Sydney Diocesan Secretariat Audited Accounts for 2007

Independent Audit Report to the Members of Sydney Diocesan Secretariat

Report on the financial report

We have audited the accompanying financial report (as set out on pages 443 to 462) of Sydney Diocesan Secretariat (the Secretariat) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the members' declaration for Sydney Diocesan Secretariat.

Members' responsibility for the financial report

The members of the Secretariat are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the provisions of the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church of Australia Diocese of Sydney. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the members also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by members or management.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion on the financial report

In our opinion –

(a) the financial report of Sydney Diocesan Secretariat is in accordance with the provisions of the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church of Australia Diocese of Sydney, including –

    (i) giving a true and fair view of the Secretariat's financial position as at 31 December 2007 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

PricewaterhouseCoopers

Kristin Stubbins
Partner

Sydney
31 March 2008

Income statement for the year ended 31 December 2007

	Notes	2007 $	2006 $
Revenue from continuing operations			
Management and service fees		10,703,461	11,061,842
Interest		289,380	367,541
Dividends and distributions		-	187,860
Grants and donations		202,000	244,504
Net gain on sale of available-for-sale financial assets		1,023	-
Other income		1,236,900	106,160
Net gain on sale of fixed assets	7	-	24,452
Superannuation contributions holiday	20	-	412,101
Total revenue from continuing operations		12,432,764	12,404,460
Expenses from continuing operations			
Interest & finance charges		174,161	117,640
Staff and related expenses		8,893,998	8,093,940
Professional fees		1,446,376	1,310,699
Rent and occupancy expenses		795,543	656,484
Office operating expenses		1,564,638	1,160,378
Marketing expenses		1,237	19,375
Depreciation		431,007	317,224
Audit fees	19	81,609	438,056
Bad debts		980	1,214
Insurance expenses		39,734	-
Net loss on sale of fixed assets	7	2,181	-
Other expenses		16,107	4,450
Total expenses from continuing operations		13,447,571	12,119,460
(Deficit)/surplus for the year		**(1,014,807)**	**285,000**

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

Balance sheet as at 31 December 2007

	Notes	2007 $	2006 $
ASSETS			
Current assets			
Cash and cash equivalents	4	4,849,037	4,739,536
Receivables	5	220,823	132,338
Other financial assets at fair value through profit or loss	6	-	-
Total current assets		**5,069,860**	**4,871,874**
Non-current assets			
Plant and equipment	7	2,421,283	1,977,410
Intangible assets	22	1,889,000	-
Total non-current assets		**4,310,283**	**1,977,410**
Total assets		**9,380,143**	**6,849,284**
LIABILITIES			
Current liabilities			
Payables	8	1,251,683	1,396,627
Loans	9	3,493,553	1,023,413
Provisions	10	1,264,292	1,462,435
Total current liabilities		**6,009,528**	**3,882,475**
Non-current liabilities			
Provisions and other liabilities	11	1,885,981	467,368
Total non-current liabilities		**1,885,981**	**467,368**
Total liabilities		**7,895,509**	**4,349,843**
Trust funds	12	-	-
Net assets		**1,484,634**	**2,499,441**
EQUITY			
Capital		2,062,105	2,062,105
Accumulated surplus	13	(577,471)	437,336
Total equity		**1,484,634**	**2,499,441**

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 31 December 2007

	2007 $	2006 $
Total equity at the beginning of the financial year	2,499,441	2,214,441
Surplus for the period	(1,014,807)	285,000
Total equity at the end of the financial year	**1,484,634**	**2,499,441**

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

Cash flow statement for the Year ended 31 December 2007

	Notes	2007 $	2006 $
Cash flows from operating activities			
Management and service fees		10,644,494	11,073,626
Rent		6,512	-
Interest		289,380	367,257
Dividends and distributions		-	496,267
Grants and donations		202,000	244,504
Other income		1,236,900	146,030
Borrowing costs		(174,108)	(117,693)
Payments in respect of the operations		(13,217,528)	(10,851,198)
Net cash (outflow)/inflow from operating activities	17	**(1,012,350)**	**1,358,793**
Cash flows from investing activities			
Payments for plant and equipment		(1,380,572)	(1,258,597)
Payments for other financial assets at fair value through profit or loss		-	(18,407)
Proceeds from sale of plant and equipment		31,261	63,447
Proceeds from disposal of other financial assets at fair value		1,023	2,553,886
Net cash (outflow)/inflow from investing activities		**(1,348,288)**	**1,340,329**
Cash flows from financing activities			
Increase/(decrease) in current accounts		2,470,139	(1,699,230)
Net cash inflow/(outflow) from financing activities		**2,470,139**	**(1,699,230)**
Net increase in cash held		109,501	999,892
Cash at the beginning of the period		4,739,536	3,739,644
Cash at the end of the period	4	**4,849,037**	**4,739,536**

