

# **SYDNEY DIOCESAN SECRETARIAT**

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**ABN 69 266 342 710**

## **Annual financial report – 31 December 2017**

# **Sydney Diocesan Secretariat**

## **Report by the Chief Executive Officer**

**For the year ended 31 December 2017**

During the year, the Sydney Diocesan Secretariat ("SDS") was reconstituted under the Sydney Diocesan Secretariat Ordinance 2017 to better reflect good governance standards, including the requirements of the Synod's Governance Policy for Diocesan Organisations.

Under the Sydney Diocesan Secretariat Ordinance 2017, SDS is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney through the regulation of the central administration of the affairs of the Diocese. We do this primarily by providing administrative, secretarial and accounting services to the Synod and its Standing Committee, other organisations of the Diocese and our parishes.

Those services are provided in accordance with service level standards agreed with each organisation concerned. Feedback during 2017 indicates that the organisations we serve continue to be highly satisfied with the service we provide.

The strategic plan for 2016-2018 commits SDS to be a valued partner in the mission of the Anglican Church of Australia in the Diocese of Sydney, and beyond. We consider that a valued partner:

- meets the expectations of the Synod and the other organisations we serve, and anticipates and responds to their needs with effective solutions, and
- provides relevant, specialised and accessible services and resources to support parishes having regard to the changing environment in which parish ministry takes place, and
- proactively models and promotes servant leadership across the Diocesan network, and beyond.

In 2017 SDS focussed on a number of action items identified as the means by which the strategic objectives would be pursued during 2017. These included:

- Developing strategic relationships with organisations not currently served by SDS.
- Managing our key people and reviewing our succession planning for key positions.
- Implementing our communications strategy.
- Integrating our website with the new Diocesan database.
- Transitioning to an external data centre.
- Undertaking a 12 month trial of clergy contact persons.

By the end of 2017, these action items were completed or substantially completed, or were on track to be completed in 2018.

SDS's main source of income is fees received from mission partners we serve. In 2017 fees declined by 3% due to the restructure of the financial services activity of the Diocesan Endowment. In 2017 SDS produced a surplus of \$582,202 (2016 surplus \$65,462). From the surplus \$358,356 (2016: \$189,291) was applied to several reserves including a capital maintenance reserve and a reserve for premises fitout. The net available surplus after transfer to reserves was \$223,846 (2016 deficit \$123,829). The surplus was arrived at after receipt of some unbudgeted income for project management fees and savings in budgeted capital expenditure and training.

In October 2017, I was appointed as Chief Executive Officer after having served in an acting capacity since November 2016.

**ROBERT WICKS**  
**Chief Executive Officer**

21 March 2018

# **Statutory report of the members of the Sydney Diocesan Secretariat**

## **For the year ended 31 December 2017**

In accordance with a resolution of the Board, the members of the Sydney Diocesan Secretariat ("SDS") submit herewith the financial report for the year ended 31 December 2017:

### **Scope**

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SDS is constituted by the *Sydney Diocesan Secretariat Ordinance 2017* and is a body incorporated under the *Anglican Church of Australia (Bodies Corporate) Act 1938*, domiciled in Australia. Its principal place of business is –

Sydney Diocesan Secretariat  
Level 2, St Andrew's House  
Sydney Square NSW 2000

### **Principal activities**

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The object of SDS is to carry out, perform and provide administrative, secretarial and accounting services for the Anglican Church in the Diocese of Sydney.

The principal organisations served by SDS are –

- the Synod, the Standing Committee and their subcommittees, and the parishes of the Diocese
- Glebe Administration Board, as Trustee for the Diocesan Endowment, and the Diocesan Cash Investment Fund
- Anglican Church Property Trust Diocese of Sydney
- St Andrew's House Corporation
- Endowment of the See Committee
- Mission Property Committee
- Sydney Church of England Finance & Loans Board (trading as Sydney Anglican Loans)

Services are provided by SDS in accordance with agreed service level standards, and SDS recovers its costs by way of fees charged to the organisations served.

Except for a reduction in activity in relation to the Diocesan Endowment due to the closure of the Glebe Income Accounts, there were no significant changes in the nature of SDS's activities during the year.

### **Results for the year**

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The total change in equity is a surplus of \$582,202 (2016: \$65,462 surplus).

### **Distributions**

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Distributions are not paid by SDS.

### **Review of operations and significant changes in the state of affairs**

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A review of the operations of SDS and commentary on any significant changes in the state of affairs of SDS is contained in the report of the Chief Executive Officer (CEO).

## **Members**

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The Standing Committee of the Diocese of Sydney appoints members, for terms of three years. The Standing Committee has the power to remove any member before the expiration of their term. The Archbishop of Sydney also appoints one member, also for a term of three years. The non-executive members receive no remuneration. The Chief Executive Officer attends meetings of SDS.

The following members were in office during the whole financial year and up to the date of this report.

### **Mr Ross Smith (Chair), MAppFin, BEc, GAICD, Chartered Accountant**

CEO, Anglican Schools Corporation. Previously CFO of Anglicare, Sydney. Brings 25 years experience in Finance, Corporate Restructuring and Acquisition Advisory; Member of the Council of St Andrew's House Corporation. Member of Caringbah Anglican Church. Board member since 2010.

### **Mr Mark Ballantyne, BE, MBA, FIAA**

Qualified Actuary; General Manager of Financial Wisdom with the Commonwealth Bank, having over 20 years experience in all facets of financial services. Attends East Lindfield Anglican Church. Board member since 2009.

### **The Rev Edward Brush, B Th, Dip Min**

NSW/ACT Regional Officer for Bush Church Aid. Previously Rector, Parish of Lower Mountains, served on Standing Committee, Mission Board of the Standing Committee, Council of St Andrew's Cathedral School, George's River Regional Council and Finance & Loans Board. Originally trained as an electrical engineer with extensive experience in supply chain management both in Australia and internationally. Board member since 2013.

