

The Uniting Church in Australia  
Synod of Victoria and Tasmania

ABN 39 703 442 583

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# Annual Report

**For the year ended 31 December 2014**

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This financial report covers The Uniting Church in Australia - Synod of Victoria and Tasmania as an individual entity.

The Uniting Church in Australia - Synod of Victoria and Tasmania is a non-profit entity, created under The Uniting Church in Australia Act - Victoria No. 9021 and The Uniting Church in Australia Act - Tasmania No. 38

The Uniting Church in Australia - Synod of Victoria and Tasmania,  
130 Little Collins Street  
Melbourne VIC 3000

A description of the nature of the Synod's operations and its principal activities is included in the Standing Committee report on pages 4-7.

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

FINANCIAL REPORT - 31 DECEMBER 2014

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# THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

## Organisation Particulars

Standing Committee:	<b>Chairperson/Moderator</b> Mr Dan Wootton
Managers:	<b>General Secretary</b> Rev. Dr. Mark Lawrence  <b>Executive Director Administration and Finance</b> Mr Sebert Ruddock to 28th Feb 2014 Ms Pauline McGillivray from 31st March 2014  <b>Commission for Mission</b> <b>Executive Director</b> Rev. David Pargeter  <b>Centre for Theology and Ministry</b> <b>Executive Director</b> Rev. Dr. Jenny Bymes
Synod Office:	130 Little Collins Street Melbourne VIC 3000
Auditors:	Pitcher Partners Accountants, Auditors & Advisors Level 19 15 Williams Street Melbourne VIC 3000
Bankers:	Westpac Banking Corporation Melbourne Office 360 Collins St Melbourne VIC 3000
Trustees:	The Uniting Church in Australia Property Trust (Victoria) The Uniting Church in Australia Property Trust (Tas) Property Officer/Secretary Mr James Milne
Website address:	<a href="http://www.victas.uca.org.au">www.victas.uca.org.au</a>

## STANDING COMMITTEE REPORT

The Standing Committee presents the financial report for the operations of the Synod of Victoria and Tasmania. The units of the Synod include Support Services, the Commission for Mission and the Centre for Theology and Ministry. Also included are the results for the Uniting Aboriginal and Islanders Christian Congress in Victoria and Tasmania and bequests and trusts under the management of the Property Trusts. The financial report does not include the operations of the following:

- UCA Funds Management
- Uniting AgeWell (Formerly Uniting Aged Care)
- Uniting Church congregations and Presbyteries
- Uniting Church schools and University Colleges
- UnitingCare agencies
- Uniting Church Parish Missions
- Epworth Hospital
- Uniting Housing

## STANDING COMMITTEE MEMBERS

Mr Chris Begg	Rev Jeff Gray	Dr Jill Tabart
Mr Richard Carter	Mr Geoffrey Grinton	Mr Ken Tabart
Rev Stan Clarke	Rev Sharon Hollis (ex-officio)	Ms Isabel Thomas Dobson (ex-officio)
Mr Ben Cohen	Rev Dr Mark Lawrence (ex-officio)	Rev Lavingi Tupou
Rev Creg Crowe	Rev Dr Morag Logan	Ms Wendie Wilkie
Mr John Diprose	Rev Eseta Meneilly	Rev Fiona Winn
Rev Grant Finlay (ex-officio)	Ms Janine Romaszko	Rev Sue Withers
Mr Ron Gowland	Rev Ken Sumner (ex-officio)	Mr Dan Wootton (ex-officio)

Standing Committee Members are appointed at each ordinary Synod meeting on a rotating basis. Refer to note 21 for full details of membership of Standing Committee throughout the year.

### 1. PRINCIPAL ACTIVITIES

The Synod's principal activity is to have general oversight, direction and administration of the Church's worship witness and service within its bounds.

The Standing Committee is empowered to act on behalf of the Synod between meetings of the Synod in respect of any of the responsibilities of the Synod except such as the Synod may determine. The Standing Committee reports its decisions to the next ordinary meeting of the Synod.

### 2. REVIEW OF OPERATIONS

The operating result for the year from continuing operations is a surplus of \$62,372,000 which compares to \$5,608,000 in 2013.

The 2013 Synod meeting approved the declaration of Special Circumstances on 7th May 2013 under UCA regulation 4.6.3 to allow the Standing Committee, through the Property Board, to initiate the sale of real estate held across the Church in order to:

- (i) Extinguish the Acacia College debt of \$36.6m by 31 December 2014
- (ii) Replenish Synod Reserves used to manage risk to an amount of \$7.32m; and
- (iii) To create a reserve to manage risks in the future of an amount of \$10m;

while preserving commitments made to the Uniting Aboriginal and Islander Christian Congresses Victoria and Tasmania. Special Circumstances will apply until 31 December 2014 or until the total amount is recovered, whichever is earlier.

The Synod Standing Committee appointed the Uniting Our Future Project Control Group (PCG) and authorised the Property Board as the single point of accountability for the program.

The difference of \$56,764,000 is explained as follows:

	\$'000
Grants	\$519
Grants received include the grants from the Development Fund/Retail Funds, Trusts and Government Grants. The Development Fund/Retail Funds are managed by UCA Funds Management and separate annual financial statements are prepared. The Grant received is the surplus earned by these funds and in 2014 was more than 2013 by \$180,900.	
The management of two additional kindergartens in 2014, added \$335,000 in grants received from government.	

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA  
STANDING COMMITTEE REPORT (Continued)

	\$'000								
<p>Gifts, donations &amp; bequests</p> <p>Gifts and donations were more in 2014. Bequest increased by \$2.03m in 2014 as a new bequest of \$1.41m was received in 2014. In 2014 there were other one-off bequests totalling to \$843,000 which contributed to the increase. The increase was offset by the decrease in donations as there were less disaster appeals in 2014.</p>	\$2,501								
<p>Sales, fees and tariffs</p> <p>Fees receivable from the operations of two additional kindergartens under Cluster's management were reflected in the accounts in 2014 adding \$765,000. Management fees received by UCA Funds Management were \$700,000 more than that in 2013 as the result of higher balance in funds under management.</p>	\$1,557								
<p>Interest received</p> <p>Interest received was lower in 2014, compared to 2013. The reasons for this decrease are as follows:</p> <p>In 2014 average interest rates paid by Funds Management were</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">UCA Cash Portfolio</td><td style="text-align: right;">3.95%</td></tr> <tr> <td style="width: 80%;">UCA Growth Portfolio</td><td style="text-align: right;">24 cents per unit</td></tr> </table> <p>In 2013 average interest rates paid by Funds Management were</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">UCA Cash Portfolio</td><td style="text-align: right;">4.48%</td></tr> <tr> <td style="width: 80%;">UCA Growth Portfolio</td><td style="text-align: right;">36.28 cents per unit</td></tr> </table> <p>At 31st December 2014, units held in UCA Growth portfolio were 26.89 million (\$116.95m) and funds held in UCA Cash portfolio were \$129.72 million. Synod aims to invest at least 50% of each Synod Fund in the UCA Growth portfolio.</p>	UCA Cash Portfolio	3.95%	UCA Growth Portfolio	24 cents per unit	UCA Cash Portfolio	4.48%	UCA Growth Portfolio	36.28 cents per unit	(\$3,644)
UCA Cash Portfolio	3.95%								
UCA Growth Portfolio	24 cents per unit								
UCA Cash Portfolio	4.48%								
UCA Growth Portfolio	36.28 cents per unit								
<p>Proceeds from sale of church properties</p> <p>Proceeds from sale of church properties were higher in 2014, compared to 2013.</p> <p>In relation to the resolutions concerning the financial sustainability of the Church made at the May 2013 Synod meeting, Standing Committee initiated the sale of real estates held across the church to extinguish the debt of Acacia College. There were two properties settled in 2013 for \$2.78m.</p> <p>During 2014, 32 properties were sold. The sold properties comprised 13 dwellings, 11 churches, 8 vacant land/tennis courts and 2 commercial premises. Total proceeds of sales of property resulting from Uniting Our Future Project were \$71.23million in 2014.</p>	\$63,215								
<p>Profit on sale of plant and equipment</p> <p>The increase was mainly due to the sale of a Synod manse which was divested in Uniting Our Future Program. The proceeds of this property sold were \$2.14m.</p>	\$1,509								
<p>Other revenue</p> <p>The increase was due to realised gain when units held in UCA Fund Management Growth Portfolio were sold. There were 1 million units redeemed in 2014 from closure of programs or to replenish daily operational cash flow.</p> <p>The Standing Committee approved the sale of Growth units in the Mission Support Fund to cover the proposed deficit budget in 2014.</p>	\$1,045								
<p>Employee benefit expenses</p> <p>Salaries paid to employees increased. Overall salaries increased by 3% in 2014 (\$563,000). Staff numbers increased with the additional staff in additional kindergartens under cluster management now reflected in these statements. In 2014 new positions commenced for Major Strategic Review, Uniting Our Future Program and Royal Commission Task Group.</p>	(\$3,258)								

