

Parish Funds – Amalgamated

Annual financial report – 31 December 2010

Incorporating –

- Parish Funds Funds 951 – 955
(unaudited)

Standing Committee of Synod – Parish Funds
Consolidated income and expenditure statement for the period ending 31 December 2010

| | YTD | YTD | YTD | YTD | YTD | YTD | YTD | YTD | Dec-09 |
|---------------------------------------|------------------|----------------|------------------|---------------|---------------|------------------|--------------|------------|------------|
| | Actual | Actual | Actual | Actual | Actual | Actual | Eliminations | Actual | YTD |
| | Fund 951 | Fund 952 | Fund 953 | Fund 954 | Fund 955 | Fund 955 | | TOTAL | TOTAL |
| | Parish | Clergy | Long | Sickness | Clergy | Clergy | | | |
| | Costs | Benefits | Service | & Accident | Removals | Removals | | | |
| | Recovery | | Leave | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| INCOME | | | | | | | | | |
| AXA Stipend Continuance receipts | - | 343,183 | - | - | - | - | - | 343,183 | 458,027 |
| Interest on cash | 49,992 | 22,446 | - | 18,145 | - | 2,608 | - | 103,500 | 77,480 |
| LSL - Buy-backs | - | - | 10,309 | - | - | - | - | 21,759 | 50,841 |
| LSL - Claims - Anglican LSL Fund | - | - | 21,759 | - | - | - | - | 817,594 | 899,281 |
| LSL - Organisations | - | - | 817,594 | - | - | - | - | 84,127 | 88,033 |
| LSL - Organisations - Admin Fees | - | - | 84,127 | - | - | - | - | 6,124 | 6,758 |
| LSL - Organisations - Distribution | - | - | 6,124 | - | - | - | - | 45,620 | 53,919 |
| Moorebank Estate - Distribution | - | - | - | - | - | - | - | 327,547 | 314,834 |
| Asbestos Inspection Program | 327,547 | - | - | - | - | - | - | 100,108 | 370,808 |
| Connect09 | 100,108 | - | - | - | - | - | - | 3,550,000 | 3,109,083 |
| PCR Variable Charge Recovery | 3,550,000 | - | - | - | - | - | - | 3,851,151 | 3,604,361 |
| PCR Superannuation Recovery | 3,851,151 | - | - | - | - | - | - | 475,549 | 443,751 |
| PCR LSL Recovery | 510,166 | - | 475,549 | - | - | - | (510,166) | 34,617 | 34,033 |
| PCR LSL - Admin Fees | - | - | 34,617 | - | - | - | - | 36,569 | 51,194 |
| PCR S&A Recovery | 36,569 | - | - | 36,569 | - | - | (36,569) | 414,259 | 384,076 |
| PCR Stipend Continuance Recovery | 451,668 | 414,259 | - | - | - | - | (451,668) | 37,409 | 34,715 |
| PCR Stipend Continuance Admin Fees | - | 37,409 | - | - | - | - | - | 56,115 | 56,612 |
| Stipend Continuance Organisations | - | 56,115 | - | - | - | - | - | 5,068 | 7,508 |
| Stipend Continuance Orgs - Admin Fees | - | 5,068 | - | - | - | - | - | 10,310,299 | 10,045,313 |
| TOTAL INCOME | 8,877,201 | 878,480 | 1,450,079 | 54,714 | 48,228 | (998,403) | | | |