### **Mr Greg Hammond OAM, BA, LLB, ThA**

Consultant in banking and finance; formerly partner of King & Wood Mallesons; chairman of Anglican Community Services (t/as Anglicare Sydney) and Olive Tree Media; director of the Australian College of Theology, G&C Mutual Bank, NCNC Funds Limited and Opportunity International Australia; Adjunct Fellow Macquarie University in the Applied Finance Centre; previous service on Diocesan and other not-for-profit boards and committees. Member of Macquarie Anglican Churches. Board member since 2014.

### **Mr John Pascoe, FCA, BEc**

Partner Pascoe Whittle Chartered Accountants; Member of Standing Committee, Finance Committee, St Andrew's House Corporation, St Andrew's Cathedral Chapter and Diocesan Resources Committee; Chairman Audit Committee. Attends St Andrew's Cathedral. Board member since 2009.

### **Mr Andrew Stanley, BE, LLB, MAppFin, CA, FINSA**

Head of Australian Equities, Ralton Asset Management. Over 20 years experience in financial structuring/investment banking and funds management. Previously a member of Anglican Funds Committee, Melbourne. Member of C3 Church Mosman. Board member since 2014.

### **Bishop Michael Stead, BCom(Acc), BD(Hons), DipMin, PhD**

Bishop of South Sydney; Member of Standing Committee Diocese of Sydney; Diocesan Representative on General Synod; Member of General Synod Standing Committee; Secretary of the General Synod Doctrine Commission. Prior to ordination, worked for PricewaterhouseCoopers from 1990-1996. Board member since 2015.

## **Resignation**

Professor Peter Wolnizer resigned from office with effect from 31 December 2017.

### **Professor Peter Wolnizer OAM, BEc, MEc PhD, FCA, FCPA**

Professor Emeritus at The University of Sydney; formerly Dean of the Faculty of Economics and Business (1999-2010) and Professor of Accounting. Chairman of the International Accounting Education Standards Board (2012-2014). Member Council of Moore College (2000-2004). Attends St Andrew's Cathedral. Board member since 2012.

## Appointment

Ms Robyn Hobbs was appointed as a member of the board by the Archbishop of Sydney on 4 November 2017.

### Ms Robyn Hobbs OAM, MMgt, JP

NSW Small Business Commissioner, leading a team that provides advocacy, mediation and dispute resolution services to small businesses in NSW. Previously worked in a diverse range of industry sectors including the arts, business, community services, government, media, social welfare, and transport. She has held executive roles at the Sydney Opera House, State Chamber of Commerce and the City of Sydney. In 1983 Robyn founded Carols in the Domain, which is Australia's largest community Christmas concert. In 2009 she received the OAM for services to the community for founding Carols in the Domain, and raising funds for The Salvation Army. Attends St Mark's Darling Point and has served on the Anglicare Board. Board member since 7 November 2017.

## Chief Executive Officer

### Mr Robert Wicks, B.Sc LLB, GAICD

Mr Wicks was appointed as Chief Executive Officer on 4 October 2017, after serving in an acting capacity as CEO since 19 November 2016. Prior to this he held the positions of Diocesan Secretary and Head of Diocesan and Corporate Services of the Sydney Diocesan Secretariat. Previously he worked as a solicitor at the Commonwealth Bank of Australia. He is not a Board member. He attends West Pymble Anglican Church.

## Secretary

### Mr Steve Lucas, BA LLB, FGIA

Mr Lucas was appointed Secretary to the Board in 2014. He has held in-house legal roles with the Sydney Diocesan Secretariat for more than 10 years. He is not a Board member. He attends Helensburgh Anglican Church.

Details of attendance at Members' meetings and Audit Committee meetings are detailed below –

Year Ended 31 December 2017	Members' Meetings		Audit Committee Meetings	
	A	B	A	B
<b>Non Executive Members</b>				
M Ballantyne	6	4		
E Brush	6	4		
G Hammond OAM	6	6		
R Hobbs OAM	1	-		
J Pascoe	6	5	2 C	2 C
R Smith	6 C	4 C		
A Stanley	6	3		
M Stead	6	6	2	1
P Wolnizer OAM	6	2	2	1

A = meetings eligible to attend

B = meetings attended

C = Chairman

= not a committee member

## **Continuation in office of Members**

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Mr Gregory Hammond, Mr John Pascoe and Mr Andrew Stanley were reappointed as members by the Standing Committee on 13 November 2017, for a further term of 3 years.

### **Delegation**

SDS has delegated to the CEO, and through the CEO to other senior executives, responsibility for the day to day management of the activities of SDS. The scope of that delegated authority, and its limits, is documented.

### **Committees**

SDS has an Audit Committee and a Nominations Committee to assist it in fulfilling its responsibilities. The main role of the Audit Committee is to monitor, report and make recommendations to SDS about the financial reporting processes of SDS, the internal control systems and the independent audit process. The charter of the Audit Committee and the Nominations Committee are reviewed periodically by SDS.

## **Identifying significant business risks**

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SDS regularly monitors the operational and financial performance of its activities. It monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

## **Independent professional advice**

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SDS has resolved that members do not have the right to seek independent professional advice at the expense of SDS, other than with prior approval by SDS.

## **Insurance of officers**

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During the year insurance premiums totalling \$15,000 (2016: \$15,000) were paid for directors' and officers' liability insurance in respect of the members of SDS. The policies do not specify the premium for individual members.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities

## **Matters subsequent to the end of the year**

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Two sub-tenants of SDS have exercised their options to renew their sub-leases, which terminate during 2018. One sub-tenant has accepted terms and a new sub-lease is under preparation but has not yet been executed. The other sub-tenant is negotiating the lease terms proposed by SDS.

The financial effects of these transaction have not been recognised at 31 December 2017.

