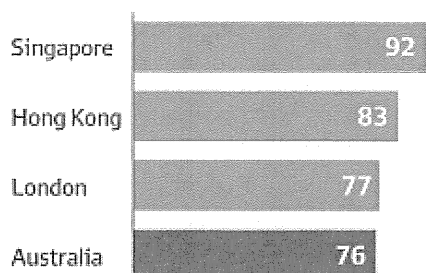
Longer term, the impacts are unknown at this stage but there is potential for a shift in work practices to be more accepting of a flexible 'working from home' structure, which could lead to dampened demand for commercial offices going forward.

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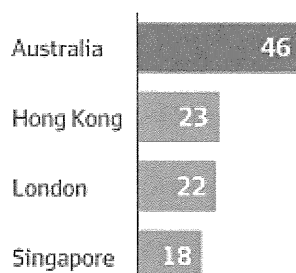
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Workers who want to work from home in the future (%)



Of those who want to work from home, would like to every day (%)

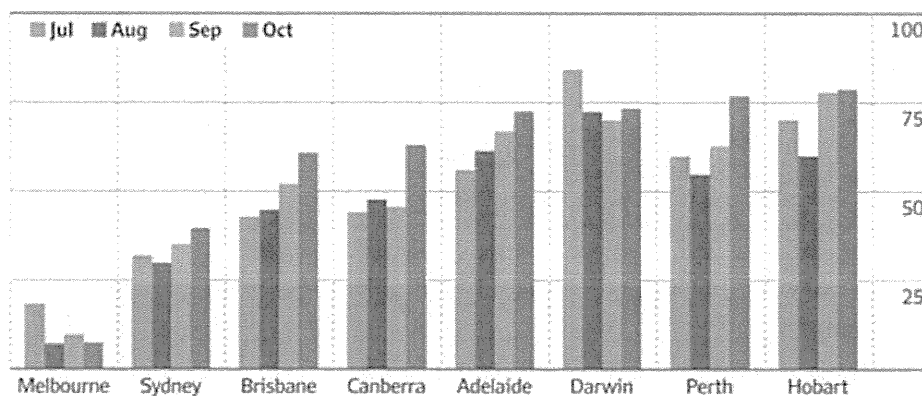


Source: Morgan Stanley, 2020

though occupancy remains below 50% in Sydney and Melbourne. Occupancy in Sydney CBD has risen to 40%, occupancy in Canberra is now at 63% after the Australian Public Service Commission directed staff to go back to the office where it was safe to do so and occupancy in Perth also saw a sharp rise in occupancy to around 75%.

Latest data provided by the PCA indicates that office workers are returning to the office,

Current level of CBD office occupancy compared to pre-COVID (%)



Source: PCA, 2020

Key Insights

- Economic uncertainty during the pandemic and lower white-collar employment has led to an increase in the Sydney CBD office vacancy rate from 3.9% in January to 5.9% in July 2020.
- Average incentives have increased to 25-30%. Face rents are holding but with incentives up, gross effective rents have declined by 7.9% in prime and 8.5% in secondary in the six months to July 2020.
- Private sector leasing demand has been subdued as tenants assess workplace utilisation rates. Government demand is helping to partially offset the decline in private sector demand, accounting for 32% of total leasing volumes in the year to August.
- Investment volumes in the year to August 2020 reached \$991.6 million. A rebound is likely in the coming months with several large core CBD assets being offered for sale.

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Following significant compression during 2019, core yield for prime assets are holding between 4.25% and 4.75%.

Tenant Demand & Absorption

Tech sector lease activity declines after large growth in market share prior to the pandemic

Although the tech sector has dominated new enquiry since the start of the pandemic, the rapid growth in the sector's market share that was witnessed in 2019 has begun to evaporate. Venture capital funding has been declining since the onset of the virus and this has potentially constrained the ability of start-ups to scale in the short-term.