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

1. Purpose

The Sydney Diocesan Secretariat (The Secretariat) was established and incorporated under the provisions of Ordinances 18 and 19 of 1973. The Secretariat operates wholly in Australia and, being the central administrative body of the Diocese, is the nominal employer of staff and is responsible for providing secretarial and office support for the Archbishop, Registrar and other Diocesan 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 general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, and the Accounts, Audits and Annual Reports Ordinance 1995.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRSs).

The accounting policies adopted are consistent with those of the previous financial year.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, and certain classes of plant and equipment.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2007 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. This standard will not affect any of the amounts recognised in the financial statements and is not expected to have a material impact on the financial statement disclosures of the entity.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

The revised AASB 101 that was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements.

Critical accounting estimates

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

There are no material areas of the financial statements where assumptions or estimates are used.

(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:

Management and service fees

Management and service 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 income statement.

Dividends and Distributions

Dividends and distributions from unlisted trusts are brought to account as revenue on the ex-dividend date.

(c) 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.

(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 assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

(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.

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) Investments and other financial assets

The entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value.

(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
- Equipment and machinery	5 years
- Computer hardware	3 years
- Computer software	3-4 years
- Motor vehicles	5.5 years

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

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) 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.

(j) Borrowings and borrowing costs

Borrowings are initially recognised at fair value. Borrowings are classified as current liabilities unless the Secretariat has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as expenses in the period in which they are incurred.

(k) 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. 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 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.

(l) Employee benefits

(i) 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 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 additional costs.

(ii) 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 the 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.

(iii) Employee incentives and bonus plans

A liability for employee benefits in the form of incentives is recognised in provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for employee incentives are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

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.

(m) 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.

(n) Financial instrument transaction costs

Costs are included in the carrying amounts, except for financial assets or liabilities that are measured at fair value through profit or loss.

(o) Goods and Service Tax (GST)

The entity is a member 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.

(p) Capital

Represents the original capital contributed to the Sydney Diocesan Secretariat fund.

3. Current assets – Cash and cash equivalents

The fund's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the fund. The fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, aging analysis for credit risk.

Prime responsibility for oversight of financial risk management is with the Board Asset Liability Committee (the Committee) under policies approved by the Secretariat. The Committee approves programs submitted by management that identifies, evaluates and mitigates financial risks. The Committee authorises written principles for overall financial risk management, as well as written policies and limits covering specific areas, such as financial instruments and non-derivative financial instruments, credit risk and investment of excess liquidity. Other risk management is carried out by the Board Risk & Compliance Committee.

	2007 $	2006 $
Financial assets		
Cash at bank - Westpac Banking Corporation	1,195,044	(87,817)
Glebe Income Accounts	3,652,393	4,825,753
Receivables	220,823	132,338
	5,068,260	4,870,274
Financial liabilities		
Payables	1,251,683	1,396,627
Loans - current account balances	3,493,553	1,023,413
	4,745,236	2,420,040

(a) Market risk

(i) Foreign exchange risk

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

(ii) Cash flow and fair value interest rate risk

The fund's interest rate risk arises from its current accounts. The Secretariat, as the holder of the Westpac bank account, acts as banker for all the other internal funds. Each fund, as a separate current account holder with the Secretariat, earns interest income on the balance held daily. Overdraft fees are charged if the current account balance with the Secretariat is in overdraft position at predetermined rates set internally. The lending of funds may expose the Secretariat to cash flow interest rate risk, as determined by the cash needs of each individual internal fund. The fund also holds cash and cash equivalent deposits which expose the fund to interest rate risk from impacts on interest income.

Interest rate sensitivity

At 31 December 2007, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, surplus for the year would have been $13,538 lower/higher (2006 – change of 100 bps: $37,145 lower/higher), mainly as a result of higher/lower interest expense on interest bearing liabilities.