## **Environmental regulation**

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

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

## **Likely developments and expected result of operations**

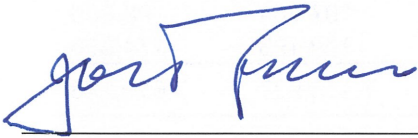
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The members have approved budgets for 2018 with the key objectives of resourcing the SDS strategic plan. In particular, the budget has been prepared to specifically address the following objectives:

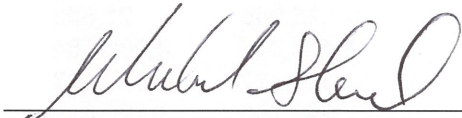
- SDS will meet the expectation of the Synod and the other organisations we serve, and anticipate and respond to their needs with effective solutions.
- SDS will provide relevant, specialised and accessible services and resources to support parishes having regard to the changing environment in which parish ministry takes place.
- SDS will proactively model and promote servant leadership across the Diocesan network, and beyond.

A deficit of \$261,000 is budgeted for 2018, after reserving for future lease obligations and anticipated premises fitout works and maintenance of the real value of the capital of SDS.

Signed in accordance with a resolution of the members of Sydney Diocesan Secretariat.



Member



Member

Sydney

21 March 2018

# SYDNEY DIOCESAN SECRETARIAT

## Statement of comprehensive income For the year ended 31 December 2017

	Notes	2017 \$	2016 \$
<b>Revenue from continuing operations</b>			
Management and service fees		6,629,307	6,804,906
Rental income		290,973	531,532
Interest		107,464	98,839
Other income		139,193	174,966
<b>Total revenue from continuing operations</b>		<b>7,166,937</b>	<b>7,610,243</b>
<b>Expenses from continuing operations</b>			
Interest and finance charges		13,846	21,622
Staff and related expenses		4,405,346	4,906,164
Professional fees		329,177	329,907
Rent and occupancy expenses		990,750	1,175,450
Office operating expenses		445,493	506,513
Marketing expenses		1,730	-
Depreciation and amortisation	6,7	281,113	294,176
Audit fees		38,931	36,361
Insurance expenses		67,787	75,718
Consideration paid to St Andrew's House Corporation for surrender of Level 1 lease		-	100,000
Other expenses		10,562	98,870
<b>Total expenses from continuing operations</b>		<b>6,584,735</b>	<b>7,544,781</b>
<b>Surplus for the year</b>		<b>582,202</b>	<b>65,462</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>582,202</b>	<b>65,462</b>
<b>Transfer from current year surplus</b>			
Transfer (to) Capital maintenance reserve	13	(121,068)	(102,000)
Transfer (to) Premises fitout works reserve	13	(194,288)	(169,008)
Transfer (to) Sub-tenant leasing reserve	13	(43,000)	-
Transfer from Information Communication and Technology (ICT) projects reserve	13	-	81,717
<b>Net available surplus/(deficit) after transfer to reserves</b>		<b>223,846</b>	<b>(123,829)</b>

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



# SYDNEY DIOCESAN SECRETARIAT

## Statement of financial position As at 31 December 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	4,941,438	3,727,095
Restricted cash	2	743,017	1,239,975
Term deposits with maturity between three months and one year	3	-	719,950
Receivables and other assets	4	383,253	558,551
Lease incentive and straight line lease rental assets	5	2,183	12,402
<b>Total current assets</b>		<b>6,069,891</b>	<b>6,257,973</b>
<b>Non-current assets</b>			
Lease incentive and straight line lease rental assets	5	-	2,183
Plant and equipment	6	600,842	851,641
Intangible assets - Software	7	14,585	9,160
<b>Total non-current assets</b>		<b>615,427</b>	<b>862,984</b>
<b>Total assets</b>		<b>6,685,318</b>	<b>7,120,957</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	8	350,013	755,409
Interest bearing liabilities	9	743,017	1,239,975
Provisions	10	1,005,839	1,118,527
<b>Total current liabilities</b>		<b>2,098,869</b>	<b>3,113,911</b>
<b>Non-current liabilities</b>			
Provisions	11	378,227	381,026
<b>Total non-current liabilities</b>		<b>378,227</b>	<b>381,026</b>
<b>Total liabilities</b>		<b>2,477,096</b>	<b>3,494,937</b>
<b>Net assets</b>		<b>4,208,222</b>	<b>3,626,020</b>
<b>EQUITY</b>			
Capital	12	2,062,105	2,062,105
Reserves	13	1,612,951	1,254,595
Accumulated surplus		533,166	309,320
<b>Total equity</b>		<b>4,208,222</b>	<b>3,626,020</b>

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

# SYDNEY DIOCESAN SECRETARIAT

## Statement of changes in equity For the year ended 31 December 2017

	Notes	Capital	Reserves	Accumulated Surplus	Total
		\$	\$	\$	\$
<b>Balance at 1 January 2016</b>		<b>2,062,105</b>	<b>1,065,304</b>	<b>433,149</b>	<b>3,560,558</b>
Surplus for the year		-	-	65,462	65,462
Transfer to Capital maintenance reserve	13	-	102,000	(102,000)	-
Transfer to Premises fitout works reserve	13	-	169,008	(169,008)	-
Transfer to ICT projects reserve	13	-	(81,717)	81,717	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>189,291</b>	<b>(123,829)</b>	<b>65,462</b>
Transactions with beneficiaries		-	-	-	-
<b>Balance at 31 December 2016</b>		<b>2,062,105</b>	<b>1,254,595</b>	<b>309,320</b>	<b>3,626,020</b>
Surplus for the year		-	-	582,202	582,202
Transfer to Capital maintenance reserve	13	-	121,068	(121,068)	-
Transfer to Premises fitout works reserve	13	-	194,288	(194,288)	-
Transfer to Sub-tenant leasing reserve	13	-	43,000	(43,000)	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>358,356</b>	<b>223,846</b>	<b>582,202</b>
Transactions with beneficiaries		-	-	-	-
<b>Balance at 31 December 2017</b>		<b>2,062,105</b>	<b>1,612,951</b>	<b>533,166</b>	<b>4,208,222</b>