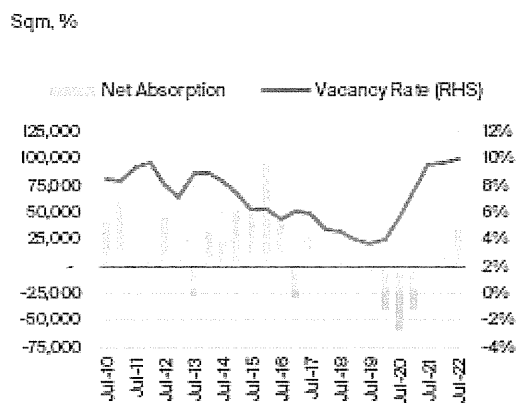
The government's recent approval of the rezoning of the area at Central, which also includes the planned Atlassian anchored tower, has the potential to reignite interest from start-ups and scale-up businesses looking for commercial floorspace in Sydney now, helping to offset the decline in demand from other industry sectors directly impacted by the pandemic.

The amount of available sublease space in the CBD has risen significantly due to a shift in workplace requirements and this has increased the amount of prime space available in core locations, which could appeal to those tech occupiers looking to scale now.

Private sector demand has been scaled back but government demand helping to offset decline

Remote working policies continue to be rolled out and although businesses are gradually transitioning back to the workplace. However, the changes are creating some uncertainty in regard to leasing demand and some businesses are postponing expansion or relocation plans as they consider their space requirements. Private sector requirements seem to have been scaled back considerably due to short-term remote working policies.

Sydney CBD Vacancy and Absorption



Source: Knight Frank Research, PCA

Reflecting the decline in activity from the private sector, government lease deals in 2020 (to August) account for around 32% share of total leasing volumes by square metres, well above its five-year average of around 10%. DFAT, AFCA, IPCA, NSW Treasury and Australian Council for the Arts have secured new leases since March, with start dates in September and October. Additionally, ASIC is understood to have renewed terms for its floors in 100 Market Street prior to the pandemic and has plans for a new fitout. There are several active mandates from both state and federal government agencies which could partially offset the short-term decline in demand from the private sector, including ACCC, Department of Defence, Health, The ATO and ABS.

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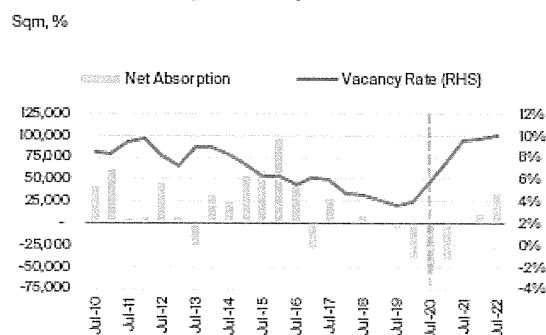
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Absorption rates decline and office vacancy rises

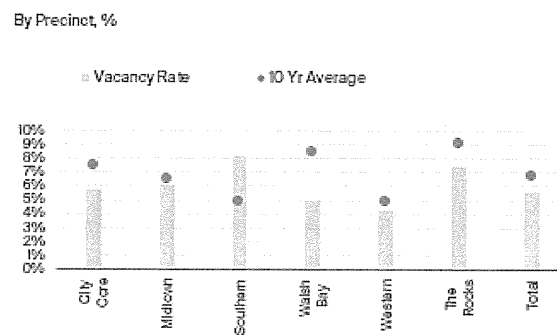
Vacancy has increased in the six months to July 2020 to 5.6%, up from 3.9% in January 2020. All grades recorded an increase in vacancy over the period, with total net absorption declining by 58,675sqm in the six months to July 2020. Premium grade did record positive demand, but this was offset by a decline in absorption across the balance of the market. The decline in leasing decision making during the last few months, in conjunction with rise in sub-lease options, is expected to drive a further increase in vacancy in the second half of 2020.

Sydney CBD Vacancy and Absorption



Source: Knight Frank Research, PCA

Sydney CBD Vacancy



Source: Knight Frank Research, PCA

Rents & Incentives

Rental growth cycle halts

The above trend rental growth cycle experienced over the last couple of years has halted as a result of the economic and market uncertainty due to Covid-19. Tenant demand has dropped significantly over the last six months as business decisions around office space have been put on hold and remote working policies are in place for the foreseeable future. The rise of sub-lease vacancy to 1%, its highest level since the GFC further highlights the limited tenant demand in the market.