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA  
STANDING COMMITTEE REPORT (Continued)

Grants Paid The main reason for this increase was income replacement paid to congregations (\$5.04m). Income replacement is provision for the continuation of mission commitments to councils who had properties divested in Uniting Our Future Program. The increase was offset by the decrease in capital grants paid to congregations (\$0.98m).	(\$4,540)
Consulting and legal fees Consulting and legal fees were higher compared to 2013. The increase in consulting and legal fees reflected the divestment decision made by Standing Committee in May 2013. Consulting fees were paid to external consultants for project management and ongoing compilation (\$1.4m). Consulting fees also occurred in Major Strategic review and the redevelopment of 130 Little Collins St which contributed to \$539,000 increase in external consulting fees. There were additional \$518,000 legal expenses occurred in responses to Royal Commission investigations.	(\$2,117)
Repairs, maintenance, property expenses, rent The increase was due to resettlement costs (\$2.7m) for the in Uniting Our Future Program . The resettlement costs aimed to help congregation and mission activities to relocate, which included building works for properties accommodating UCA entities relocated from divested properties.	(\$2,976)

### 3. REVIEW OF FINANCIAL POSITION

Cash held at the end of the financial year for operational purposes was \$1,144,000, compared to \$1,418,000 in 2013. The cash held fluctuates with daily operational needs and is replenished, as required, from Synod investments.

The Synod's Investments increased by \$28.89m (2013 increased by \$22.957m). All investments are held in either UCA Cash Management Fund or UCA Growth Fund. The increase is due to the increase in the value of units from \$4.35 at 31 December 2013 to \$4.46 at 31 December 2014, which equates to \$2.56m. It was also caused by extra funds from property sales during the year above what was required to repay the Acacia College loan. The remaining movement represents operational result fluctuations.

The following funds recorded material changes in 2014:

	\$'000
UAICC Support Fund Fund is created to deposit all UAICC property sale proceeds and allocations to UAICC Victoria and Tasmania sales as per Board of Mission and Resourcing (BOMAR) resolution. The increase reflects an allocation from the of proceeds of sale properties (\$2m) in Uniting Our Future Program.	\$1,820
Unearmarked Synod Funds These funds were mainly established from the sale of two former Presbyterian properties, from bequests received without an earmarked purpose and from the operation of an Insurance fund by former denominations. They are free of any trust conditions and are available for the Standing Committee to allocate. The interest on these funds is allocated to the Mission Support Fund Budget.  In 2013, the Unearmarked Synod Fund ended in deficit of \$26.32m. The loss represented the impairment of Acacia College loan which was recorded against the fund. The Acacia College loan was financed by the UFS loan (\$31.43m) and the BOMAR loan (\$2.35m). The deficit of the fund was recovered in Uniting Our Future Program. There was another grant transferred from the Uniting Our Future program for \$7.32m during 2014.	\$40,480
Uniting Our Future-Property Stream The fund was established to capture and manage the costs associated with the Uniting Our Future program. The movement reflected the operational result of this program. The remaining balance was in line with the reserve set up for contingency which was \$4.6m. Decisions about the use of these funds have been made by the Standing Committee in 2015.	\$4,919
Ministry Liquidity Reserve The fund is established according to declaration of special circumstances on 7th May 2013 to provide the liquidity for ministries across the Synod.	\$10,259
McIntosh, Janice Margaret This fund was created for the training of theological students for ministry within the Uniting Church Victoria. The fund was received from the Trustee of Janice Margaret McIntosh estate in the amount of \$1.41m in 2014.	\$1,411

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA  
STANDING COMMITTEE REPORT (Continued)

**4. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Synod.

**5. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

**Development fund loan arrangements**

Following an amendment to the BOMAR By-Laws in April 2015, approval of new Development Fund loans will be subject to a positive creditworthiness test by UCA Funds Management, who may also request security requirements as a condition of loan approval.

**Redevelopment 130 Little Collins St**

The future of 130 Little Collins Street has not yet been resolved. The Property Board and Standing Committee has considered in detail the various divestment options. The Property Board has approved funding of \$0.9m for investigation. Further investigation on the option is now occurring and expected to be presented for consideration at the June 2015 Standing Committee.

**Restructure of Insurance and Risk operations**

In March 2015, the insurance broker has been tendered and awarded to JLT broker for the insurance period 1/4/2015 to 31/3/2016. There have been improvements in the major lines with regard to aggregate loss policy and insurance deductibles.

**Guarantee provided to Development Fund and UCA Capital Guaranteed Enhanced Cash Portfolio**

In 1995, the Uniting Church in Australia Property Trust (Victoria) (the Property Trust) resolved to provide a capital guarantee for investors' funds in the Fund. In 2009, following a resolution of the Standing Committee of the Synod of Victoria and Tasmania, the guarantee was formalised into a Deed of Guarantee executed by the Property Trust. Contrary to earlier advice received, it has now been established that the Property Trust is not legally empowered to provide the guarantee.

The Property Trust, with regret and conscious of its statutory responsibilities, has informed UCA Funds Management that the capital guarantee is not valid.

**Others**

Standing Committee approved several significant expenditure in financial year 2015, which were expenditure on Major Strategic Review (\$1.8m), Social Housing Project (\$0.4m) and Royal Commission Task Group (\$0.5m).

**6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Information on likely developments in the operations of the Synod and the expected results of operations have not been included in this report because the Standing Committee members believe it would be likely to result in unreasonable prejudice to the entity.

**7. ENVIRONMENTAL REGULATION**

The entity is not subject to significant environmental regulation in relation to its operating activities.

**8. MEMBERS' BENEFITS**

No member of the Standing Committee received or became entitled to receive any benefit by reason of a contract made by the Synod other than remuneration paid to Standing Committee members in their capacity as Synod staff members.

**9. MEMBERS' INTERESTS IN CONTRACTS**

Other than normal employee contracts and loans to ministers there are no other contracts involving members of the Standing Committee that were entered into since the end of the previous year or existed at the end of the financial year.

**10. ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS**

Amounts in the Standing Committee Report and financial report have been rounded off to the nearest thousand dollars unless otherwise stated.

This report is made in accordance with a resolution of the Standing Committee.