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

# SYDNEY DIOCESAN SECRETARIAT

## Statement of cash flows For the year ended 31 December 2017

	Notes	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Management and service fees received		6,902,213	6,664,285
Rent received		303,375	542,395
Interest received		91,162	98,839
Other income received		141,375	175,655
Borrowing costs paid		(8,825)	(11,646)
Payments to suppliers and employees		(6,899,164)	(7,155,621)
<b>Net cash inflow from operating activities</b>		<b>530,136</b>	<b>313,907</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment	6,7	(35,743)	(245,122)
Proceeds from term deposits with maturity between three months and one year	3	725,219	-
Payments for term deposits with maturity between three months and one year	3	(5,269)	(6,200)
<b>Net cash inflow (outflow) from investing activities</b>		<b>684,207</b>	<b>(251,322)</b>
<b>Cash flows from financing activities</b>			
Movement of net current accounts held with client funds (outflow) inflow		(496,958)	279,906
<b>Net cash (outflow) inflow from financing activities</b>	9	<b>(496,958)</b>	<b>279,906</b>
Net increase in cash and cash equivalents		717,385	342,491
Cash at the beginning of the year		4,967,070	4,624,579
<b>Cash and cash equivalents at end of year</b>	2	<b>5,684,455</b>	<b>4,967,070</b>

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

# **1. 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.

## **(a) Basis of preparation**

These special purpose financial statements have been prepared in accordance with the Sydney Diocesan Secretariat Ordinance 1973, and the Accounts, Audits and Annual Statements Ordinance 1995 as amended by the Synod of the Anglican Church of Australia Diocese of Sydney. SDS has determined that the accounting policies adopted are appropriate to meet the needs of SDS.

SDS is a not for profit entity for the purpose of preparing financial statements.

## **New and amended accounting standards**

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

## **Historical cost convention**

The financial statements have been prepared on a historical cost basis.

## **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 SDS's accounting policies. The areas involving a higher degree or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 19.

## **(b) Principles of consolidation**

Associates are all entities over which SDS has significant influence but not control or joint control.

SDS is a member of SCEGGS Darlinghurst Ltd and SCEGGS Redlands Ltd, two schools which are companies limited by guarantee. SDS has particular powers which may be called upon in the case of a ballot which allows it to cast votes equal in number to one half of all the votes cast in the ballot (excluding the vote of SDS). In a vote on an ordinary resolution not involving a ballot, SDS has 1 vote, the same as other members. The quorum at general meetings is 15 members for SCEGGS Redlands Ltd and 20 members for SCEGGS Darlinghurst Ltd. SDS has the right to appoint 4 directors to each company. At present SDS directors are 4 of 12 in each case.

While SDS has potential for significant influence in the policies of SCEGGS Darlinghurst Ltd and SCEGGS Redlands Ltd, it does not have control as SDS has no expectation of obtaining a benefit from its association with these companies as all income and property must be applied towards the promotion of the objects of the companies, even in winding up of the companies. Therefore SDS is not required to consolidate their financial statements. No related party disclosures are required as there is no transfer of resources, services or obligations between SDS and the schools.

## **1. Summary of significant accounting policies (cont)**

### **(c) Revenue recognition**

Revenue and other income are measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes paid. Revenue and other income are recognised for the major business activities as follows:

#### ***Management and service fees***

SDS performs accounting, administration and secretarial services for a number of organisations across the Diocese, most notably Glebe Administration Board, the trustee for the Diocesan Endowment (and its controlled entities) and the Diocesan Cash Investment Fund (DCIF), Synod (including Standing Committee), St Andrew's House Corporation, Anglican Church Property Trust Diocese of Sydney, and the Endowment of the See. Management and service fees are based upon recouping the overall costs from each organisation through careful attention to the allocation of staff activity to organisations served by SDS. The fees are recognised in the accounting period in which the services are rendered.

#### ***Grants and donations***

Grants and donations are recognised to the extent they have been deposited in the bank, which is the point at which the entity gains control of the grant or donation.

#### ***Disposal of plant and equipment***

Income from the disposal of plant and equipment is measured at fair value of the consideration received or receivable less the carrying value of the fixed asset or group of assets sold. Gain or loss arising from the sale is recognised at net amount in the statement of comprehensive income.

#### ***Interest income***

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the entity reduces the carrying amount to its recoverable amount.

#### ***Sub-lease income (Rent)***

Sub-lease income from operating leases is recognised in income on a straight-line basis over the lease term, where it has a material effect on the accounts.

### **(d) 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 asset's 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.

### **(e) Cash and cash equivalents, restricted cash and term deposits**

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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

In addition to cash and cash equivalents balances noted above, SDS has also adopted a policy which includes short-term investments as a cash and cash equivalents balance. These investments include unsecured loans to the Diocesan Cash Investment Fund (DCIF). The loans made to DCIF are separate from those made by any other lender and makes SDS an unsecured creditor of DCIF. Loans are repayable on request by SDS in accordance with the conditions set out in the Loan Agreement between SDS and the DCIF.

Term deposits are deposits held with Glebe Administration Board. Term deposits with an initial term of three months or less are included in cash and cash equivalents. Term deposits are carried at face value of the amount deposited. Interest accrued is included in Receivables.

## 1. Summary of significant accounting policies (cont)

Restricted cash and cash equivalent amounts are disclosed in Note 2 which represents funds held in trust by SDS through the operation of current accounts by its client entities, the liability for which is disclosed in Note 9. There is no explicit documentation regarding the agent/trust relationship SDS has in respect to holding its clients monies.

### (f) Receivables and other assets

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

Collectability of receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statement of comprehensive income.