On a 12 month basis (to July 2020), average prime gross face rents have increased by 4.8% to \$1,385/sqm (\$1,189/sqm net face), however are unchanged since January as a direct result of Covid-19. Face rents are stable. In the secondary market rents rose slightly by 2.2% in the 12 months to July 2020 to \$1,017/sqm (\$857/sqm net face), similarly to the prime market, secondary rents have not moved over the last six months.

*Source: Knight Frank Valuation report for SAH – 31 December 2020

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Valuation

Knight Frank's approach to the valuation is the same as previous years which is to have provided a notional assessment of the value for each of the Tower/Car Park and the Arcade as at 31 December 2020, applying discrete capitalisation rates to the assessed net income of each component. The notional amounts adopted as at 31 December 2020 and the comparison values as at 31 December 2019 were as follows:

St Andrew's House	As at 31 December 2020	As at 31 December 2019
Tower and Car Park	\$ 172.0 million	\$ 168.0 million
Arcade	\$ 41.5 million	\$ 47.5 million
Total	\$ 213.5 million	\$ 215.5 million

Accordingly, the total value of SAH has decreased by \$2.0 million. In brief, the movement in the value of SAH from 2019 can be attributed as follows:

- (a) Slightly lower adopted net market income combined with a slightly lower capitalisation rate (office down 0.25% to 5.75% with retail unchanged at 5.50%).
- (b) No material change in building outgoings.

Office Tower

Net property income for the year was approximately 7.56% lower than 2019 property income which was primarily due 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 2020

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.

The SAH Car Park is leased to Wilson Parking, Australia's largest commercial car park operator with 1 year remaining on the lease.

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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 2020 there were seven vacancies in the Arcade being Shops 2,8,14, 21A, 21B, 27-31 and Kiosk 3. Advanced negotiations continue with prospective tenants for shops 21A, 21B & 22 and Kiosk 3. In the interim "pop up" operators have been secured from time to time.

Net income of the Arcade was approximately 92% lower than 2019. This is direct result of the effect of the Covid-19 pandemic

Pedestrian traffic counts in the Arcade continued a decline in 2020. The moving annual traffic count as at 31 December 2020 was 5,767,368 which is a decrease of 58.84% over the 2019 figures. 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 55-60% in pedestrian traffic numbers.

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 2020	Operating Expenses 2020	Net Income 2020	Net Income 2019	Net Income 2018
Arcade	\$ 2,744	(\$ 2,525)	\$ 219	\$ 2,944	\$ 2,718
Tower and Car Park	\$ 8,883	(\$ 2,175)	\$ 6,708	\$ 7,272	\$ 7,153
TOTAL	\$ 11,627	(\$ 4,700)	\$ 6,927	\$ 10,216	\$ 9,871

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Statement of comprehensive income For the year ended 31 December 2020

	Notes	2020 \$	2019 \$
Revenue			
Rental and other property income		11,627,573	14,475,026
Interest		148,660	260,301
Fair value adjustment to investment property	10(a)	-	40,060,874
Other income	4	532,469	134,784
Total revenue		12,308,702	54,930,985
Expenses			
Interest & finance charges		137,823	281,975
Professional fees		26,708	84,467
SDS Management fee		158,892	147,696
Property expenses		4,926,664	4,482,948
Audit fees		52,372	49,827
Fair value adjustment to investment property	10(a)	2,243,945	-
Total expenses		7,546,404	5,046,913
Surplus for the year	5	4,762,298	49,884,072
Total comprehensive income for the year		4,762,298	49,884,072

