

Synod Funds – Amalgamated

Annual financial report – 31 December 2010

Incorporating –

- Sydney Diocesan Synod Fund Funds 127 – 129
(unaudited)
- Standing Committee of Synod Funds 153 – 189
Sydney Diocesan Account (unaudited)

Standing Committee of Synod - Synod Funds
Income Statement for the 12 months ended 31 December 2010

	Fund 127 Work Outside the Diocese	Fund 128 Connect09	Fund 129 Sydney Diocesan Synod	Fund 153 ABP's Professional Standards Unit	Fund 156 College of Preachers	Fund 187 St Andrews House Rent Subsidies	Fund 188 Social Issues Executive	Fund 189 Ordination Training	Elimination	Total	Actual 12 months ending 31 Dec 2009
Income	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest	11,000	5,212	58,928	11,514	93	451	2,276	14,672	-	104,146	90,860
PCR Contributions	-	100,174	-	495,061	-	-	-	-	-	595,235	770,800
Synod Grants	288,000	191,000	-	197,000	-	-	-	176,000	(852,000)	-	-
Other Income	15,965	223	6,720,619	241,083	-	-	-	10,000	(188,082)	6,799,808	12,345,060
Total Income	314,965	296,609	6,779,547	944,658	93	451	2,276	200,672	(1,040,082)	7,499,189	13,206,720
Expenses											
Interest	-	-	-	-	-	-	-	-	-	-	156
Staff & Related	-	232,600	-	286,061	-	-	2,842	-	-	521,503	774,198
Professional Fees	-	-	11,139	190,771	-	-	-	-	-	201,910	136,468
SDS Fees	-	-	654,996	8,808	-	2,832	1,800	2,736	-	671,172	991,044
Computer & Software	-	-	-	-	-	-	9	-	-	9	531
Insurance	-	-	-	-	-	-	246	-	-	246	240
Rent & Occupancy	-	64	-	24,926	-	-	-	-	-	24,990	31,879

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	Fund 127 Work Outside the Diocese	Fund 128 Connect09	Fund 129 Sydney Diocesan Synod	Fund 153 ABP's Professional Standards Unit	Fund 156 College of Preachers	Fund 187 St Andrews House Rent Subsidies	Fund 188 Social Issues Executive	Fund 189 Ordination Training	Elimination	Total	Actual 12 months ending 31 Dec 2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Printing & Stationery	-	-	-	7,309	-	-	3,330	-	-	10,639	9,900
Entertainment & Travel	-	-	-	11,977	-	-	561	-	-	12,538	13,762
Depreciation	-	-	-	725	-	-	562	-	-	1,287	1,703
Marketing	-	-	-	9,147	-	-	-	-	-	9,147	8,985
Office	-	2,227	-	5,464	-	-	67	-	-	7,758	13,488
Miscellaneous	-	-	-	36,702	-	-	225	-	-	36,927	28,164
Grants and Subsidies	338,167	14,554	6,176,649	291,200	6,905	13,082	-	245,000	(1,040,082)	6,045,475	10,561,780
Total Expenses	338,167	249,445	6,842,784	873,090	6,905	15,914	9,642	247,736	(1,040,082)	7,543,601	12,572,298
Net Surplus/(Deficit)	(23,202)	47,164	(63,237)	71,568	(6,812)	(15,463)	(7,366)	(47,064)	-	(44,412)	634,422

Standing Committee of Synod - Synod Funds
Balance Sheet for the 12 months ended 31 December 2010