### (g) Sub-leases

SDS has entered into a number of sub-leases concerning its leases in St Andrew's House. These sub-leases, in which a significant portion of the risks and rewards of ownership are retained by SDS, are classified as operating leases.

Lease incentives may be provided to sub-lessees to enter into an operating lease. These incentives may be in the form of cash, rent free periods, lessee or lessor owned fitouts. They are amortised over the term of the sub-lease as a reduction of rent income. The carrying amount of the sub-lease incentives is recognised as an asset.

### (h) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Furniture and effects	10 years
Office equipment	5 years
Computer hardware	2.5 years to 5 years
Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### (i) Intangible assets

Costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software.

SDS amortises intangible assets – software using the straight-line method over its estimated useful life, as follows:

- Software 3 years

## **1. Summary of significant accounting policies (cont)**

### **(j) Acquisitions of assets**

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

### **(k) Payables**

These amounts represent 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.

### **(l) Current account held for diocesan funds**

These interest-bearing liabilities are carried at their principal amounts. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

### **(m) Provisions**

Provisions for make good obligations and termination benefits 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. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

### **(n) Employee benefits**

#### **(i) *Wages, salaries, annual leave and personal leave***

Liabilities for wages and salaries including non-monetary benefits and annual leave expected to be settled within 12 months of the end of each reporting period are recognised either in payables or current provisions in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

No liability has been recognised for personal leave, it is not considered that any personal leave taken will incur additional costs.

#### **(ii) *Long service leave***

The liability for long service leave is recognised in the provision for long service leave entitlements and measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the Reserve Bank of Australia cash rate at the end of each reporting period for a term that matches estimated future cash outflows.

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

## **1. Summary of significant accounting policies (cont)**

The obligations are presented as current liabilities in the balance sheet where SDS does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### **(o) Capital**

Represents the original capital contributed to SDS.

### **(p) Reserves**

Appropriate reserves are created to enable SDS to meet projected future major expenditure without significant dissipation of working capital or requiring SDS to borrow significant sums to fund that expenditure.

SDS has identified the need for a capital maintenance reserve to ensure sufficient capital is generated and maintained by SDS operations.

SDS has identified potential major future expenditure under the lease of part of level 2 of St Andrew's House to undertake significant fitout works in its premises at the end of the leases. Further SDS has identified future expenditure to support strategic business development initiatives and Information, Communications and Technology (ICT) projects.

### **(q) Income tax**

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

### **(r) Goods and Services Tax (GST)**

SDS is the representative 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 statement of financial position.

Cash flows are presented on a net basis. 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. Current assets – Cash and cash equivalents, and restricted cash

	2017 \$	2016 \$
Cash at bank - Westpac Banking Corporation	214,763	187,673
Glebe Administration Board (other related party) At call	-	2,011,849
Glebe Administration Board (other related party) Term deposit with a maturity 3 months or less from the date of acquisition	-	2,765,948
Diocesan Cash Investment Fund	5,468,092	-
Cash in hand	1,600	1,600
Balances per statement of cash flows	<u>5,684,455</u>	<u>4,967,070</u>
Less Restricted cash	<u>(743,017)</u>	<u>(1,239,975)</u>
	<u>4,941,438</u>	<u>3,727,095</u>

Included as a cash equivalent is an unsecured loan to the DCIF. The DCIF is a wholesale charitable investment fundraiser. The Glebe Administration Board is trustee of the DCIF. The loan amount is regarded as cash as the unutilised interests are valued at \$1.00, which are payable at call. The underlying investments of DCIF are cash accounts at call, term deposits and cash trusts.

SDS provides administrative, secretariat and accounting services to a range of organisations. As part of these services, SDS holds cash deposits, in trust, on behalf of its client entities (Refer to note 9), and these funds are pooled with SDS's own funds in accounts with an authorised deposit-taking institution or the Diocesan Cash Investment Fund, for administrative efficiency. SDS controls the funds, and has the ability to invest the funds at its discretion to earn interest income. SDS bears any related credit risk in case of bankruptcy of an institution; however, clients are entitled to the full amount of any cash deposited in the event of insolvency. As a result, the funds are classified as restricted cash.

Amounts held for clients are also credited into separate liability accounts and recognised as interest bearing liabilities. SDS has a contractual obligation towards the clients in the event of bankruptcy of a financial institution or its insolvency.

Cash includes a restricted cash and cash equivalent amount of \$743,017 (2016: \$1,239,975), which represents funds held in trust through the operation of current accounts by SDS's client entities (Refer Note 9). There is no explicit documentation regarding the agent/trust relationship SDS has in respect to holding its clients' monies. While restricted cash is identified within the financial statements, no SDS policy is in place in the event a wind up is necessary to resolve the competing interest of different classes of creditors and beneficiaries.

## 3. Current assets – Term deposits with maturity between three months and one year

	2017 \$	2016 \$
Glebe Income Account (other related party) Term deposit Opening	719,950	713,750
Additions	5,269	6,200
Withdrawals	(725,219)	-
Glebe Income Account (other related party) Term deposit Closing	<u>-</u>	<u>719,950</u>

#### 4. Current assets – Receivables and other assets

	2017	2016
	\$	\$
Accounts receivable	23,639	33,855
Provision for impairment of receivables (note (a))	-	-
Prepayments - other	114,470	36,292
Receivable from related entities	135,766	140,470
Other receivables	109,378	347,934
	<u>383,253</u>	<u>558,551</u>

(a) **Bad and doubtful receivables**

Receivables and debtors have been reviewed and none are considered doubtful. Therefore no provision has been raised for doubtful receivables.