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 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	4,790	5,000
Short-term investments	7	4,953,862	5,230,598
Term deposits	8	7,342,500	7,502,500
Receivable and other assets	9	1,640,371	1,152,483
Total current assets		13,941,523	13,890,581
Non-current assets			
Investment property	10(a)	213,500,000	215,500,000
Deferred expenses - Leasing fees	11	227,743	271,986
Total non-current assets		213,727,743	215,771,986
Total assets		227,669,266	229,662,567
LIABILITIES			
Current liabilities			
Payables		1,344,213	720,504
Loans	13	2,500,000	2,500,000
Deferred income	14	537,403	475,710
Total current liabilities		4,381,616	3,696,214
Non-current liabilities			
Loans	13	2,525,000	4,400,000
Total non-current liabilities		2,525,000	4,400,000
Total liabilities		6,906,616	8,096,214
Net assets		220,762,650	221,566,353
EQUITY			
Capital	15	9,429,229	9,429,229
Reserves	17	7,342,500	8,827,500
Accumulated surplus		203,990,921	203,309,624
Total equity		220,762,650	221,566,353

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 2020

	Notes	Capital \$	Reserves \$	Accumulated surplus \$	Total \$
Balance at 1 January 2019		9,429,229	7,502,500	160,181,551	177,113,280
Surplus for the year		-	-	49,884,072	49,884,072
Transfer to future rental costs reserve	17	-	600,000	(600,000)	-
Transfer to future non-sinking fund capital works reserve	17	-	725,000	(725,000)	-
Total comprehensive income for the year		-	1,325,000	48,559,072	49,884,072
Distributions provided for or paid	12	-	-	(5,431,000)	(5,431,000)
				(5,431,000)	(5,431,000)
Balance at 31 December 2019		9,429,229	8,827,500	203,309,623	221,566,352
Surplus for the year		-	-	4,762,298	4,762,298
Transfer from 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

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

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Statement of cash flows For the year ended 31 December 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Rental and other property income received		12,321,117	15,765,976
Interest received		232,247	205,040
Borrowing costs paid		(137,824)	(313,377)
Payments in respect of the operations		(3,901,353)	(4,375,436)
Net cash inflow from operating activities	20	8,514,187	11,282,203
Cash flows from investing activities			
Net decrease/(increase) in term deposits	8	160,000	(180,347)
Decrease/(increase) in short-term investments	7	276,736	(2,309,567)
Payment for investment property	10(a)	(1,510,133)	(920,488)
Net cash (outflow) from investing activities		(1,073,397)	(3,410,402)
Cash flows from financing activities			
Distributions to other Anglican organisations	12	(5,566,000)	(5,431,000)
Repayment of borrowings	13	(1,875,000)	(2,500,000)
Net cash (outflow) from financing activities		(7,441,000)	(7,931,000)
Net (decrease) in cash and cash equivalents		(210)	(59,199)
Cash and cash equivalents at the beginning of the financial year		5,000	64,199
Cash and cash equivalents at the end of the year	6	4,790	5,000

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:

	2020	2019
	\$	\$
Financial assets		
Current account with Sydney Diocesan Services	4,790	5,000
Short-term investments	4,953,862	5,230,598
Term Deposits	7,342,500	7,502,500
Trade receivables and interest receivable	1,615,837	1,126,779
	<u>13,916,989</u>	<u>13,864,877</u>
Financial liabilities		
Payables	1,344,213	720,504
Interest bearing liabilities- loans	5,025,000	6,900,000
	<u>6,369,213</u>	<u>7,620,504</u>

(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 2020, the Trust did not hold investments in assets classified on the balance sheet at fair value through profit or loss. Therefore, the Trust is not exposed to equity securities price risk. 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 2020, 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 \$72,762 lower/ higher (2019- change of 100bps: \$58,381 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 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

31 December 2019	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	7,507,501	(75,075)	(75,075)	75,075	75,075
Short-term investments	5,230,598	(52,306)	(52,306)	52,306	52,306
Interest bearing liabilities	6,900,000	69,000	69,000	(69,000)	(69,000)
Total increase/ (decrease)		(58,381)	(58,381)	58,381	58,381

(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 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
	<u>3,921,467</u>	<u>2,530,004</u>	<u>25,118</u>	<u>-</u>	<u>6,476,589</u>

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cashflows
At 31 December 2019					
Payables	720,504	-	-	-	720,504
Interest bearing liabilities- loans principal	2,500,000	4,400,000	-	-	6,900,000
Interest bearing liabilities- loans interest	162,323	120,466	-	-	282,789
	<u>3,382,827</u>	<u>4,520,466</u>	<u>-</u>	<u>-</u>	<u>7,903,293</u>

