

The Uniting Church in Australia
Synod of Victoria and Tasmania

ABN 39 703 442 583

Annual Report

For the year ended 31 December 2015

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.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

FINANCIAL REPORT - 31 DECEMBER 2015

CONTENTS	PAGE NO.
Organisation Particulars	3
Standing Committee Report	4-7
Auditor's Independence Declaration	8
Independent Auditor's Report to the Standing Committee	9-10
Standing Committee Declaration	11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flow	15
Notes to the Financial Statements	
1 Statement of Significant Accounting Policies	16-18
2 Income	19
3 Surplus from Continuing Operations	19
4 Current Assets - Cash and Cash Equivalents	19
5 Current Assets - Receivables	20
6 Current Assets - Inventories	20
7 Current Assets - Investments	20
8 Non Current Assets - Available for Sale Investments	21
9 Current Assets - Other	21
10 Non Current Assets - Receivables	21
11 Non Current Assets - Property, Plant and Equipment	21-22
12 Current Liabilities - Trade & Other Payables	23
13 Current Liabilities - Short Term Provisions	23
14 Current Liabilities - Other	23
15 Non Current Liabilities	23
16 Synod Funds and Reserves	23-24
17 Reconciliation of Surplus From Continuing Operations to Net Cash Inflow From Operating Activities	24
18 Remuneration of Auditors	24
19 Employee Entitlements	25
20 Related Parties	25-26
21 Contingent Liabilities	26
22 Financial Risk Management	26-28
23 Acquisition of Burnside Camp	28
24 Events Occurring After Reporting Date	29
Index to Appendices (available on request)	30-36
Appendix 1 Movement in Synod Funds and Reserves	37-201
Appendix 2 Movement in Bequests managed by Property Trust	202-439
Appendix 3 Synod Mission Support Fund - Report Compared to Budget	440-443

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

Organisation Particulars

Standing Committee: **Chairperson/Moderator**
Mr Dan Wootton

Managers: **General Secretary**
Rev. Dr. Mark Lawrence

Executive Director Administration and Finance
Ms Pauline McGillivray

Commission for Mission
Executive Director
Rev. David Pargeter

Centre for Theology and Ministry
Executive Director
Rev. Dr. Jenny Byrnes

Synod Office: 130 Little Collins Street
Melbourne VIC 3000

Auditors: Grant Thornton Audit Pty Ltd
The Rialto
Level 30
525 Collins St
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: www.victas.uca.org.au

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

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 to Oct 15)	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 20 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 \$8,206,000 which compares to \$62,372,000 in 2014.

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 applied until 31 December 2014 or until the total amount was 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 \$54,166,000 is explained as follows:

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STANDING COMMITTEE REPORT (Continued)

	\$'000
<p>Gifts, donations & bequests</p> <p>The increase in gifts, donations & bequests reflects the receipt of a number of bequests from Ormond College where it was determined that the Property Trust was the Trustee. This is recognised as income from bequests of \$5m. The balance relates to two large bequests received from Maxwell Leslie Prate and Dorothy Grace Elford.</p>	6,369
<p>Sales, fees and tariffs</p> <p>Pilgrim Theological College commenced operations in 2015. Income of \$416k was received. The operations of two additional kindergarten also commenced in 2015 with income of \$199k. Management fees received by UCA Funds Management were \$253k higher than 2014 reflecting funds under management. Sales for UAICC congress were higher than 2014 by \$255k</p>	\$1,107
<p>Proceeds from sale of church properties</p> <p>In 2014 proceeds were received relating to the Synod's decision to sell real estate held across the church to extinguish the debit of Acacia college. 32 properties were sold. Total proceeds received for this project were \$71.23m.</p> <p>The remaining difference relates to congregational properties sold under normal circumstances, where the Synod receives a share of the proceeds (2014 - \$3.1m, 2015 - \$1.1m)</p>	(\$73,315)
<p>Profit on sale of plant and equipment</p> <p>In 2014 a Synod manse was sold as part of the decision to sell real estate held across the church \$2.14m. 2015 the Elsternwick Archives Centre was sold for a profit of \$4.0m. These funds are invested so as to provide an income against which the operations of the Archives centre are funded.</p>	\$2,454
<p>Gain on sale of investments</p> <p>During 2015 the Standing Committee approved a change in the investment strategy. This change has been progressively implemented to minimise the impact on the value of funds held. This has meant that funds held in the UCA Funds Growth Portfolio have sold and reinvested in Australian Equities or Cash Portfolio recognising the potential use of the funds. The sale of Growth Portfolio units resulted in an additional a profit on sale of units of \$2.7m.</p>	\$2,694
<p>Employee benefit expenses</p> <p>Salaries paid to employees increased. Overall salaries increased by 3.02% in 2015 (\$666,000). Staff numbers also increased with:</p> <ul style="list-style-type: none"> Two new kindergartens under cluster management (\$438k). Major Strategic Review - additional work (\$292k) UnitingCare Vic Tas (\$110) - new management accountant position Pilgrim College (\$141k) - commencement of college in 2015 Finance (\$94k) - additional management accounting support Information Technology (\$634k) moved from outsourced to inhouse Property Services (\$673) - additional staff Minister Long Services Leave (\$383k) - more ministers taking long service leave UAICC Victoria (\$376) - additional staff Uniting our Future \$434 - project ceased. 	(\$3,682)
<p>Grants Paid</p> <p>The main reason for the reduction was income replacement paid to congregations \$5.04m in 2014. Income replacement is provision for the continuation of mission commitments to councils who had properties divested in Uniting Our Future Program.</p> <p>In 2015 the funds received from the Elford bequest were transferred to the Koorang congregation in accordance with the will (\$1.7m).</p>	\$4,260
<p>Repairs, maintenance, property expenses, rent</p> <p>The reduction in costs was due to resettlement costs \$2.7m in 2014 for the 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.</p>	\$2,021