#### 5. Non-current assets – Lease incentive and straight lined lease assets

	2017	2016
	\$	\$
Rent-free period lease incentive	25,039	25,039
Less: Amortisation of straight lined lease incentive	(24,204)	(19,196)
	<u>835</u>	<u>5,843</u>
Straight lined lease rental	1,348	8,742
Lease incentive and straight lined lease assets	<u>2,183</u>	<u>14,585</u>

**Movement**

At beginning of the year	14,585	22,808
Movement in lease incentives capitalised	(5,008)	(5,008)
Movement in lease rentals capitalised	(7,394)	(3,215)
At end of the year	<u>2,183</u>	<u>14,585</u>

Current	2,183	12,402
Non-current	-	2,183
	<u>2,183</u>	<u>14,585</u>

The rent-free lease incentive is being amortised over the life of the sub-lease which terminates in February 2018.

## 6. Non-current assets – Plant and equipment

	2017 \$	2016 \$
Furnishings and effects - at cost	1,168,003	1,286,019
Additions	-	47,239
Disposals/write-off	(18,536)	(165,255)
Furnishings and effects	1,149,467	1,168,003
Less: Provision for depreciation	(933,792)	(849,215)
	<u>215,675</u>	<u>318,788</u>
Office equipment - at cost	358,133	307,821
Additions	2,974	180,054
Disposals/write-off	(3,025)	(129,742)
Office equipment	358,082	358,133
Less: Provision for depreciation	(192,026)	(129,524)
	<u>166,056</u>	<u>228,609</u>
Computer hardware - at cost	332,909	339,279
Additions	14,664	59,062
Disposals/write-off	(18,604)	(65,432)
Computer hardware - at cost	328,969	332,909
Less: Provision for depreciation	(276,079)	(231,617)
	<u>52,890</u>	<u>101,292</u>
Leasehold Improvements - Make Good	307,447	435,796
Additions	-	6,378
Disposals/write-off	-	(134,727)
Leasehold Improvements - Make Good	307,447	307,447
Less: Provision for depreciation	(145,138)	(112,676)
	<u>162,309</u>	<u>194,771</u>
Motor vehicle - at cost	21,342	21,342
Motor vehicle	21,342	21,342
Less: Provision for depreciation	(17,430)	(13,161)
	<u>3,912</u>	<u>8,181</u>
Total plant and equipment	<u>600,842</u>	<u>851,641</u>

## 6. Non-current assets – Plant and equipment (Continued)

	2017 \$	2016 \$
Opening balance at beginning of year	851,641	956,637
Additions	17,638	286,355
Work in progress changes during the year	-	(41,233)
Additional recognition of Make Good provision	-	6,378
Reverse Make Good Leasehold improvement/provision for surrendered Level 1 lease	-	(84,304)
Depreciation - plant and equipment	(268,437)	(272,192)
Closing balance at end of year	600,842	851,641

## 7. Non-current assets – Intangible assets - Software

	2017 \$	2016 \$
Intangible assets - Software - at cost	65,952	65,952
Additions	18,105	-
Disposals/write-off	(65,952)	-
Intangible assets - Software	18,105	65,952
Less: Provision for amortisation	(3,520)	(56,792)
Total intangible assets - Software - at cost	14,585	9,160

Reconciliation of the carrying amount of intangible assets at the beginning and end of the current year is set out below:

	2017 \$	2017 \$
Opening balance at beginning of year	9,160	31,144
Additions	18,105	-
Amortisation - intangible assets	(12,680)	(21,984)
Closing balance at end of year	14,585	9,160

## 8. Current liabilities - Payables

	2017 \$	2016 \$
Accounts payable	4,307	4,400
Accrued expenses	139,678	257,300
Other payables	206,028	493,709
	350,013	755,409

## 9. Current liabilities – Interest bearing liabilities

	2017	2016
	\$	\$
<b>Interest bearing liabilities</b>		
Current accounts held for Diocesan funds (other related parties) (a)	743,017	1,239,975
<b>Movement</b>		
Current account balances at start of year	1,239,975	960,069
Net (decrease) increase in current account liability	(496,958)	279,906
Current account balances at end of year	743,017	1,239,975

(a) Current account balances are at call.

Interest is paid at 0.01% (2016: 0.01%). Interest is charged at 7.75% (2016: 7.75%) on overdrawn client fund current accounts.

(b) Restricted cash and cash equivalents.

Refer Note 2 for disclosure related to the cash held by SDS on behalf of its client entities.

## 10. Current liabilities – Provisions

	2017	2016
	\$	\$
Annual leave entitlements	244,589	248,934
Long service leave entitlements (a)	728,019	747,643
Restructuring costs (a)	33,231	121,950
	1,005,839	1,118,527

(a) **Amounts not expected to be settled within the next 12 months**

The current provision for long service leave covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The current amount of the provision of \$728,019 (2016: \$747,643) is presented as current, since SDS does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, SDS does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

(b) **Restructuring costs**

Provision for termination benefits payable to non-voluntarily retrenched staff.

	2017	2016
	\$	\$
<b>Restructuring costs</b>		
<b>Movement in current provision</b>		
Carrying amount at start of year	121,950	-
Charged/(credited) to the income statement		
- additional provisions recognised	33,231	213,127
Amounts used during the year	(121,950)	(91,177)
Carrying amount at end of year	33,231	121,950

## 11. Non-current liabilities – Provisions

	2017	2016
	\$	\$
Long service leave entitlements	38,490	46,310
Obligations upon termination of leases - Make Good costs (a)	339,737	334,716
	<u>378,227</u>	<u>381,026</u>

### (a) Obligations upon termination of leases – make good costs

Provision to meet future expenditure required under the leases for part of level 2 of St Andrew's House to make good at the end of the leases.