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| | YTD Actual Fund 951 Parish Costs Recovery | YTD Actual Fund 952 Clergy Benefits | YTD Actual Fund 953 Long Service Leave | YTD Actual Fund 954 Sickness & Accident | YTD Actual Fund 955 Clergy Removals | Eliminations | YTD Actual TOTAL | Dec-09 YTD TOTAL |
|--------------------------------------|--|---|---|--|---|--------------|------------------------|------------------------|
| EXPENSES | | | | | | | | |
| Accounting, Audit & Secretarial Fees | 165,000 | 39,996 | 39,996 | 9,996 | 9,996 | - | 264,984 | 282,000 |
| Audit Fees | 10,245 | - | - | - | - | - | 10,245 | 14,658 |
| Bad Debts Expense | - | - | - | - | - | - | - | - |
| Claims Paid | - | 343,183 | 817,594 | 5,782 | 35,272 | - | 1,201,831 | 1,410,446 |
| Consulting Costs | 1,380 | - | - | - | - | - | 1,380 | - |
| LSL - Buy-backs to the Anglican LSL | - | - | - | - | - | - | - | - |
| Fund | - | - | 22,962 | - | - | - | 22,962 | 51,400 |
| LSL - Payments to the Anglican LSL | - | - | - | - | - | - | - | - |
| Fund | - | - | 559,676 | - | - | - | 559,676 | 532,683 |
| Moorebank Estate - Management Fees | - | - | - | - | 7,858 | - | 7,858 | 7,388 |
| PCR Insurance | 2,660,257 | - | - | - | - | - | 2,660,257 | 2,376,054 |
| Asbestos Inspection Program | 327,547 | - | - | - | - | - | 327,547 | 314,834 |
| Connect09 | 100,174 | - | - | - | - | - | 100,174 | 370,808 |
| PCR Superannuation | 3,851,151 | - | - | - | - | - | 3,851,151 | 3,604,361 |
| PCR LSL | 510,166 | - | - | - | - | (510,166) | - | - |
| PCR S&A | 36,569 | - | - | - | - | (36,569) | - | - |
| PCR Stipend Continuance | 451,668 | - | - | - | - | (451,668) | - | - |
| Printing Costs - Parish publications | 9,032 | - | - | - | - | - | 9,032 | 882 |
| Professional Standards Unit | 395,000 | - | - | - | - | - | 395,000 | 395,000 |

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| | YTD Actual Fund 951 Parish Costs Recovery \$ | YTD Actual Fund 952 Clergy Benefits \$ | YTD Actual Fund 953 Long Service Leave \$ | YTD Actual Fund 954 Sickness & Accident \$ | YTD Actual Fund 955 Clergy Removals \$ | Eliminations \$ | YTD Actual TOTAL \$ | Dec-09 YTD TOTAL \$ |
|---------------------------------------|--|---|---|--|---|--------------------|------------------------------|------------------------------|
| Parish Risk Management Program | 215,116 | - | - | - | - | - | 215,116 | - |
| Return of funds to Diocesan Endowment | 1,000,000 | - | - | - | - | - | 1,000,000 | - |
| Safe Ministry Training Program | 100,061 | - | - | - | - | - | 100,061 | - |
| Stipend Continuance Insurance Expense | - | 432,531 | - | - | - | - | 432,531 | 427,441 |
| TOTAL EXPENSES | 9,833,366 | 815,710 | 1,440,228 | 15,778 | 53,126 | (998,403) | 11,159,805 | 9,787,955 |
| NET SURPLUS/(DEFICIT) | (956,165) | 62,770 | 9,851 | 38,936 | (4,898) | - | (849,506) | 257,358 |