(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	2020 \$	2019 \$
Portion of sinking fund capital expenditure referable to			
St Andrew's Cathedral School (SACS) (34.36%)	14	145,827	140,897
Less: Portion of sinking fund investment income referable to			
St Andrew's Cathedral School (34.36%)	14	(1,361)	(6,113)
Contribution pursuant to retail arcade ground lease		385,503	-
Other Income		2,500	-
		<u>532,469</u>	<u>134,784</u>

5. Operating surplus

	Notes	2020 \$	2019 \$
The surplus from ordinary activities has been determined as follows:			
Net income contribution from:			
Commercial offices		5,241,178	5,354,255
Car Park		1,466,702	1,917,892
Arcade		219,219	2,944,455
Sydney Square		(212,228)	(184,913)
Sinking Fund		145,827	140,897
		<u>6,860,698</u>	<u>10,172,586</u>
Interest earned		148,659	260,301
Interest paid		(137,824)	(281,975)
SDS Management fee		(158,892)	(147,696)
Other expenses		(93,040)	(173,905)
Portion of investment income referable to St Andrew's Cathedral School		(1,361)	(6,113)
Movement in investment property	9(a)	<u>(2,243,945)</u>	<u>40,060,874</u>
Surplus for the year		<u><u>4,762,298</u></u>	<u><u>49,884,072</u></u>

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 \$2,631,224 (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

	2020 \$	2019 \$
Current account with Sydney Diocesan Services	4,790	5,000
	<u>4,790</u>	<u>5,000</u>

(a) Current account with Sydney Diocesan Services

The current account is at call and bears no interest. (2019 – 0.0%). This deposit is at call.

(b) Restricted cash

Cash includes a restricted cash amount of \$0 (2019 - \$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

	2020	2019
	\$	\$
Diocesan Cash Investment Fund	4,953,862	5,230,598
	<u>4,953,862</u>	<u>5,230,598</u>

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 \$1,520,698 (2019 - \$1,339,595), which represents the sinking fund pursuant to a lease agreement St Andrew's Cathedral School. (Refer note 16).

8. Term deposits

	2020	2019
	\$	\$
National Australia Bank Limited - initial term 12 months	2,750,000	-
National Australia Bank Limited - initial term 12 months	2,620,000	-
National Australia Bank Limited - initial term 12 months	1,972,500	-
Westpac Banking Corporation - initial term 12 months		2,732,500
Westpac Banking Corporation - initial term 12 months		2,020,000
Westpac Banking Corporation - initial term 12 months		2,750,000
	<u>7,342,500</u>	<u>7,502,500</u>

At 31 December 2020 the three twelve-month term deposits, all with maturity date 26th February 2021, were earning fixed interest rates of 1.50% pa.

9. Current assets – Receivables and other assets

	2020 \$	2019 \$
Trade receivables and interest receivable	1,230,335	1,126,779
	<u>1,230,335</u>	<u>1,126,779</u>
Accrued income	385,503	-
Prepayments	24,533	25,705
	<u>1,640,371</u>	<u>1,152,484</u>
Amounts held in trust by Colliers and other debtors		
Colliers Trust Account	1,085,555	898,412
Other debtors	51,540	51,540
Interest receivable - term deposits	93,240	176,827
	<u>1,230,335</u>	<u>1,126,779</u>

(a) Loss allowance

As at 31 December 2020 current trade receivables of the Trust with a nominal value of \$0 (2019: \$0) were impaired.

(b) Past due but not impaired

The Trust applies the simplified approach permitted by AASB 9, which requires lifetime expected losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. As at 31 December 2020, trade receivables of \$275,967 (2019: \$85,182) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2020 \$	2019 \$
1 to 3 months	264,284	85,182
Greater than 3 months	11,683	-
	<u>275,967</u>	<u>85,182</u>

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

10. Non-current assets – Investment property

(a) Fair value

	Notes	2020 \$	2019 \$
Fair value at 1 January		215,500,000	175,500,000
Additions - refurbishments		1,510,133	920,489
Movements in lease incentives/straightlined rental	10(b)	(1,266,189)	(981,363)
Net gain/(loss) from fair value adjustment		(2,243,945)	40,060,874
Fair value at 31 December		213,500,000	215,500,000