### (b) Movement in provision

Movements in each class of provision during the year, other than employee benefits, are set out below –

<b>Make Good Costs</b>	2017	2016
<b>Movement in non-current provision</b>	\$	\$
Carrying amount at start of year	334,716	465,949
Change in estimate charged to plant and equipment Level 2	-	6,378
Change in estimate charged to plant and equipment on surrender of lease on Level 1	-	(146,930)
Charged/(credited) to the income statement		
- unwind discount	5,021	9,319
Carrying amount at end of year	<u>339,737</u>	<u>334,716</u>

## 12. Equity – Capital

	2017	2016
	\$	\$
Contributed capital	<u>2,062,105</u>	<u>2,062,105</u>

Capital has been contributed by the Synod of the Anglican Church of Australia Diocese of Sydney. SDS's governing ordinance grants no rights or preferences in relation to the capital, and places no restrictions on the use of the capital in pursuing SDS's objectives and providing benefits to the Synod's stakeholders.

## 13. Equity - Reserves

	2017 \$	2016 \$
Capital maintenance reserve (i)	435,068	314,000
Premises fitout works reserve (ii)	826,600	632,312
Business development reserve (iii)	190,000	190,000
ICT projects reserve (iv)	118,283	118,283
Sub-tenant leasing reserve (v)	43,000	-
	1,612,951	1,254,595

<b>Movement in reserves</b>	<b>Capital maintenance reserve \$</b>	<b>Premises fitout works reserve \$</b>	<b>Business development reserve \$</b>	<b>ICT projects reserve \$</b>	<b>Sub-tenant leasing reserve \$</b>	<b>Total \$</b>
Carrying amount at start of year	314,000	632,312	190,000	118,283	-	1,254,595
Transfer from current year surplus	121,068	194,288	-	-	43,000	358,356
Carrying amount at end of year	435,068	826,600	190,000	118,283	43,000	1,612,951

### Nature and purpose of reserves

(i) *Capital maintenance reserve*

The capital maintenance reserve is used to ensure sufficient capital is generated and maintained by SDS operations. Amounts will be transferred to the reserve to maintain the real value of the contributed capital and accumulated surplus. Balances may be transferred to accumulated surplus at times when major expenditure is incurred for activities outside of the Service Level Agreements held with SDS clients, i.e. not recouped through the SDS management fees.

(ii) *Premises fitout works reserve*

The Premises fitout works reserve is used to generate sufficient working capital for the likely need for SDS to undertake significant fitout works in its premises at the time of entering into new leases/premises. The cumulative balance will be cleared to accumulated surplus once the current leases reach the end of the lease terms, and the present or new premises are refurbished/fitted out.

(iii) *Business development reserve*

The Business development reserve will be used to support a number of strategic initiatives identified in the 2016 SDS Budget paper. These expenditures have not been allocated to clients in setting SDS fees. Balances may be transferred back to accumulated surplus at times when the strategic initiatives have been completed.

(iv) *ICT projects reserve*

The ICT projects reserve will be used to support expenditure on ICT projects during 2016 and 2017 which will represent the replacement and upgrade of SDS's existing technology and communication infrastructure. Balances may be transferred back to accumulated surplus at times when the ICT projects have been completed.

(v) *Sub-tenant leasing reserve*

The Sub-tenant leasing reserve will be used to diminish any shortfall in sub-tenancy income while SDS is occupying excess office space in St Andrew's House.

## 14. Commitments and lease information

(i) Capital commitments	2017	2016
	\$	\$
Plant and equipment - Computer Hardware	138,856	-

(ii) Non-cancellable operating leases: SDS as lessee	2017	2016
<i>Lease commitments: SDS as lessee</i>	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	869,810	841,299
Later than one year but not later than five years	2,997,092	3,271,911
Later than five years	-	544,604
	<u>3,866,902</u>	<u>4,657,814</u>

### Lease commitments: SDS as lessor

<i>Sub-lease payments</i>		
Future minimum lease payments expected to be received in relation to cancellable sub-leases of operating leases		
Within one year	129,635	306,502
Later than one year but not later than five years	98,761	210,356
Later than five years	-	17,993
	<u>228,396</u>	<u>534,851</u>

### (iii) Cancellable operating leases

<i>Lease commitments: SDS as lessee</i>		
Commitments for minimum lease payments in relation to cancellable operating leases are payable as follows:		
Within one year	295,464	255,925
Later than one year but not later than five years	9,915	8,000
	<u>305,379</u>	<u>263,925</u>

- (i) *Capital commitments*  
Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities.
- (ii) *Non-cancellable operating leases*  
SDS leases various suites within St Andrew's House under non-cancellable operating leases expiring within five years. The leases have varying terms. Each lease is subject to an annual rent escalation of 3% on the anniversary of the lease commencement date. On renewal terms of the leases are renegotiated. Excess office space is sub-let to third parties also under non-cancellable operating leases.
- (iii) *Cancellable operating leases*  
SDS has service contracts for the provision of software and hardware maintenance that are not recognised as liabilities.



## 15. Investments in associates

SDS is a member of SCEGGS Darlinghurst Ltd and SCEGGS Redlands Ltd, two schools which are companies limited by guarantee. SDS has particular powers which may be called upon in the case of a ballot which allows it to cast votes equal in number to one half of all the votes cast in the ballot (excluding the vote of SDS). In a vote on an ordinary resolution not involving a ballot, SDS has 1 vote, the same as other members. The quorum at general meetings is 15 members for SCEGGS Redlands Ltd and 20 members for SCEGGS Darlinghurst Ltd. SDS has the right to appoint 4 directors to each company. At present SDS directors are 4 of 12 in each case.

SDS does not have control of the schools as its voting power does not allow it to govern the financial and operating policies of the schools so as to obtain benefit from their activities. As a result the schools are regarded as associates of SDS and not subsidiaries.

No financial information of the companies is disclosed as both are limited by guarantee and SDS has not contributed any capital to the schools. In addition, SDS has no expectation of ever receiving any financial benefit from the schools as by their nature no dividends are paid and the winding up clauses in their constitutions require any surplus on winding up to be paid to an Anglican school in the Diocese.

## 16. Contingent liabilities

Contingent liabilities in respect to the membership of the schools SCEGGS Darlinghurst Ltd and SCEGGS Redlands Ltd are limited in their constitutions to the guarantees of \$1 and \$10 respectively.