	Fund 127	Fund 128	Fund 129	Fund 153	Fund 156	Fund 187	Fund 188	Fund 189	Elimination	Total	Actual 31 December 2009
	Work Outside the Diocese	Connect09	Sydney Diocesan Synod	ABP's Professional Standards Unit	College of Preachers	St Andrews House Rent Subsidies	Social Issues Executive	Ordination Training			
Assets											
Cash	226,420	89,276	1,792,090	284,086	-	-	47,044	272,674	-	2,711,590	2,794,820
Receivables	-	-	-	31,586	-	-	276	-	-	31,862	18,180
Fixed Assets	-	-	-	2,597	-	-	1,687	-	-	4,284	2,555
Other	74	16	207	724	-	-	16	-	-	1,037	2,661
Total assets	226,494	89,292	1,792,297	318,993	-	-	49,023	272,674	-	2,748,773	2,818,216
Liabilities											
Payables	-	-	10,000	100	-	-	-	-	-	10,100	14,483
Provisions	-	-	44,411	19,316	-	-	-	-	-	63,727	84,375
Total liabilities	-	-	54,411	19,416	-	-	-	-	-	73,827	98,858
Net assets	226,494	89,292	1,737,886	299,577	-	-	49,023	272,674	-	2,674,946	2,719,358
Equity											
Accumulated Funds	249,696	42,128	1,801,123	228,009	6,812	15,463	56,389	319,738	-	2,719,358	2,084,936
Current year	(23,202)	47,164	(63,237)	71,568	(6,812)	(15,463)	(7,366)	(47,064)	-	(44,412)	634,422
Total Equity	226,494	89,292	1,737,886	299,577	-	-	49,023	272,674	-	2,674,946	2,719,358

Amalgamated statement of cash flows for the year ended 31 December 2010

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Interest received		103,352	90,969
Dividends and distributions		6,501,374	12,226,143
Grants and donations		1,401,883	2,451,627
Other income		518,979	452,277
Borrowing costs		-	(156)
Payments in respect of the operations		(8,605,802)	(14,604,490)
Net cash inflow from operating activities	6	(80,214)	616,370
Cash flows from investing activities			
Payments for plant and equipment		(3,015)	-
Net cash flows (outflow)/inflow from investing activities		(3,015)	-
Net increase/(decrease) in cash held		(83,229)	616,370
Cash and cash equivalents at the beginning of the year		2,794,819	2,178,449
Cash and cash equivalents at the end of the year		2,711,590	2,794,819

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

1. Purpose

This financial report is an amalgamation of individual funds listed below. At 31 December 2010 the Synod Funds comprised of 6 funds (2009: 8 funds):

Fund 127	Sydney Diocesan Synod Fund - Work Outside the Diocese
Fund 128	Sydney Diocesan Synod Fund - Connect09
Fund 129	Sydney Diocesan Synod Fund
Fund 153	The Archbishop's Professional Standards Unit
Fund 188	Social Issues Executive Fund
Fund 189	Sydney Diocesan Ordination Training Fund

During 2010 the College of Preachers Fund (Fund 0156) and the Rent Subsidies Fund (Fund 0187) ceased operations and were closed.

The 129 group records the financial transactions as authorised by the Diocesan Synod Appropriations Ordinance each year in Australia.

Each of the funds has been established as per its own ordinance which outlines the purpose of the funds.

2. Summary of significant accounting policies

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

(a) Basis of preparation

This is a special purpose financial statement that has been prepared for the sole purpose of providing amalgamated financial information to Synod and for distribution to the members of Synod and must not be used for any other purpose. The Finance Committee of Standing Committee has determined that the accounting policies adopted are appropriate to meet the needs of Synod.

The income statement and balance sheet are submitted as amalgamated statements for administrative purposes. The process of amalgamation consists of adding all the balances of the individual funds on a line by line basis. There is no consideration of beneficial interests, which is involved or implied in the preparation of the amalgamated financial report. Material transactions have been eliminated between the funds.

The net assets at the date of exit of funds exiting the amalgamated accounts are debited to the relevant category of equity. The items of the statement of income for a fund that has exited the amalgamated accounts during the period are only included in the amalgamated accounts until the date of exit. When a fund is joining the amalgamated accounts a credit to equity is generally recognised to record the net assets that have been included in the amalgamated accounts.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Revenue recognition

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

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 income statement.

Distributions

Distributions are recognised on an accruals basis when the right to receive payment is established.

Interest

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

Recoveries

Personnel cost recoveries from parochial and non-parochial units have been accounted for as income received in respect of certain clergy entitlements to cover superannuation contributions, insurances and other premiums paid on behalf of parochial and non-parochial units.

Diocesan program costs recovered from parochial units have been accounted for as income received in respect of insurances and other centrally managed programs.

Recognition is on an accruals basis.

(c) Grants and donations expense

Grants and donations are generally recognised upon payment.

(d) 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.

(e) 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Receivables

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.