31 December 2007	Carrying amount $	Interest rate risk -1.00% Surplus $	Equity $	1.00% Surplus $	Equity $
Financial assets					
Cash and cash equivalents	4,847,437	(48,474)	(48,474)	48,474	48,474
Interest bearing liabilities	3,493,553	34,936	34,936	(34,936)	(34,936)
Total increase/ (decrease)		(13,538)	(13,538)	13,538	13,538

31 December 2006	Carrying amount $	Interest rate risk -1.00% Surplus $	Equity $	1.00% Surplus $	Equity $
Financial assets					
Cash and cash equivalents	4,737,936	(47,379)	(47,379)	47,379	47,379
Interest bearing liabilities	1,023,413	10,234	10,234	(10,234)	(10,234)
Total increase/(decrease)		(37,145)	(37,145)	37,145	37,145

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with financial institutions, as well as credit exposures to outstanding receivables. For banks and financial institutions, only independently related parties with a minimum rating of A-2 are accepted. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. If available and considered required, the credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. The fund maintains a deposit with the Glebe Income Accounts, which is backed by the net assets of the Diocesan Endowment.

	Credit rating	**2007 $**	**2006 $**
Cash and cash equivalents			
Cash at bank - Westpac Banking Corporation	AA*	1,195,044	(87,817)
Glebe Income Accounts	Not rated	3,652,393	4,825,753
Total cash and cash equivalent		4,847,437	4,737,936

** Standard & Poor's*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the fund it aims at maintaining flexibility in funding by keeping committed credit lines available. The fund manages liquidity risk by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The fund had access to the following undrawn borrowing facility at the reporting date:

	2007 $	2006 $
Undrawn overdraft facility with Westpac Banking Corporation	1,200,000	1,200,000

The bank overdraft facilities may be drawn at any time.

Maturities of financial liabilities

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Due to the short-term nature of the liabilities the carrying amounts are disclosed in the table.

Less than six months	2007 $	2006 $
Non-interest bearing - payables	1,251,683	1,396,627
Variable rate - current account balances	3,493,553	1,023,413
	4,745,236	2,420,040

(d) Fair value estimation

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

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

4. Current assets – Cash and cash equivalents

	2007 $	2006 $
Cash at bank - Westpac Banking Corporation	1,195,044	(87,817)
Glebe Income Account (other related party)	3,652,393	4,825,753
Petty cash	1,600	1,600
	4,849,037	4,739,536

(a) Other cash and cash equivalents

The deposits are bearing floating interest rates between 6.25% and 7.18% (2006 – 3.50% and 5.25%). These deposits have a varied maturity of at call, on demand or 30 days.

(b) Cash at bank

Cash at bank is bearing a variable interest rate of 4.5% (2006: 3.5%). In 2006 cash at bank includes unpresented cheques of $318,505. The bank balance per the statement was not in an overdraft position.

5. Current assets – Receivables

	2007 $	2006 $
Accounts receivable	30,773	12,365
Prepayments - other	115,864	79,734
Receivable from related entities	47	36
Input tax credits	38,416	38,504
Other receivables	35,723	1,699
	220,823	132,338

(a) Bad and doubtful trade receivables

The Secretariat has recognised a loss of $980 (2006: $1,214) in respect of bad and doubtful receivables during the year ended 31 December 2007.

6. Current assets – Other financial assets at fair value through profit and loss

	2007 $	2006 $
Anglican Insurance Limited - at cost	47	47
Fair value adjustment	(47)	(47)
Total	-	-

Reconciliation of the carrying value of other financial assets through profit and loss at the beginning and end of the current year is set out below:

	2007 $	2006 $
At beginning of the year	-	2,825,479
Additions	-	18,407
Disposals	-	(2,553,885)
Fair value adjustment	-	(290,001)
At end of the year	-	-