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 2020. 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	2020 %	2019 %
Tower and Car Park	5.75	6.00
Town Hall Square Arcade	5.50	5.50

Adopted discount rates	2020 %	2019 %
Tower and Car Park	6.50	6.75
Town Hall Square Arcade	6.75	6.75

The valuation is as follows –

	2020 \$	2019 \$
Tower and Car Park	172,000,000	168,000,000
Town Hall Square Arcade	41,500,000	47,500,000
	213,500,000	215,500,000

The fair value of the investment properties at 31 December 2020 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**

	2020	2019
	\$	\$
ST ANDREWS CATHEDRAL SCHOOL LEVELS 3 & 4		
Lease rent incentive	4,661,752	4,292,439
Less: amortisation	(4,489,090)	(3,930,611)
	<u>172,662</u>	<u>361,827</u>
Lease fitout incentive	2,241,432	2,241,432
Less: amortisation	(1,923,895)	(1,699,752)
	<u>317,537</u>	<u>541,680</u>
Straightlined lease rental	674,669	944,765
Total St Andrews Cathedral School Levels 3 & 4	<u>1,164,868</u>	<u>1,848,272</u>
ST ANDREWS CATHEDRAL SCHOOL LEVEL 5		
Cash lease incentive	250,000	250,000
Less: amortisation	(225,000)	(200,000)
	<u>25,000</u>	<u>50,000</u>
Straightlined lease rental	242,303	425,400
Total ST ANDREWS CATHEDRAL SCHOOL Level 5	<u>267,303</u>	<u>475,400</u>
ST ANDREWS CATHEDRAL SCHOOL GROUND FLOOR		
Cash lease incentive	1,060,828	1,060,828
Less: amortisation	(689,538)	(636,497)
	<u>371,290</u>	<u>424,331</u>
Rent free lease incentive	219,176	219,176
Less: amortisation	(142,464)	(131,505)
	<u>76,712</u>	<u>87,671</u>
Straightlined lease rental	839,292	855,193
Total ST ANDREWS CATHEDRAL SCHOOL Ground Floor	<u>1,287,294</u>	<u>1,367,195</u>
AUSTRALIAN RED CROSS BLOOD BANK GROUND FLOOR		
Rent free lease incentive	528,265	528,265
Less: amortisation	(528,265)	(494,751)
	<u>-</u>	<u>33,514</u>
Lease Fitout Incentive	112,275	112,275
Less: amortisation	(112,275)	(104,789)
	<u>-</u>	<u>7,486</u>
Straightlined lease rental	-	57,558
Total Australian Red Cross Blood Bank Ground Floor	<u>-</u>	<u>98,558</u>
WILSON PARKING		
Straightlined lease rental	170,769	262,787
Total Wilson Parking	<u>170,769</u>	<u>262,787</u>
ANGLICAN DEACONESS MINISTRIES		
Lease Fitout Incentive	485,526	485,526
Less: amortisation	(194,211)	(145,658)
	<u>291,316</u>	<u>339,868</u>
Straightlined lease rental	223,772	193,589
Total Anglican Deaconess Ministries	<u>515,088</u>	<u>533,457</u>
SHELDE LEVEL 1		
Lease Fitout Incentive	326,000	326,000
Less: amortisation	(224,125)	(142,625)
	<u>101,875</u>	<u>183,375</u>
Straightlined lease rental	30,915	35,256
Total Shelde	<u>132,789</u>	<u>218,631</u>
Total lease incentives and straightlined rentals	<u>3,538,111</u>	<u>4,804,300</u>

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

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

Movement in lease incentives capitalised:

	Notes	2020 \$	2019 \$
Balance at 1 January		4,804,300	5,785,663
Balance at 31 December		3,538,111	4,804,300
Movement in lease incentives and straightlined rentals	10(a)	(1,266,189)	(981,363)

(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:

	2020 \$	2019 \$
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows.		
Within one year	13,104,753	12,277,100
Later than one year but not later than 5 years	13,535,779	16,274,958
Later than 5 years	2,423,489	3,330,216
	<u>29,064,021</u>	<u>31,882,274</u>

11. Deferred Expenses – Leasing fees

	2020 \$	2019 \$
Leasing Fees	817,391	937,059
Amortisation on Leasing Fees	(589,648)	(665,073)
	<u>227,743</u>	<u>271,986</u>

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.