  
General Secretary  
Rev Dr Mark Lawrence

  
Chairperson/Moderator  
Mr Dan Wootton

Dated this 24th day of June 2015

**THE UNITING CHURCH IN AUSTRALIA – SYNOD OF VICTORIA AND TASMANIA**  
**AUDITOR'S INDEPENDENCE DECLARATION**

**To the Standing Committee of The Uniting Church in Australia Synod of Victoria and Tasmania**

In relation to the independent audit for the year ended 31 December 2014, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the professional standards; and
- (ii) No contraventions of any applicable code of professional conduct.



K L BYRNE  
Partner  
30 June 2015



PITCHER PARTNERS  
Melbourne



**THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA**  
**ABN 39 703 442 583**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA**

We have audited the accompanying financial report of The Uniting Church in Australia – Synod of Victoria and Tasmania, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Standing Committee declaration.

*Standing Committee members' Responsibility for the Financial Report*

The Standing Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Standing Committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

*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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit 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 control relevant to the association'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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Standing Committee members', as well as evaluating the overall presentation of the financial report.

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

**UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA  
ABN 39 703 442 583**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA**

*Independence*

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

*Opinion*

In our opinion, the financial report of The Uniting Church in Australia – Synod of Victoria and Tasmania presents fairly, in all material respects, its financial position as at 31 December 2014 and its performance and its cash flows for the year ended on that date in accordance with Australian Accounting Standards.



K L BYRNE  
Partner

30 June 2015



PITCHER PARTNERS  
Melbourne

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA  
STANDING COMMITTEE DECLARATION  
IN RELATION TO THE FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014

The Standing Committee declare that the financial statements and notes set out on pages 12 to 29,

- (a) comply with Accounting Standards in Australia and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Synod's financial position as at 31 December 2014 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date.

In the committees' opinion:

- (a) there are reasonable grounds to believe that the Synod will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Standing Committee.



Mr Dan Wootton  
Standing Committee Chairperson/Moderator



Rev Dr Mark Lawrence  
General Secretary

Melbourne

Dated this 24th day of June 2015

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
<b>Income from operating activities</b>			
Mission & service giving		3,315	3,624
Grants		2,430	1,911
Gifts, donations & bequests		7,242	4,741
Sales, fees & tariffs		18,293	16,736
Insurance premiums received	22	8,312	7,983
		<u>39,592</u>	<u>34,995</u>
<b>Income from outside the operating activities</b>			
Interest		10,977	14,621
Proceeds from the sale of church properties		74,450	11,235
Profit on sale of plant and equipment		1,517	8
Other revenue		1,905	860
		<u>88,849</u>	<u>26,724</u>
<b>Total income</b>	2	<u>128,441</u>	<u>61,719</u>
<b>Expenses</b>			
Employee benefits expense		22,031	18,773
Depreciation expense	3	1,766	1,990
Grants paid		15,228	10,688
Insurance claims and premiums paid		6,394	6,297
Cost of goods sold and conferences		1,326	1,230
Consulting and legal fees		8,921	6,804
Motor vehicle and travelling		722	586
Repairs, maintenance, property expenses, rent		4,885	1,909
Postage, telephone, printing and stationery		1,032	905
Borrowing costs		539	3,062
Transfer to provisions, doubtful debts & bad debt write off		115	1,133
Transfer to/from provisions, employee benefits and ministers benefits		(64)	236
Other expenses		3,174	2,498
<b>Total expenses</b>		<u>66,069</u>	<u>56,111</u>
<b>Surplus from continuing operations</b>		<u>62,372</u>	<u>5,608</u>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequent to profit or loss</b>			
Unrealised gains on investments		1,307	11,065
<b>Total comprehensive income for the year</b>		<u>63,679</u>	<u>16,673</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	1,144	1,418
Receivables	5	5,021	4,099
Inventories	6	75	80
Investments	7	130,707	108,444
Other current assets	9	1,848	2,118
<b>Total Current Assets</b>		<b>138,795</b>	<b>116,159</b>
<b>Non-current Assets</b>			
Available-for-sale investments	8	117,675	111,048
Receivables	10	924	968
Property, plant and equipment	11	36,330	38,159
<b>Total Non-current Assets</b>		<b>154,929</b>	<b>150,175</b>
<b>Total Assets</b>		<b>293,724</b>	<b>266,334</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	5,896	6,952
Short-term provisions	13	7,081	6,862
Short-term borrowings	14	-	33,740
Other current liabilities	15	17,175	18,825
<b>Total Current Liabilities</b>		<b>30,152</b>	<b>66,379</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	16	805	850
Other liabilities	16	320	340
Long-term provisions	16	689	687
<b>Total Non-current Liabilities</b>		<b>1,814</b>	<b>1,877</b>
<b>Total Liabilities</b>		<b>31,966</b>	<b>68,256</b>
<b>Net Assets</b>		<b>261,758</b>	<b>198,078</b>
<b>EQUITY</b>			
Synod funds	17(a)	235,510	172,884
Asset revaluation reserve	17(b)	5,923	6,176
Unrealised gains	17(b)	20,325	19,018
<b>Total Equity</b>		<b>261,758</b>	<b>198,078</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Reserves \$'000	Synod Funds \$'000	Total Equity \$'000
<b>Balance as at 1 January 2013</b>		14,333	167,073	181,406
Surplus for the year		-	5,608	5,608
Unrealised gains on investments	17(b)	11,065	-	11,065
<b>Total comprehensive income for the year</b>		<u>11,065</u>	<u>5,608</u>	<u>16,673</u>
<b>Transfers between Funds</b>				
Transfer to Synod Funds for properties sold		(204)	204	-
		<u>(204)</u>	<u>204</u>	<u>-</u>
<b>Balance as at 31 December 2013</b>		<u>25,194</u>	<u>172,885</u>	<u>198,079</u>
<b>Balance as at 1 January 2014</b>		25,194	172,885	198,079
Surplus for the year		-	62,372	62,372
Unrealised gains on investments	17(b)	1,307	-	1,307
<b>Total comprehensive income for the year</b>		<u>1,307</u>	<u>62,372</u>	<u>63,679</u>
<b>Transfers between Funds</b>				
Transfer to Synod Funds for properties sold		(253)	253	-
		<u>(253)</u>	<u>253</u>	<u>-</u>
<b>Balance as at 31 December 2014</b>		<u>26,248</u>	<u>235,510</u>	<u>261,758</u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
Receipts from presbytery/congregation contributions		3,327	3,822
Receipts from operations and activities		37,131	32,486
Grants to organisations and individuals		(15,228)	(10,687)
Payments to suppliers and employees		(52,103)	(41,405)
Interest received		10,890	14,621
Proceeds from sale of church properties		74,450	11,235
<b>Net cash inflow from operating activities</b>	18	<u>58,467</u>	<u>10,072</u>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment	11	(576)	(1,122)
Payments for investments		(116,515)	(63,176)
Proceeds from sale of property, plant and equipment		2,160	575
Proceeds from sale of investments		89,931	51,299
<b>Net cash outflow from investing activities</b>		<u>(25,000)</u>	<u>(12,424)</u>
<b>Cash flows from financing activities</b>			
Funds movements related to Acacia College		-	8,800
Funds (advanced)/received from related church agencies		44	202
Repayment of borrowings		(33,785)	(5,970)
<b>Net cash (outflow)/inflow from financing activities</b>		<u>(33,741)</u>	<u>3,032</u>
<b>Net (decrease)/increase in cash held</b>		(274)	680
Cash at the beginning of the financial year		<u>1,418</u>	<u>738</u>
<b>Cash at the end of the financial year</b>	4	<u><u>1,144</u></u>	<u><u>1,418</u></u>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a general purpose financial report and has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated the accounting policies adopted are consistent with those of the previous year.