7. Non-current assets – Plant and equipment

	2007 $	2006 $
Furnishings and effects	256,001	266,362
Additions	965,068	-
Disposals/write-off	(7,214)	(10,361)
Furnishings and effects	1,213,855	256,001
Less: Provision for depreciation	(112,743)	(65,013)
	1,101,112	190,988
Equipment and machinery	419,500	438,213
Additions	1,099	-
Disposals/write-off	(1,136)	(18,713)
Equipment and machinery	419,463	419,500
Less: Provision for depreciation	(418,474)	(418,364)
	989	1,136
Office equipment	252,427	249,779
Additions	219,542	182,081
Disposals/write-off	-	(179,433)
Office equipment	471,969	252,427
Less: Provision for depreciation	(126,056)	(69,035)
	345,913	183,392
Computer hardware	853,186	1,071,050
Additions	994,537	80,125
Disposals/write-off	(4,676)	(297,989)
Computer hardware	1,843,047	853,186
Less: Provision for depreciation	(905,124)	(645,387)
	937,923	207,799
Computer software	110,047	385,190
Additions	17,913	11,120
Disposals/write-off	-	(286,263)
Computer software	127,960	110,047
Less: Provision for depreciation	(114,210)	(70,809)
	13,750	39,238
Motor vehicles	119,952	196,985
Additions	-	21,310
Disposals/write-off	(70,157)	(98,343)
Motor vehicles	49,795	119,952
Less: Provision for depreciation	(28,199)	(53,797)
	21,596	66,155
Progress payments for office refurbishment	-	1,288,702
Total plant and equipment	2,421,283	1,977,410

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

	2007 $	2006 $
Opening balance at beginning of year	1,977,410	1,075,033
Additions	2,198,159	294,636
Work in progress - office refurbishment	(1,288,702)	963,960
Disposals/write-offs	(33,442)	(38,995)
Depreciation	(432,142)	(317,224)
Closing balance at end of year	2,421,283	1,977,410
Proceeds from the sale of plant and equipment	31,261	63,447
Carrying cost of plant and equipment sold	33,442	38,995
Gain/(loss) on sale of plant and equipment	(2,181)	24,452

8. Current liabilities – Payables

	2007 $	2006 $
Accounts payable	22,124	57,438
Accrued expenses	726,316	920,203
Planned giving	200,551	113,987
Other payables	302,692	304,999
	1,251,683	1,396,627

9. Current liabilities – Interest bearing liabilities

	2007 $	2006 $
Current accounts held for Diocesan funds (other related parties)	3,493,553	1,023,413

10. Current liabilities – Provisions

	2007 $	2006 $
Staff incentives	354,051	513,400
Annual leave entitlements	630,420	574,992
Long service leave entitlements	218,672	274,383
Clergy stipend continuance unfunded claims	61,149	99,660
	1,264,292	1,462,435

11. Non-current liabilities – Provisions and other liabilities

	2007 $	2006 $
Long service leave entitlements	270,380	242,352
Clergy stipend continuance unfunded claims	198,851	225,016
The Edge Project - Glebe Administration Board	1,416,750	-
	1,885,981	467,368

12. Trust funds

Movement in the composition of the trust funds during the current year are set out below:

	Total 2007 $	Total 2006 $
Balance at beginning of year	-	127,757
Received	-	78,465
Payments	-	(50,362)
Transfers to new administration fund	-	(155,860)
Balance at end of year	-	-

The clergy removals fund reimburses parishes for clergy removals under the provisions of the Clergy Removals Fund Ordinance 2003.

The Clergy Removals Fund (Fund 0955) was created on 1 January 2005. The balances from the Trust Funds were transferred to Fund 0955 in 2006.

13. Accumulated surplus

	2007 $	2006 $
Accumulated surplus at beginning of the year	437,336	152,336
Surplus for the year	(1,014,807)	285,000
Accumulated surplus at end of the year	(577,471)	437,336

14. Commitments – premises rental

	2007 $	2006 $
Gross rent - St Andrews House	997,808	605,952
Rent - Disaster Recovery Site	97,283	97,378
Payable no later than one year	1,095,091	703,330

15. Contingent liabilities and contingent assets

The members are not aware of any contingent assets or liabilities that have not been recognised as at the balance sheet date.

16. Overdraft facility

A Joint and Several Guarantee has been given to Westpac Banking Corporation by Glebe Administration Board and St. Andrew's House Corporation (other related parties) for overdraft accommodation up to $1.2 million granted to Sydney Diocesan Secretariat.

At balance date Sydney Diocesan Secretariat made available overdraft facilities with limits of $1 million to the Glebe Administration Board and $100,000 to Sydney Church of England Finance & Loans Board (other related party) through current accounts with the Secretariat.