	2020	2019
	\$	\$
Provision for income distribution		
St Andrew's House Trust Ordinance 2015		
Income (Clause 5)	12,545,945	15,951,728
Less: Interest (Clause 5(a)(i))	(137,824)	(313,377)
Less: Loan repayments(Clause 5(a)(ii))	3 (1,875,000)	(2,500,000)
Less: Outgoings (Clause 5(a)(iii))	(5,585,170)	(5,437,465)
Less: Reserve for future non-sinking fund capital works (Clause 5(b))	17 1,485,000	(725,000)
Less: Reserve for future rental costs (Clause 5(b))	17 -	(600,000)
Plus: Amounts previously set aside for other purposes (Clause 5(b))	(866,951)	(944,886)
	<u>5,566,000</u>	<u>5,431,000</u>
Surplus available (Clause 5(c))		
Less: Distribution Paid	<u>5,566,000</u>	<u>5,431,000</u>
Provision for income distribution (Clause 5(2))	<u>-</u>	<u>-</u>

12. Distributions (cont.)

Amounts set aside for other purposes under Clause 5

	2020	2019
	\$	\$
St Andrew's House Trust Ordinance 2015		
Balance at 1 January	1,669,939	725,053
Plus: Amounts set aside for other purposes (Clause 5(b))	866,951	944,886
Balance at 31 December	<u>2,536,890</u>	<u>1,669,939</u>
Total amounts set aside for other purposes	<u>2,536,890</u>	<u>1,669,939</u>

Total distributions paid during the year were:

	2020	2019
	\$	\$
Distribution from current year income	<u>5,566,000</u>	<u>5,431,000</u>
	<u>5,566,000</u>	<u>5,431,000</u>

	2020	2019
	\$	\$
Distribution to Synod St Andrews House Fund	2,783,000	2,715,500
Distribution to Endowment of the See Trust	<u>2,783,000</u>	<u>2,715,500</u>
	<u>5,566,000</u>	<u>5,431,000</u>

13. Loans

	2020	2019
	\$	\$
Loan from related party- current	2,500,000	2,500,000
Loan from related party- non-current	<u>2,525,000</u>	<u>4,400,000</u>
	<u>5,025,000</u>	<u>6,900,000</u>

An unsecured loan facility of up to \$5,025,000 has been obtained from the Glebe Administration Board for the purposes of renovation and refurbishment of the offices and Town Hall Square. The loan term is for 14 years from 1 December 2008 and is to be repaid in instalments between \$250,000 and \$625,000. The interest rate at 31 December 2020 was 1.89%.

14. Deferred Income

	Notes	2020 \$	2019 \$
St Andrew's Cathedral School's share of the sinking fund			
Balance at 1 January		475,710	404,334
Contribution to the sinking fund by St Andrew's Cathedral Scho	16	206,160	206,160
Sinking fund expenditure	4	(145,827)	(140,897)
Interest	4	1,360	6,113
Balance at 31 December	16	537,403	475,710

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	2020 \$	2019 \$
Short-term investments		1,360	6,113
		1,360	6,113

15. Capital

	2020 \$	2019 \$
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:

	2020 \$	2019 \$
Lessor	393,840	393,840
Lessee	206,160	206,160
Total	<u>600,000</u>	<u>600,000</u>

Movement in sinking fund:

	2020 \$	2019 \$
Opening balance	1,396,756	1,189,026
Contribution to the sinking fund	600,000	600,000
Capital expenditure	(424,409)	(410,061)
Interest	3,960	17,791
Closing balance	<u>1,576,307</u>	<u>1,396,756</u>

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

	Notes	2020 \$	2019 \$
Lessor		1,038,904	921,046
Lessee	14	537,403	475,710
Balance of sinking fund 31 December		<u>1,576,307</u>	<u>1,396,756</u>

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

	2020 \$	2019 \$
Short-term investments	1,520,698	1,339,595
Other receivables	55,609	57,161
Balance at 31 December	<u>1,576,307</u>	<u>1,396,756</u>

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.