The financial report is for the operations of the Synod of Victoria and Tasmania. The units of the Synod include Support Services, the Commission for Mission and the Centre for Theology and Ministry. Also included are the results for the Uniting Aboriginal and Islander Christian Congress in Victoria and Tasmania and bequests and trusts under the management of the Property Trusts. The financial report does not include the operations of the following:

- UCA Funds Management
- Uniting AgeWell (formerly Uniting Aged Care)
- Uniting Church congregations and Presbyteries
- Uniting Church schools and University Colleges
- UnitingCare agencies
- Uniting Church Parish Missions
- Epworth Hospital
- Uniting Housing

Where appropriate, comparative information has been restated or reclassified to ensure comparability with the current reporting period.

The financial report was approved by the Standing Committee as at 24th June 2015.

**(a) Property, Plant and Equipment**

Property, Plant and Equipment are included at cost less where applicable any accumulated depreciation. All assets (excluding the land component of each asset) are depreciated over their estimated useful lives using the straight line method.

	2014	2013
Buildings	50 Years	50 Years
Archives	50 Years	50 Years
Manse	50 Years	50 Years
Pastoral Assistance Widows Housing (PAC) (unrestricted)	50 Years	50 Years
Pastoral Assistance Widows Housing (PAC) (restricted)	50 Years	50 Years
Camp Sites	50 Years	50 Years
Computer Equipment	3 Years	3 Years
Office Furniture and Equipment	5 Years	5 Years
Motor Vehicles	5.56 Years	5.56 Years

**(b) Inventories**

Inventories are measured at the lower of cost or net realisable value. Costs are assigned on a first-in first-out basis for stationery stock and on an average cost basis for UniChurch & Resources Stock.

**(c) Employee Benefits - Lay Staff**

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

**(d) Insurance Fund Operations**

Insurance Fund Operations arranges the following major insurance covers for the Church in Victoria and Tasmania;

- Property (Industrial Special Risks)
- Public and Products Liability
- Professional Indemnity
- Fidelity
- Directors/Officers/Employment practices liability

Property Insurance

The Insurance Fund bears the first \$100,000 of each claim for Property claims. Property claims in excess of \$10,000 contribute to aggregate limit of \$1.5m over a 21 month policy period. For a claim exceeding \$100,000, the insurer is responsible for the insurance risk.

Public and Products Liability (PPL) and Professional Indemnity Insurance (PI)

All claims for PPL and PI (including Sexual Misconduct) are subject to an excess of \$100,000.

Fidelity Guarantee

All claims are subject to an excess of \$100,000.

Other insurance covers

In addition to these major insurance covers, the Insurance Operations arranges cover for Directors and Officers Liability, Employment Practices Liability.

Adequate levels of cover have been purchased after significant consultation with the Synod's insurance brokers.



NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Insurance Fund Operations (continued)

Insurance Reserve

The Synod carries a significant level of self-insurance (deductibles). The deductibles are funded by the Insurance Reserve. The Insurance Operations seek to maintain a reserve of at least \$10m to cover any self-insured amounts. The Reserve is reviewed regularly and at 31 December 2014, the Insurance Operations believe it is adequate to cover the self-insured liabilities.

(e) Investments

In line with Synod regulations all excess funds are invested in the UCA Funds Management. This applies to all the funds managed by the Synod Investments in the UCA Cash Management Fund Ltd which are valued at cost. Investments in the UCA Growth Fund Ltd are considered as acquired for long term investment and are therefore considered to be classified as Available for Sale. These investments are valued at their fair value with movements taken to an unrealised gains reserve.

Investments in the UCA Growth Fund Ltd are classified as Level 1 as per the fair value hierarchy described in AASB 7 Financial Instruments: Disclosures.

Interest income from investments is recognised as earned and where appropriate is reinvested.

(f) Cash and Cash Equivalents

Cash includes the Synod working capital bank account, petty cash floats to Synod and agencies and operating accounts for other Synod agencies such as Narana, Bayview Homes, Centre for Theology and Ministry, Merricks Lodge, Grantville Lodge and Norval Conference Centre.

(g) Tax Exemption

The Synod is exempt from payment of income tax under Section 50-5 of the Australian Income Tax Assessment Act 1997.

(h) Mission and Service Giving

The Synod accrues mission & service giving by congregations relating to the reporting period which are received after year end and before the books of account are closed.

(i) Receivables

All trade debtors are recognised at the amounts receivable when they are due for settlement. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(j) Trade and Other Creditors

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

(k) Goods and Services Tax (GST)

Where applicable, GST incurred by the Synod, that is not recoverable from the Australian Taxation Office, has been recognised as part of the transaction to which it applies. Receivables and payables are stated exclusive of GST.

The amount of any GST recoverable from, or payable to, the Australian Taxation Office is included as a receivable or payable in the Statement of Financial Position.

(l) Oversight of Age Well Agencies by Synod Standing Committee

The Age Well Board is responsible for the governance of Uniting Age Well agencies. Uniting Age Well agency financial reports are not included in the Synod accounts and all Uniting Age Well accounts were transferred to Uniting Age Well at 1st November 2006.

(m) Income

*Grants, Contributions*

Income is recognised when the right to receive the grant or contribution has been established.

*Gifts, Donations & Bequests*

Income is recognised when the right to receive the gift, donation or bequest has been established.

*Sale of goods*

Income from sale of goods is recognised upon delivery of goods to customers.

*Fees & tariffs*

Income is recognised when the right to receive the fee or tariff has been established.

*Insurance premiums*

Income is recognised when the right to receive the insurance premium has been established

All income is stated net of the amount of goods and services tax (GST).

(n) Impairment of Assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment.

Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use. For a not-for-profit entity, value in use is determined based on the depreciated replacement cost of the asset.

(o) Provision for Ministers Benefits

The provision for Ministers Benefits is calculated on the ministers entitled long service leave hours and the approved stipend and allowances. Any adjustment to the provision is against the Ministers Long Service Leave Reserve.

Provision for ministers long service leave is classified as a current liability where the minister is entitled to be compensated for the leave within 12 months of them rendering the service and there is no unconditional right of deferral.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Property Settlements in Trust**

Property settlements in trust represent sale proceeds received from the sale of church property where a decision on the distribution of proceeds is yet to be determined or the settlement is incomplete.

**(q) New Accounting Standards and Interpretations**

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The members of the Standing Committee have not yet assessed the impact (if any) of these standards and interpretations.

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

	2014 \$'000	2013 \$'000
<b>NOTE 2: INCOME</b>		
<b>Income from operating activities</b>		
Mission & service giving	3,315	3,624
Grants	2,430	1,911
Gifts, donations & bequests	7,242	4,741
Sales, fees & tariffs	18,293	16,736
Insurance premiums received	8,312	7,983
	<u>39,592</u>	<u>34,995</u>
<b>Income from outside the operating activities</b>		
Interest	10,977	14,621
Share of proceeds from the sale of church properties	74,450	11,235
Profit on sale of plant and equipment	1,517	8
Other income	1,905	860
	<u>88,849</u>	<u>26,724</u>
Total income	<u>128,441</u>	<u>61,719</u>

**NOTE 3: SURPLUS FROM CONTINUING OPERATIONS**

<b>Net gains and expenses</b>		
Surplus from continuing operations includes the following specific net gains and expenses:		
<b>a) Net gain/(loss)</b>		
Net/(loss) gain on disposal		
Investments	998	11
Property, plant and equipment	1,517	8
<b>b) Expenses</b>		
Depreciation		
Buildings	496	487
Archives Relocation	15	18
Manses	17	18
Pastoral Assistance Widows Housing (PAC) (restricted)	8	8
Pastoral Assistance Widows Housing (PAC) (unrestricted)	7	8
Camp sites	98	101
Computer Equipment	788	972
Office Furniture and Equipment	298	327
Motor Vehicles	37	51
Motor Vehicles under finance lease	2	-
Total depreciation	<u>1,766</u>	<u>1,990</u>
Other charges against assets		
Loss on write off loans		1,041
Bad and doubtful debts - trade debtors	46	67
	<u>46</u>	<u>1,108</u>
Other provisions		
Ministers entitlements	430	540
Employee entitlements	1,482	1,268
	<u>1,912</u>	<u>1,808</u>
Rental expense relating to operating leases	<u>74</u>	<u>63</u>

**NOTE 4: CURRENT ASSETS - CASH ASSETS AND CASH EQUIVALENTS**

Cash at bank and on hand	<u>1,144</u>	<u>1,418</u>
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The above figure is shown in the statement of cash flows.