## 17. Overdraft facility

A Guarantee has been given to Westpac Banking Corporation by Glebe Administration Board (a related party) for overdraft accommodation up to \$1,200,000 granted to SDS.

### Financing arrangements

SDS had access to the following undrawn borrowing facility at the end of each reporting period:

	2017	2016
	\$	\$
Undrawn overdraft facility with Westpac Banking Corporation	1,200,000	1,200,000

At balance date SDS made available an overdraft facility with a limit of \$1,000,000 to the Glebe Administration Board through its current account with SDS.

## 18. Related party transactions

Ultimate control vests with Synod through the sanctioning of governing Ordinances. The transactions with other related parties, the Synod and the Standing Committee and many other diocesan organisations, are carried out on a commercial basis.

Due to similar membership of the boards of the Glebe Administration Board ("GAB") and SDS, SDS is a related party of GAB and entities for which GAB is trustee.

### Statement of comprehensive income

SDS operates as the central administrative body of the Diocese, and is the employer of staff and responsible for providing secretarial and office support for the Archbishop, Registrar and other Diocesan funds. SDS's activities involve extensive related party transactions. SDS's revenues from management and service fees and grants are wholly derived from related parties. Revenues from interest and other income are mainly derived from related parties. Expenses mainly attributable to related parties are interest and finance charges, rent and insurance expenses.

SDS paid the St Andrew's House Trust \$775,861 for office rent, (2016: Office rent \$1,086,133).

### Statement of financial position

SDS's net assets also contain outstanding balances with related parties. Included in the assets of SDS are cash deposits with Glebe Administration Board, related through a director in common, and some receivables. SDS provides a deposit taking service via "current accounts" with its client funds. These related party outstanding balances are shown as interest bearing liabilities. The balance of the current accounts are further disclosed as restricted cash in Note 2.

### Key management personnel

#### (a) Members

The following persons held office as members of SDS during the year:

Mr M Ballantyne	Mr R Smith
The Rev E Brush	Mr A Stanley
Mr G Hammond OAM	Bishop M Stead
Ms R Hobbs OAM (appointed 7 November 2017)	Professor P Wolnizer OAM (resigned 31 December 2017)
Mr J Pascoe	

#### (b) Other key management personnel

The following persons also had authority and responsibility for the strategic direction and management of SDS during the year:

<i>Name</i>	<i>Position</i>
Mr M A Blaxland	Chief Financial Officer
Mr R Wicks	Chief Executive Officer from 4 October 2017, previously Acting CEO from 19 November 2016.

#### (c) Key management personnel compensation

	2017	2016
	\$	\$
Short-term employee benefits	482,875	664,498
Long-term employee benefits	8,545	23,100
	<u>491,420</u>	<u>687,598</u>

## **19. Critical accounting estimates**

Significant estimates and judgements

### *Estimation of provision for long service leave*

Long-term employee benefit liabilities such as long service leave provisions are subject to estimation of uncertain future events. These estimates involve assumptions about such items as discount rates used, future changes in salaries, and individual employee's pattern of use of long service leave.

### *Classification of Restricted Cash*

SDS holds cash in trust on behalf of its client entities. SDS has used judgment to determine that it has the right to use its client's cash to make investments, bears credit risk, and has a contractual obligation to return the funds to its clients in the event of insolvency or a financial institutions bankruptcy. Refer to Note 2 for further details.

## **20. Events occurring after the end of the reporting period**

Two sub-tenants of SDS have exercised their options to renew their sub-leases, which terminate during 2018. One sub-tenant has accepted terms and a new sub-lease is under preparation but has not yet been executed. The other sub-tenant has not responded to the new terms proposed by SDS.

The financial effects of these transaction have not been recognised at 31 December 2017.

The financial statements were authorised for issue on 21 March 2018 by the members.

# SYDNEY DIOCESAN SECRETARIAT

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## MEMBERS' DECLARATION

The members of SDS declare that these financial statements and notes set out on pages 7 to 26:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements, and other mandatory professional reporting requirements,
- (b) presents fairly SDS's statement of financial position as at 31 December 2017 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 SDS 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.



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Member



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Member

Sydney

21 March 2018



## *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 Sydney Diocesan Secretariat (as appointed by the Standing Committee) for the Sydney Diocesan Secretariat.

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### *Our opinion*

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Sydney Diocesan Secretariat (the Entity) as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

### ***What we have audited***

The financial report comprises:

- the statement of financial position as at 31 December 2017
- 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 a summary of significant accounting policies
- the members' declaration .

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### *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 Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 1 in the financial report, which describes the basis of accounting. The financial report has been prepared to meet the requirements of the *Sydney Diocesan Secretariat Ordinance 1973* and of the *Accounts, Audit and Annual Statements 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 Sydney Diocesan Secretariat (as appointed by the Standing Committee) and should not be distributed to or used by parties. Our opinion is not modified in respect of this matter.

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#### ***PricewaterhouseCoopers, ABN 52 780 433 757***

*One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)*

*Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)*



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### *Other information*

The members of Sydney Diocesan Secretariat (as appointed by the Standing Committee) are responsible for the other information. The other information comprises the information included in the Entity's annual financial report for the year ended 31 December 2017, including the Report by the Chief Executive Officer and the Statutory report of the members of the Sydney Diocesan Secretariat, 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 identified above 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 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.

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### *Responsibilities of the members of the Sydney Diocesan Secretariat (as appointed by the Standing Committee) for the financial report*

The members of Sydney Diocesan Secretariat (as appointed by the Standing Committee) are responsible for the preparation and fair presentation of the financial report in accordance with the accounting policies described in Note 1 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.

In preparing the financial report, the members are responsible for assessing the ability of the Entity 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 Entity or to cease operations, or have no realistic alternative but to do so.



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*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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Francois Bruder*

Francois Bruder  
Principal

Sydney  
21 March 2018