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

(g) Fair value estimation

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

(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 re-valued amounts, net of their residual values, over their estimated useful lives as follows:

- Furniture and effects	10 years
- Computer hardware and printers	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(i) Payables

These amounts represent liabilities for goods and services provided prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) 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.

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 balance sheet date. 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. The increase in the provision due to the passage of time is recognised as interest expense.

(k) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised either in payables or current provisions in respect

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of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

No liability has been recognised for sick leave, as there is no provision made for sick leave and it is not considered that any sick leave taken will incur in additional costs.

Long service leave

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised as a provision and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the 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.

(l) Goods and Service Tax (GST)

The funds are members of the Sydney Diocesan Secretariat 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.

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.

(m) Income tax

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

3. Current liabilities – Payables

	2010	2009
	\$	\$
Accrued expenses and accounts payable	10,100	14,483

4. Current liabilities – Provisions

	2010	2009
Current	\$	\$
Provision for General Synod Representatives (unpaid grants)	44,411	62,195
Employee benefits - annual leave	9,648	14,474
	<u>54,059</u>	<u>76,669</u>
	2010	2009
	\$	\$
Movements in provision:		
Provision for General Synod Representatives		
Balance 1 January	62,195	37,195
Transfer to General Synod Representatives	25,000	25,000
Payment of General Synod expenses	(42,784)	-
Balance 31 December	<u>44,411</u>	<u>62,195</u>

5. Non-current liabilities – Provisions

	2010	2009
Non-current	\$	\$
Employee benefits - long service leave	9,668	7,706
	<u>9,668</u>	<u>7,706</u>
	2010	2009
	\$	\$
Provisions		
Provisions - Current	54,059	76,669
Provisions - Non-current	9,668	7,706
Balance 31 December	<u>63,727</u>	<u>84,375</u>

6. Reconciliation of surplus from the income statement to the net cash flows from operating activities

	2010	2009
	\$	\$
Surplus from ordinary activities	(44,412)	634,422
Non-cash depreciation expense	1,287	1,703
Changes in assets and liabilities		
(Increase) in receivables	(12,058)	(14,997)
(Decrease) in provisions	(20,648)	(3,958)
(Decrease) in payables	(4,383)	(800)
Net cash inflow from operating activities	<u>(80,214)</u>	<u>616,370</u>

Members Declaration

The members of the Finance Committee of Standing Committee of Synod declare that the financial statements and notes set out on pages 37 to 45:

- (a) comply with the accounting policies summarised in note 2;
- (b) give a fairly presented view of the Fund's financial position as at 31 December 2010 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 the individual funds 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.

JAMES FLAVIN
RODNEY COSIER
Members

19 May 2011

Synod Funds Amalgamated Report on Agreed Upon Procedures for 2010

Report on Agreed Upon Procedures for the following funds –

Fund 127	SDSF Work Outside the Diocese
Fund 128	SDSF Connect09
Fund 129	Sydney Diocesan Synod Fund
Fund 153	SDA ABP's Professional Standards Unit
Fund 156	SDA College of Preachers
Fund 187	SDA St Andrew's House Rent Subsidies
Fund 188	SDA Social Issues Executive
Fund 189	SDA Ordination Training Fund

We have performed the procedures agreed with the Finance Committee as detailed in the written instructions of 10 February 2011 and described below with respect to validity, accuracy and authorisation of transactions in the entities listed above.

Our engagement was undertaken in accordance with Australian Auditing Standards applicable to agreed-upon procedures engagements. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Members.

The procedures performed were performed solely to assist you in the validity, accuracy and authorisations of transactions of the entities listed above.

Because the procedures do not constitute either an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, we do not express any assurance or opinion on validity, accuracy and authorisation of transactions of the entities listed above.

Had we performed additional procedures or had we performed an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, other matters might have come to our attention that would have been reported to you.

Findings

Our report is solely for your information and is not to be used for any other purpose or distributed to any other party. This report relates only to the Agreed Upon Procedures and does not extend to any of the financial reports of the entities/funds listed above, taken as a whole. We do not accept any responsibility for losses occasioned to Diocese of Sydney, the entities/funds listed above or to any other party as a result of the circulation, reproduction or use of our final or draft report contrary to the provisions of this paragraph.

PricewaterhouseCoopers

KRISTIN STUBBINS
Partner

Sydney
12 April 2011