**Deposits at Call**

The deposits are bearing floating interest rates at an average of between 0% and 1.75% (2013 between 0% and 2.6%).

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

	2014 \$'000	2013 \$'000
<b>NOTE 5: CURRENT ASSETS - RECEIVABLES</b>		
Trade debtors	2,511	1,906
Less: Provision for doubtful debts	(52)	(28)
	2,459	1,878
Other debtors	2,562	2,221
	5,021	4,099
<b>NOTE 6: CURRENT ASSETS - INVENTORIES</b>		
UniChurch Book & Resource stock - at cost	19	26
Narana Stock - at cost	35	35
Norval Stock - at cost	1	1
Other stock - at cost	20	18
	75	80
<b>NOTE 7: CURRENT ASSETS - INVESTMENTS</b>		
Deposits in UCA Cash Management Fund Ltd	129,715	108,439
Deposits in UCA Development Fund	266	4
Other	726	1
	130,707	108,444
Movement in Investments		
Balance 1 January	108,444	102,374
Withdrawals	(84,331)	(50,255)
Transfers to UCA Growth Fund Investments	(9,197)	(6,852)
Deposits	115,791	63,177
Balance 31 December	130,707	108,444
<b>NOTE 8: NON CURRENT ASSETS - AVAILABLE FOR SALE INVESTMENTS</b>		
Deposits in UCA Growth Fund Ltd	116,950	111,048
Other	725	
	117,675	111,048
Movement in Investments		
Balance 1 January	111,048	94,161
Withdrawals	(5,599)	(1,043)
Deposits Other	725	
Deposits from UCA Cash Management Fund Investment	9,197	6,853
Change in net market value	2,304	11,077
Balance 31 December	117,675	111,048
<b>NOTE 9: CURRENT ASSETS - OTHER</b>		
Prepayments	1,848	2,118
<b>NOTE 10: NON CURRENT ASSETS - RECEIVABLES</b>		
<b>Interest Bearing</b>		
Loans to ministers and students - Unsecured (a)	291	291
<b>Non-Interest Bearing</b>		
Loans to Church Agencies - Unsecured	633	677
	924	968

- (a) Loans to ministers and student - These loans are provided to assist with purchase of motor vehicle, houses or to assist while students undertake education at the Centre for Theology and Ministry. Interest rates vary between 4.2% and 5.25% depending on the type of loan. Loan terms are between 3 and 10 years.

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTE 11: NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

2014  
\$'000

2013  
\$'000

LAND AND BUILDINGS

Land

At cost

2,236

2,236

2,236

2,236

Buildings

At cost

21,697

21,745

Less: Accumulated depreciation

(4,673)

(4,203)

17,024

17,542

Archives

At cost

532

532

Less: Accumulated depreciation

(208)

(193)

324

339

Manses

At cost

1,169

1,787

Less: Accumulated depreciation

(116)

(151)

1,053

1,636

Pastoral Assistance Widows Housing (PAC) (unrestricted)

At cost

1,301

1,301

Less: Accumulated depreciation

(68)

(61)

1,233

1,240

Pastoral Assistance Widows Housing (PAC) (restricted)

At cost

1,376

1,376

Less: Accumulated depreciation

(80)

(72)

1,296

1,304

Church Extension Sites

Land at cost

2,356

2,356

Buildings at cost

1,030

1,030

3,386

3,386

Camp Sites

At cost

8,301

8,215

Less: Accumulated depreciation

(892)

(794)

7,409

7,421

TOTAL LAND AND BUILDINGS

33,961

35,104

PLANT AND EQUIPMENT

Computer Equipment

At cost

7,335

7,085

Less: Accumulated depreciation

(6,447)

(5,663)

888

1,422

Office Furniture and Equipment

At cost

6,181

6,018

Less: Accumulated depreciation

(4,800)

(4,525)

1,381

1,493

Motor Vehicles

At cost

292

342

Less: Accumulated depreciation

(200)

(212)

92

130

Motor Vehicles under finance lease

At cost

74

74

Less: Accumulated depreciation

(66)

(64)

8

10

TOTAL PLANT AND EQUIPMENT

2,369

3,055

TOTAL PROPERTY, PLANT AND EQUIPMENT

36,330

38,159

## NOTE 11: NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (continued)

Asset Category - 2014	Balance at 1 Jan 2014 \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Re-allocation \$'000	Balance at 31 Dec 2014 \$'000
Land	2,236	-	-	-	-	2,236
Buildings	17,542	41	(63)	(496)	-	17,024
Archives Relocation	339	-	-	(15)	-	324
Manse	1,636	2	(568)	(17)	-	1,053
Pastoral Assistance Widows Housing (PAC) (unrestricted)	1,240	-	-	(7)	-	1,233
Pastoral Assistance Widows Housing (PAC) (restricted)	1,304	-	-	(8)	-	1,296
Church Extension Sites	3,386	-	-	-	-	3,386
Camp Sites	7,421	86	-	(98)	-	7,409
Computer Equipment	1,422	260	(6)	(788)	-	888
Office Furniture and Equipment	1,493	187	(1)	(298)	-	1,381
Motor Vehicles	130	-	(1)	(37)	-	92
Motor Vehicles under finance lease	10	-	-	(2)	-	8
<b>Total</b>	<b>38,159</b>	<b>576</b>	<b>(639)</b>	<b>(1,766)</b>	<b>-</b>	<b>36,330</b>

The total payment for property plant and equipment per the cash flow is \$576,000.

Asset Category - 2013	Balance at 1 Jan 2013 \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Re-allocation \$'000	Balance at 31 Dec 2013 \$'000
Land	2,236	-	-	-	-	2,236
Buildings	17,922	106	-	(486)	-	17,542
Archives Relocation	356	-	-	(17)	-	339
Manse	1,614	39	-	(17)	-	1,636
Pastoral Assistance Widows Housing (PAC) (unrestricted)	1,247	-	-	(7)	-	1,240
Pastoral Assistance Widows Housing (PAC) (restricted)	1,313	-	-	(9)	-	1,304
Church Extension Sites	3,917	-	(531)	-	-	3,386
Camp Sites	7,441	81	-	(101)	-	7,421
Computer Equipment	1,679	719	(3)	(973)	-	1,422
Office Furniture and Equipment	1,712	129	(20)	(328)	-	1,493
Motor Vehicles	140	48	(10)	(48)	-	130
Motor Vehicles under finance lease	14	-	-	(4)	-	10
<b>Total</b>	<b>39,591</b>	<b>1,122</b>	<b>(564)</b>	<b>(1,990)</b>	<b>-</b>	<b>38,159</b>

The total payment for property plant and equipment per the cash flow is \$1,122,000.