Consolidated Balance Sheet as at 31 December 2010

| | Fund 951 Parish Costs Recovery | Fund 952 Clergy Benefits | Fund 953 Long Service Leave | Fund 954 Sickness & Accident | Fund 955 Clergy Removals | Eliminations | Total | Dec-09 Total |
|--------------------------------------|---|--------------------------------|--------------------------------------|---------------------------------------|--------------------------------|--------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | | | |
| Cash | 1,597,278 | 727,562 | 329,186 | 408,513 | 75,503 | - | 3,138,042 | 3,840,482 |
| PCR Receivables - Parishes | 16,096 | - | - | - | - | - | 16,096 | 6,334 |
| Organisations Receivable | - | - | 1,916 | - | - | - | 1,916 | 2,243 |
| Prepayments | - | - | - | - | - | - | - | 141,000 |
| Other receivables | - | 16,306 | - | 4,264 | 8,182 | - | 28,752 | 39,955 |
| TOTAL Assets | 1,613,374 | 743,868 | 331,102 | 412,777 | 83,685 | - | 3,184,806 | 4,030,016 |
| Liabilities | | | | | | | | |
| LSL Fund Payable | - | - | 140,315 | - | - | - | 140,315 | - |
| S&A Fund Payable | - | - | - | - | - | - | - | - |
| Stipend Continuation Fund Payable | - | - | - | - | - | - | - | - |
| Superannuation Clearing Account | - | - | - | - | - | - | - | 9,433 |
| Other Payables | 10,000 | 51,317 | 20,544 | - | - | - | 81,861 | 208,448 |
| TOTAL Liabilities | 10,000 | 51,317 | 160,859 | - | - | - | 222,176 | 217,881 |
| Net Assets | 1,603,374 | 692,551 | 170,243 | 412,777 | 83,685 | - | 2,962,630 | 3,812,135 |
| Equity | | | | | | | | |
| Accumulated Surplus - Prior Year | 2,559,539 | 629,781 | 160,392 | 373,841 | 88,583 | - | 3,812,136 | 3,554,777 |
| Net Surplus/(Deficit) - Current Year | (956,165) | 62,770 | 9,851 | 38,936 | (4,898) | - | (949,506) | 257,358 |
| TOTAL Equity | 1,603,374 | 692,551 | 170,243 | 412,777 | 83,685 | - | 2,962,630 | 3,812,135 |

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

| | Notes | 2010 \$ | 2009 \$ |
|--|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Recoveries from parochial units | | 9,390,909 | 8,645,330 |
| Recoveries from non-parochial units | | 579,447 | 834,667 |
| Long service leave parish buy-backs | | 21,759 | 50,841 |
| Interest | | 94,337 | 77,479 |
| Dividends and distributions | | 37,762 | 46,531 |
| Other income | | 1,178,397 | 1,345,930 |
| Interest and finance charges paid | | (12,077) | (16,685) |
| Payments in respect of the operations | | (11,992,974) | (10,689,106) |
| Net cash inflow from operating activities | 3 | (702,440) | 294,987 |
| Net increase in cash held | | (702,440) | 294,987 |
| Cash at the beginning of the period | | 3,840,482 | 3,545,495 |
| Cash at the end of the period | | 3,138,042 | 3,840,482 |

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

1. Purpose

The Parish Funds is a group of funds amalgamated in 2006 to administer clergy entitlements.

At 31 December 2010 the Parish Funds is comprised of 5 funds (2009: 5):

| | |
|----------|--|
| Fund 951 | Sydney Diocesan Parish Fund |
| Fund 952 | Clergy Benefits Fund |
| Fund 953 | Long Service Leave Clearing Fund |
| Fund 954 | Sydney Diocesan Sickness & Accident Fund |
| Fund 955 | Clergy Removals Fund |

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 Standing Committee has determined that the accounting policies adopted are appropriate to meet the needs of Synod.

The statement of income 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.

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) 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.

(i) 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.

(j) 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.

(k) Income tax

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

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

| | 2010 | 2009 |
|---|------------------|----------------|
| | \$ | \$ |
| (Deficit)/surplus from ordinary activities | (849,506) | 257,357 |
| Changes in assets and liabilities | | |
| Receivables Decrease in receivables | 142,768 | 177,385 |
| Payables Increase/(Decrease) in payables | 4,298 | (136,018) |
| Net cash flows from operating activities | (702,440) | 298,724 |

Members Declaration

The members of the Finance Committee of Standing Committee of Synod declare that the financial statements and notes set out on pages 49 to 56:

- (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

Parish Funds Amalgamated Report on Agreed Upon Procedures for 2010

Report on Agreed Upon Procedures for the following funds –

| | |
|----------|--|
| Fund 951 | Sydney Diocesan Parish Fund |
| Fund 952 | Clergy Benefits Fund |
| Fund 953 | Long Service Leave Fund |
| Fund 954 | Sydney Diocesan Sickness & Accident Fund |
| Fund 955 | Clergy Removals 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