	2020	2019
	\$	\$
Future rental costs reserve	2,620,000	2,620,000
Future non-sinking fund capital works reserve	1,972,500	3,457,500
Strategic projects reserve	2,750,000	2,750,000
	<u>7,342,500</u>	<u>8,827,500</u>

Movement in reserves:

	2020	2019
	\$	\$
Balance at 1 January	8,827,500	7,502,500
Transfer to future rental costs reserve	-	600,000
Transfer (from)/to non-sinking fund capital works reserve	(1,485,000)	725,000
Balance at 31 December	<u>7,342,500</u>	<u>8,827,500</u>

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 2020 the Trust paid distributions to the Synod St. Andrew's House Fund and the Endowment of the See Trust. The distributions paid totalled \$5,566,000 (2019: \$5,431,000).

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 2020, the loan had a limit of \$5,025,000 and was drawn to \$5,025,000 (2019: \$6,900,000). Interest for the year ended 31 December 2020 in respect of this loan was \$137,824 (2019: \$281,795).

Total management administration fee charged from SDS to the Trust during the year was \$479,520 (2019: \$447,696).

The Trust received \$776,359 (2019: \$821,290) for office rent from SDS.

The Trust received \$326,259 (2019: \$316,757) 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	Mr D S Marr (resigned 5 November 2020)
Dr R Tong AM (appointed 23 November 2020)	Ms M Yacoel
Mr R Freeman	Rev J Sneddon
Rev L Symons	Mr M Firek
Mr C Bertinshaw	Mr A Buckley
Mr H Bellchambers	

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.

<i>Name</i>	<i>Position</i>
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 2020 the Trust had an amount of \$4,790 (2019: \$5,000) in a current account with SDS. During the year interest of \$0 (2019: \$3) was paid to SDS with respect to this current account.

At 31 December 2020, the Trust held \$4,953,862 (2019: \$5,230,598) in at-call investments with the Diocesan Cash Investment Fund. During the year the Diocesan Cash Investment Fund paid interest of \$10,054 (2019: \$67,330).

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

	2020	2019
	\$	\$
Surplus from ordinary activities	4,762,298	49,884,072
Sinking Fund Income from St Andrew's Cathedral School	(144,467)	(134,784)
Sinking Fund Contribution from St Andrew's Cathedral School	206,160	206,160
Movement in investment property	2,243,945	(40,060,874)
Lease incentives, straightlined rentals, and lease fees amortisation	1,310,431	1,067,310
Changes in assets and liabilities		
(Increase)/decrease in receivables	(487,887)	328,705
Increase in payables	623,707	8,114
Decrease in provision for impaired receivables	-	(16,500)
Net cash inflow from operating activities	8,514,187	11,282,203

21. Capital expenditure and other commitments

	2020	2019
	\$	\$
Commitments for capital projects on St Andrew's House contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	-	814,248

22. Remuneration of auditors

The Trust pays the cost of auditing the financial statements. The audit fee for 2020 is \$52,301 (2019: \$49,827).

23. 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 2020.

24. 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 2020.

These financial statements were authorised for issue on 21 April 2021 by the members of SAHC.

ST ANDREW'S HOUSE TRUST

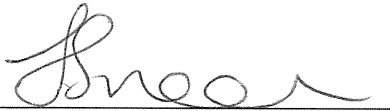
MEMBERS' DECLARATION

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 7 to 32:

- (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
- (b) present fairly the balance sheet as at 31 December 2020 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.



Member

21 April 2021



Member

21 April 2021



Independent auditor's report

To the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and to 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's House Trust (the Trust) as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies 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 2020
- 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.

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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 to 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 Diocese of Sydney and for the members of 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 report for the year ended 31 December 2020, 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 accounting policies 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 Diocese 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

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Francois Bruder

Francois Bruder
Principal

Sydney
21 April 2021