	Note	2014 \$'000	2013 \$'000
<b>NOTE 12: CURRENT LIABILITIES - TRADE &amp; OTHER PAYABLES</b>			
Trade creditors		1,537	1,593
Other creditors and accruals		986	2,311
Insurance claims outstanding		416	320
Income received in advance		2,957	2,728
		<u>5,896</u>	<u>6,952</u>

## NOTE 13: CURRENT LIABILITIES - SHORT TERM PROVISIONS

Ministers Benefits		4,389	4,520
Employee Benefits	20	2,321	2,068
Provision for Loss on Underwriting		174	174
Insurance IBNR		197	100
		<u>7,081</u>	<u>6,862</u>

## NOTE 14: CURRENT LIABILITIES - SHORT TERM BORROWINGS

Loan - Development Funding - Acacia College		-	2,340
Loan - United Financial Services - NSW Synod - Acacia College (a)		-	31,400
		<u>-</u>	<u>33,740</u>

## (a) Loan - United Financial Services

The Standing Committee approved a loan of up to \$32.0m from United Financial Services (NSW Synod) to fund the Acacia College project. This loan was secured by a \$40m lien over certain Synod assets. Interest on the loan was 6.6% and payable monthly. The loan to UFS was repaid in 2014 using proceeds from the Uniting Our Future Program.

## NOTE 15: CURRENT LIABILITIES - OTHER

Property Settlements in Trust		16,511	18,396
Other		664	429
		<u>17,175</u>	<u>18,825</u>

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

	2014 \$'000	2013 \$'000
<b>NOTE 16: NON CURRENT LIABILITIES</b>		
<b>Long-term interest bearing borrowings:</b>		
Loan - Development Funding - Uniting Church Camping	246	246
Loan - Uniting Church Mortgage Loan - Norval Conference Centre	559	604
	<u>805</u>	<u>850</u>
<b>Other Liabilities:</b>		
Income received in advance	<u>320</u>	<u>340</u>
<b>Provisions:</b>		
Ministers Benefits	477	584
Employee entitlements	20 <u>212</u>	<u>103</u>
	<u>689</u>	<u>687</u>

	2014 \$'000	2014 (i) Not Designated	2014 (ii) Designated by Synod	2014 (iii) Specified by Trust/Bequest	2013 \$'000
<b>NOTE 17: SYNOD FUNDS AND RESERVES</b>					
<b>(a) FUNDS SUMMARY</b>					
MISSION SUPPORT FUNDS	44,343	44,343	-	-	42,972
MISSION SUPPORT FUNDS - DESIGNATED	27,337	1,056	7,453	18,828	24,856
MISSION SUPPORT FUNDS - CAPITAL WORKS FUNDS	5,360	-	5,360	-	4,986
MISSION SUPPORT FUNDS - OTHER FUNDS	36,162	32,482	1,335	2,345	(20,397)
OTHER EARMARKED FUNDS	57,310	-	46,346	10,964	56,546
COMMISSION FOR MISSION FUNDS	25,040	-	13,016	12,024	24,860
CENTRE FOR THEOLOGY AND MINISTRY FUNDS	6,072	-	2,365	3,707	6,638
BEQUESTS MANAGED BY THE PROPERTY TRUST	33,886	-	-	33,886	32,423
<b>TOTAL SYNOD FUNDS</b>	<u>235,510</u>	<u>77,881</u>	<u>75,875</u>	<u>81,754</u>	<u>172,884</u>

- (i) Not Designated – These are reserves which are unrestricted and include Unearmarked Synod Funds, Bequests received for the Uniting Church in Australia with no restrictions as to their use or investment and the Mission Support Funds.
- (ii) Designated by Synod – These reserves are for a specific purpose as decided by a Synod decision or a decision of a commission or board.
- (iii) Specified by Trust/Bequest – These are reserves where the purpose is decided by a bequest or a trust. They are given for a specific purpose and the capital may need to be invested in perpetuity. Trust funds include donations received for specific appeals (including the Share Community Appeal).

	2014 \$'000	2013 \$'000
<b>Movements:</b>		
Synod Funds		
Balance 31 December 2013	172,885	167,073
Net Profit from Operations	62,372	5,608
Transfer to Asset Revaluation Reserve	253	204
Balance 31 December 2014	<u>235,510</u>	<u>172,885</u>

Movements in individual funds are reported in Appendix 1.

<b>(b) RESERVES</b>		
Asset Revaluation Reserve	5,923	6,176
Unrealised Gains/(Losses) Reserves	20,325	19,018
<b>Movements:</b>		
Asset Revaluation Reserve		
Balance 31 December 2013	6,176	6,380
Transfer to Synod Funds for properties sold	(253)	(204)
Balance 31 December 2014	<u>5,923</u>	<u>6,176</u>
Unrealised Gains/(Losses) Reserve		
Balance 31 December 2013	19,018	7,953
Unrealised valuation gains	2,323	11,076
Gain on sale transferred to profit	(1,016)	(11)
Balance 31 December 2014	<u>20,325</u>	<u>19,018</u>

THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

**NOTE 18: RECONCILIATION OF SURPLUS FROM CONTINUING OPERATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2014 \$'000	2013 \$'000
Surplus from continuing operations	62,372	5,608
<u>Non cash flows in profit</u>		
Depreciation	1,766	1,990
Net gain on sale of property, plant and equipment	(1,517)	(8)
Realised gain on sale of UCA Growth Fund Units and other shares	(998)	(11)
<u>Change in operating assets and liabilities</u>		
(Increase)/decrease in receivables	(652)	402
(Increase)/decrease in inventories	5	2
Increase/(decrease) in trade creditors	(56)	(72)
Increase/(decrease) in other operating liabilities	(2,674)	1,887
Increase/(decrease) in other provisions	221	275
Net cash inflow from operating activities	<u>58,467</u>	<u>10,073</u>

**NOTE 19: REMUNERATION OF AUDITORS**

Remuneration for audit of the financial report of the organisation:

Auditor of the organisation - Pitcher Partners

74	74
<u>74</u>	<u>74</u>

Remuneration for other services:

Other services of the auditor of the organisation

Share audit

Other assurance engagement

18	18
5	1
<u>23</u>	<u>19</u>

**NOTE 20: EMPLOYEE ENTITLEMENTS**

**Employee entitlement liabilities**

Provision for employee entitlements

Current (Note 13)

Non-current (Note 16)

Aggregate employee entitlement liability

2,321	2,068
212	103
<u>2,533</u>	<u>2,171</u>

**Employee numbers**

Number of employees at the end of the financial year

<u>279</u>	<u>249</u>
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As explained in note 1, the amount for long service leave is measured at their present values. The following assumptions were adopted in measuring present values:

Long Service Leave

Weighted average rates of increase in annual employee entitlements to settlement of the liabilities

3.00% 3.00%

Weighted average interest rate

2.29% 3.32%

Weighted average terms to settlement of the liabilities

9.9 years 9.1 years

**NOTE 21: RELATED PARTIES**

Standing committee members are appointed at each ordinary Synod meeting on a rotating basis.