17. Reconciliation of surplus from ordinary activities to the net cash flow from operating activities

	2007 **$**	**2006** **$**
(Deficit)/surplus from ordinary activities	(1,014,807)	285,000
Depreciation	431,007	317,224
Loss/(gain) on sale of plant and equipment	2,181	(24,452)
Fair value adjustment to investments	-	290,000
Changes in assets and liabilities		
(Increase)/decrease in receivables	(88,484)	556,421
(Decrease) in trust funds	-	(127,758)
(Decrease)/increase in payables	(144,944)	241,201
(Decrease) in provisions	(196,280)	(178,843)
Less: Realised (gain) on investments	(1,023)	-
Net cash inflow from operating activities	**(1,012,350)**	**1,358,793**

18. Related Party Transactions

Ultimate control vests with Synod through the sanctioning of governing Ordinances. The transactions between (other related party) Diocesan Funds are carried out on a commercial basis. The nature of transactions is disclosed in the financial statements.

Key management personnel

The following persons held office as members of the Secretariat during the year –

Canon B A Ballantine-Jones OAM
Mr P R Berkley
Mr P P Driscoll
Rt Rev R C Forsyth
Dr S E Judd
Mr R H Y Lambert
Mr N Lewis
Mr D McDonald AC
Mr I C Miller
Mr W H Olson AM
Dr L A Scandrett
Mr P R Shirriff

Key management personnel include the members of the Secretariat above and the four executives below with the greatest authority for the strategic direction and management of the Secretariat. Total compensation payable to the four executives for the financial year comprised short-term benefits amounting to $1,015,000 (2006: $944,000), and other long term benefits amounting to $288,250 (2006: $256,700).

Name	*Position*
Mr S G McKerihan	Chief Executive Officer (from 16 July 2007)
Mr R S Dredge	Chief Executive Officer (from 1 November 1999 to 6 July 2007)
Mr M A Blaxland	Chief Financial Officer
Mr M J Cambridge	General Manager, Property Services
Mr D R Cannings	General Manager

19. Remuneration of Auditors

	2007 **$**	**2006** **$**
(a) Assurance services		
Audit services		
- audit and review of financial reports and other audit work under the Corporations Act 2001	81,609	389,756
Total remuneration for audit services	81,609	389,756
Other assurance services		
- IFRS accounting services	-	34,200
- audit and review of financial reports and other audit work for other entities	-	5,300
Total remuneration for other assurance services	-	39,500
Total remuneration for assurance services	81,609	429,256
(b) Advisory services		
For services rendered, including		
- other services in the normal or incidental to the operation of the Secretariat	-	8,800
Total remuneration for advisory services	-	8,800
	81,609	438,056

In 2006 the Sydney Diocesan Secretariat was responsible for the payment of audit fees of various entites and recovered this through the accounting and secretarial services levied on those entities. In 2007 the audit fees are now charged directly to each entity instead, except for Standing Committee of Synod Sydney Diocesan Account and Archbishop's Discretionary Trust.

The audit fee for the year specific to the Secretariat is $22,000 (2006: $18,347).

20. Superannuation contributions holiday

	2007 $	2006 $
Superannuation contributions holiday	-	412,101

The superannuation contributions holiday represents the application of a surplus in the defined benefit category of the Anglican Superfund toward superannuation contributions made on behalf of current SDS employees. The surplus arose from overfunding, typical with this type of fund, and resulting from actual investment returns for the fund exceeding those assumed in the 3 year valuations by which the level of employer contributions was determined. This is a one-off non-recurring gain.

21. Events occurring after reporting date

On 30 January 2008 the Office of State Revenue issued Payroll Tax Assessments to SDS for the years ended 30 June 2004 to 30 June 2007 inclusive. The payroll tax assessed including interest and penalties and after deducting amounts previously paid was $1,870,980.13. The assessments arose from a payroll tax audit commenced in July 2007. Objections to the assessments have been lodged. The members are of the opinion, based on legal advice received, that the assessments are without merit. As a result no amount has been provided for in this financial report.

Other than the matter noted above, the members are not aware of any events occurring after reporting date that impact on the financial report as at 31 December 2007.

This financial report was authorised for issue on 26 March 2008 by the Board.

22. Non current assets – intangible assets

	2007 $	2006 $
The Edge Project costs	1,889,000	-

During the year a new general ledger project "The Edge" was implemented to replace the previous system, which was no longer supported by the vendor. The project is yet to be finalised, but is budgeted at $1,889,000 in total.

Members' declaration

The members of the Sydney Diocesan Secretariat declare that the financial statements and notes set out on pages 443 to 462 –

(a) comply with Australian Accounting Standards and other mandatory professional reporting requirements;

(b) gives a true and fair view of the Secretariat's balance sheet as at 31 December 2007 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

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

R H Y Lambert
L A Scandrett
Members 26 March 2008