The members listed below were appointed in May 2013 for a term up to 3 years

Dr Jill Tabart

Mr Ken Tabart

Ms Wendie Wilkie

The members listed below were appointed in September 2014 for a term up to 3 years

Mr Geoffrey Grinton

Rev Fiona Winn

Rev Sue Withers

The members listed below (other than ex-officio members) were appointed in September 2014 for a term up to 18 months

Mr Chris Begg

Rev Grant Finlay (ex-officio)

Rev Eseta Meneilly

Mr Richard Carter

Mr Ron Gowland

Ms Janine Romaszko

Rev Stan Clarke

Rev Jeff Gray

Rev Ken Sumner (ex-officio)

Mr Ben Cohen

Rev Sharon Hollis (ex-officio)

Ms Isabel Thomas Dobson (ex-officio)

Rev Greg Crowe

Rev Dr Mark Lawrence (ex-officio)

Rev Lavingi Tupou

Mr John Diprose

Rev Dr Morag Logan

Mr Dan Wootton (ex-officio)

The members listed below completed their term during 2014

Rev Kevin Dobson

Mr Bob Hodges

Rev Denise Liersch

Rev Carol Bennett

Rev Vladimir Korotkov

Rev Lauleti Tu'inauvai

Dr Odile Glenn



THE UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTE 21: RELATED PARTIES (Continued)

	2014	2013
	\$	\$
<b>Remuneration and retirement benefits</b>		
Income paid or payable, or otherwise made available, to Standing Committee members by the entity and related parties in connection with the management of affairs of the entity.		
Short-term employee benefits	406,252	291,561
Post-employment benefits	36,769	26,663
	<u>443,021</u>	<u>318,224</u>

**Related party transactions with UCA Funds Management**

The Synod received the following income from related party transactions with UCA Funds Management (which is owned by the Uniting Church Property Trust and provides investment facilities for the Synod):

	2014	2013
	\$'000	\$'000
Management fees earned	6,717	6,016
Interest received on deposits in UCA managed funds	10,891	13,941
Grant received Development Fund	980	799
	<u>18,588</u>	<u>20,756</u>

**Related party transactions with Uniting AgeWell**

The Synod received the following income from related party transactions with Uniting AgeWell

Information Technology Service provision	2,354	2,416
Rent re Office Space	241	160
Internal Auditor	53	50
Legal and Property fees	19	2
	<u>2,667</u>	<u>2,628</u>

The Synod distributed the following amounts to Uniting AgeWell

Interest on bequests	114	65
	<u>114</u>	<u>65</u>

The Synod accounts include the following amounts from related party transactions with Uniting AgeWell

Accounts receivable	760	433
Accounts Payable	12	5

**Other related party transactions**

There were no other related party transactions during the financial year.

NOTE 22: INSURANCE CONTRACTS

Insurance Fund Operations arranges the following major insurance covers for the Church in Victoria and Tasmania;

- Property (Industrial Special Risks)
- Public and Products Liability
- Professional Indemnity
- Fidelity
- Directors/Officers/Employment practices liability

Property Insurance

The Insurance Fund bears the first \$100,000 of each claim for Property claims. Property claims in excess of \$10,000 contribute to aggregate limit of \$1.5m over a 21 month policy period. For a claim exceeding \$100,000, the insurer is responsible for the insurance risk.

Public and Products Liability (PPL) and Professional Indemnity Insurance (PI)

All claims for PPL and PI (including Sexual Misconduct) are subject to an excess of \$100,000.

Fidelity Guarantee

All claims are subject to an excess of \$100,000.

Other insurance covers

In addition to these major insurance covers, the Insurance Operations arranges cover for Directors and Officers Liability, Employment Practices Liability Insurance.

Adequate levels of cover have been purchased after significant consultation with the Synod's insurance brokers, Marsh.

Insurance Reserve

The Synod carries a significant level of self-insurance (deductibles). The deductibles are funded by the Insurance Reserve. The Insurance Operations seek to maintain a reserve of at least \$10m to cover any self-insured amounts. The Reserve is reviewed regularly and at 31 December 2014, the Insurance Operations believe it is adequate to cover the self-insured liabilities.

## NOTE 22: INSURANCE CONTRACTS (Continued)

<b>Insurance Operations</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<u>Income:</u>		
Premiums charged	8,312	7,983
	<u>8,312</u>	<u>7,983</u>
<u>Expenditure:</u>		
Insurance premiums paid	4,240	4,214
Consulting and legal fees	474	423
OHS Training/Risk Management	107	127
Excess on claims / claims paid	1,745	1,697
Bad and doubtful debts	26	16
Administrative expenses		
Employee benefit expenses	309	239
Postage, telephone, printing and stationery	3	3
Motor vehicle and travel	3	4
Borrowing costs	-	1,996
Other expenses	1	62
Commissions on loans-internal	-	131
Internal charges	92	69
	<u>7,000</u>	<u>8,981</u>
Insurance Operating surplus (deficit) for the year	1,312	(998)
<b>Property Board Operations</b>		
<u>Income</u>		
Sales, fees & tariffs	21	25
	<u>21</u>	<u>25</u>
<u>Expenses</u>		
Employee benefit expenses	1,023	676
Repairs, maintenance, property expenses, rent	10	11
Postage, telephone, printing and stationery	30	21
Consulting and legal fees	474	119
Motor vehicle and travel	33	21
Other expenses	36	31
Internal charges	126	94
Depreciation	5	6
Financial Expenses	-	13
	<u>1,737</u>	<u>992</u>
Property Board Operating (deficit) for the year	(1,716)	(967)
Interest - UCA Funds	789	1,128
Grants returned from Premium Assistance Reserve	-	543
Grants from Uniting Our Future	2,350	-
Grant to Synod for Occupational Health and Safety	(85)	(81)
Grant to Bethel Centre	(42)	(40)
Grant to Cultural of Safety	(68)	(66)
Grant to Synod for Internal Auditor	(78)	(80)
Grant to Synod for Royal Commission Task Group	(900)	-
Grant to Synod for Major Strategic Review	(1,520)	-
Grant to Synod for Archive relocation	(155)	-
Total Insurance Surplus for the year	<u>(113)</u>	<u>(561)</u>

**Insurance Operations****Statement of Financial Position for Insurance Operations Reserve**

<b>Current Assets</b>		
Investments	7,884	6,971
Trade receivables - Debtors	810	616
Trade receivables - Insurance Excess Receivable	2	3
Other current assets - prepaid expenses	1,437	1,615
<b>Non Current Assets</b>		
Available-for-sale investments	9,181	8,954
<b>TOTAL ASSETS</b>	<u>19,314</u>	<u>18,159</u>

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NOTE 22: INSURANCE CONTRACTS (continued)

	2014 \$'000	2013 \$'000
Current Liabilities		
Trade and other payables - Prepaid income	2,430	2,397
Trade and other payables - Outstanding Claims	416	319
Short-term provisions - Insurance incurred but not reported	197	100
Amounts payable	1,213	398
<b>TOTAL LIABILITIES</b>	<b>4,256</b>	<b>3,214</b>
<b>NET ASSETS</b>	<b>15,058</b>	<b>14,945</b>
<b>EQUITY</b>		
Synod Funds	14,440	14,553
Unrealised gains/(losses)	618	392
	<b>15,058</b>	<b>14,945</b>

An actuarial review performed by Marsh reported July 2014 confirmed that the Reserve was conservatively funded and adequate to cover known claims risks.

NOTE 23: CONTINGENT LIABILITIES

The Synod has issued bank and other guarantees and letters of comfort on behalf of congregations and other Synod agencies to a maximum total value of \$200,000 (2013: \$200,000).

There was a bank guarantee in favour of Persephone Investment Pty Ltd, which was the undertaking required as a condition of a commercial lease. The amount of guarantees was \$102,081 and will expire in March 2019. The commercial lease was undertaken by Connections UnitingCare who will maintain a balance in their Funds Management account equal or greater to the amount of this bank guarantee.

The Synod and the Property Trust hold approximately 60% (2013: 60%) of the investments in the fund and the Synod has provided a letter of comfort to UCA Funds Management advising them it has no intention or plans to make any large withdrawals.

The Synod entered an agreement with the Australian Province of the Society of Jesus (Society) in relation to the Dalton McCaughey Library. Under this agreement if the agreement is terminated before the fifteenth anniversary of the commencement date (1/01/2007) the UCA shall pay the Society the remaining unamortised amount of the \$1.600m contribution, based on a straight line amortisation to a zero balance over fifteen years. If the agreement is terminated after fifteen years because of actions by the UCA, sale or change of use, the UCA will pay the Society 40% of an agreed professional valuation of the library.

In 2011 it was reported that there had been a misapplication of Trust Funds to the purposes not covered by the Will or Trust deeds in an educational institution of the Church which will require that educational institution to restore funds to those Trusts and that the Church may be liable for any shortfall in this restoration. In 2013 the Standing Committee agreed to contribute \$484,000 towards this restoration. The institution will be responsible for restoring the balance of the trust funds and the Standing Committee has agreed to assist it by providing a low interest loan. The institution has paid \$1.74m including interest to the Trust Fund to December 2014.

From time to time claims may be made by individuals against the Synod for compensation for alleged abuse. Any potential liability is not able to be quantified. However, insurance cover is held as referred to in policy note 1(d).

The Synod welcomes the decision of the Federal Government to establish a Royal Commission into Institutional Responses to Child Sexual Abuse (Royal Commission) and pledges itself to cooperate fully and honestly with the Royal Commission. The Synod of Victoria and Tasmania has established a task group to investigate the issue and prepare for any summons or request for information. The Synod is unable to estimate future costs of this task at this stage.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Synod is exposed to a variety financial risks comprising:

- (a) Liquidity risk
- (b) Credit risk
- (c) Interest rate risk
- (d) Market risk
- (e) Fair value

The Standing Committee has overall responsibility for identifying and managing operational and financial risks.

(a) Liquidity risk exposures

The entity's exposure to liquidity risk has been considered and is mitigated by sufficient amount of surplus funds being available to the entity to ensure no difficulties are encountered in meeting obligations associated with the settlement of their financial liabilities.

(b) Credit risk exposures

The credit risk on financial assets which has been recognised on the statement of financial position, is generally the carrying amount net of any provisions for doubtful debts.

## NOTE 24: FINANCIAL RISK MANAGEMENT (Continued)

## (c) Interest rate risk exposures

The entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

		Fixed interest maturing in:					Total \$'000
	Notes	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	
<b>2014</b>							
<b>Financial Assets</b>							
Cash	4	1,144	-	-	-	-	1,144
Receivables	5,10	291	-	-	-	5,654	5,945
UCA Cash Management	7	129,715	-	-	-	-	129,715
UCA Growth Fund	8	-	-	-	-	116,950	116,950
UCA Development Fund	7	266	-	-	-	-	266
Other financial assets	7,8,9	-	725	-	-	2,574	3,299
		<u>131,416</u>	<u>725</u>	<u>-</u>	<u>-</u>	<u>125,178</u>	<u>257,319</u>
Weighted average interest rate		3.92%					
<b>Financial Liabilities</b>							
Creditors and Borrowings	12	-	-	-	-	5,896	5,896
Development Fund loans	16	246	-	-	-	-	246
UFS Loan	16	-	-	-	-	-	-
Other financial liabilities	15,16	-	-	-	-	17,495	17,495
		<u>246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,391</u>	<u>23,637</u>
Net financial assets		<u>131,170</u>	<u>725</u>	<u>-</u>	<u>-</u>	<u>101,787</u>	<u>233,682</u>

		Fixed interest maturing in:					Total \$'000
	Notes	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	
<b>2013</b>							
<b>Financial Assets</b>							
Cash	4	1,418	-	-	-	-	1,418
Receivables	5,10	291	-	-	-	4,776	5,067
UCA Cash Management	7	108,439	-	-	-	-	108,439
UCA Growth Fund	8	-	-	-	-	111,048	111,048
UCA Development Fund	7	4	-	-	-	-	4
Other financial assets	7,8,9	-	-	-	-	2,119	2,119
		<u>110,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,943</u>	<u>228,095</u>
Weighted average interest rate		4.35%					
<b>Financial Liabilities</b>							
Creditors and Borrowings	12	-	-	-	-	6,952	6,952
Development Fund loans	14,16	850	2,340	-	-	-	3,190
UFS Loan	16	-	31,400	-	-	-	31,400
Other financial liabilities	15/16	-	-	-	-	19,165	19,165
		<u>850</u>	<u>33,740</u>	<u>-</u>	<u>-</u>	<u>26,117</u>	<u>60,707</u>
Net financial assets		<u>109,302</u>	<u>(33,740)</u>	<u>-</u>	<u>-</u>	<u>91,826</u>	<u>167,388</u>

All financial assets and liabilities in the table above are level one inputs in the fair value hierarchy.

The table in part (e) of this note summarises the impact of an increase/decrease in interest rates on the Synod's net assets.

## (d) Market risk

## Unit price risk for Uniting Church Growth Fund

Investments held in the Uniting Church Growth Fund at fair value through equity are measured at fair value at reporting date based on current unit prices. If unit prices were to increase or decrease by 10% from fair values as at the reporting date, assuming all other variables that might impact on net assets remain constant, then the impact on net assets is detailed in part (f) of this note.

## (e) Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

## (f) Sensitivity Analysis

The Synod's interest-bearing assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Synod's assets are invested in floating rate interest bearing investment.

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Synod is exposed to equity security price risk.

## NOTE 24: FINANCIAL RISK MANAGEMENT (Continued)

## (f) Sensitivity Analysis (Continued)

The following measures have been adopted to manage interest rate and price risk:

2014	Carrying Amount \$'000	Interest rate risk		Price Risk	
		-75 bps \$'000	+75 bps \$'000	+10% \$'000	-10% \$'000
Cash	1,144	(9)	9	-	-
Receivables	291	(2)	2	-	-
UCA Cash Management	129,715	(973)	973	-	-
UCA Growth Fund	116,950	-	-	11,695	(11,695)
UCA Development Fund	266	(2)	2	-	-
Total increase/decrease		(986)	986	11,695	(11,695)

  

2013	Carrying Amount \$'000	Interest rate risk		Price Risk	
		-75 bps \$'000	+75 bps \$'000	+10% \$'000	-10% \$'000
Cash	1,418	(11)	11	-	-
Receivables	291	(2)	2	-	-
UCA Cash Management	108,439	(813)	813	-	-
UCA Growth Fund	111,048	-	-	11,105	(11,105)
UCA Development Fund	4	(0)	0	-	-
Total increase/decrease		(826)	826	11,105	(11,105)

## NOTE 25: EVENTS OCCURRING AFTER REPORTING DATE

**Development fund loan arrangements**

Following an amendment to the BOMAR By-Laws in April 2015, approval of new Development Fund loans will be subject to a positive creditworthiness test by UCA Funds Management, who may also request security requirements as a condition of loan approval.

**Redevelopment 130 Little Collins St**

The future of 130 Little Collins Street has not yet been resolved. The Property Board and Standing Committee has considered in detail the various divestment options. The Property Board has approved funding of \$0.9m for investigation. Further investigation on the option is now occurring and expected to be presented for consideration at the June 2015 Standing Committee.

**Restructure of Insurance and Risk operations**

In March 2015, the insurance broker has been tendered and awarded to JLT broker for the insurance period 1/4/2015 to 31/3/2016. There have been improvements in the major lines with regard to aggregate loss policy and insurance deductibles.

**Guarantee provided to Development Fund and UCA Capital Guaranteed Enhanced Cash Portfolio**

In 1995, the Uniting Church in Australia Property Trust (Victoria) (the Property Trust) resolved to provide a capital guarantee for investors' funds in the Fund. In 2009, following a resolution of the Standing Committee of the Synod of Victoria and Tasmania, the guarantee was formalised into a Deed of Guarantee executed by the Property Trust. Contrary to earlier advice received, it has now been established that the Property Trust is not legally empowered to provide the guarantee.

The Property Trust, with regret and conscious of its statutory responsibilities, has informed UCA Funds Management that the capital guarantee is not valid.

**Others**

Standing Committee approved several significant expenditure in financial year 2015, which were expenditure on Major Strategic Review (\$1.8m), Social Housing Project (\$0.4m) and Royal Commission Task Group (\$0.5m).