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STANDING COMMITTEE REPORT (Continued)

3. REVIEW OF FINANCIAL POSITION

Cash held at the end of the financial year for operational purposes was \$1,309,000, compared to \$1,144,000 in 2014. The cash held fluctuates with daily operational needs and is replenished, as required, from Synod investments.

The Synod's Investments increased by \$3.7m. All investments are held in either UCA Fund Cash Portfolio, UCA Funds Growth Portfolio and UCA Fund Australian Equities. During 2015 Standing Committee approved a change in the investment strategy. The previous strategy only invested in UCA Funds Cash Portfolio and UCA Funds Growth portfolio. The change was to reallocate investments from Growth/Cash to Australian Equities. The strategy is being progressively implemented. In 2015:

Reallocation of investments	Purchase	Withdrawal
Cash Portfolio		\$17.76m
Growth Portfolio		\$7.59m
Australian Equities	\$25.35m	

In addition to the above \$4m of growth fund units were purchased under the previous policy.

A number of funds benefited from the reallocation of investments and recorded a gain on sale of growth fund units of \$2.7. The remaining increase in investments relates to the various operating results.

The following funds recorded material changes in 2015:

	\$'000																
Insurance Fund Overall property and insurance operations recorded a deficit. This was slightly more than was anticipated with additional claims incurred in 2015. The Fund also supported the 130 Little Collins Street development (\$900k) and the Housing Strategy Projects (\$400).	(\$1,767)																
Archives Relocation project Proceeds from the sale of the Elsternwick property have been invested to provide an income stream for the Archives operations.	\$3,587																
Thwaites AH & Gutch RC Endow Fund Thwaites Alexander H Gutch Richard Donald & ISA Munro Scholarship The above bequests have been transferred from Ormond College.	\$4,125 \$763 \$377																
Bequest holding account Bequest received for \$1.9m in December. Bequest for general purposes of the church with consideration given to support to the Seymour congregation. Funds will be reinvested or distributed in 2016.	\$1,900																
Uniting Our Future-Property Stream The fund was established to capture and manage the costs associated with the Uniting Our Future program. The movement reflects the Standing Committee decision to allocate \$4.2m to <table style="width: 100%; margin-left: 20px;"> <tr> <td>Asset Strategy Project</td> <td style="text-align: right;">\$1.40m</td> </tr> <tr> <td>Congregational Debt Relief</td> <td style="text-align: right;">\$1.00m</td> </tr> <tr> <td>Capital Works Fund</td> <td style="text-align: right;">\$0.75m</td> </tr> <tr> <td>Heritage Building Fund</td> <td style="text-align: right;">\$0.25m</td> </tr> <tr> <td>Feasibility Strategy Fund -Development Projects</td> <td style="text-align: right;">\$0.30m</td> </tr> <tr> <td>UAICC Support Fund</td> <td style="text-align: right;">\$0.25m</td> </tr> <tr> <td>Innovative Ministries Fund</td> <td style="text-align: right;">\$0.25m</td> </tr> <tr> <td></td> <td style="text-align: right;">\$4.20m</td> </tr> </table> The balance relates to completion of various building alternations for congregations resettlement costs.	Asset Strategy Project	\$1.40m	Congregational Debt Relief	\$1.00m	Capital Works Fund	\$0.75m	Heritage Building Fund	\$0.25m	Feasibility Strategy Fund -Development Projects	\$0.30m	UAICC Support Fund	\$0.25m	Innovative Ministries Fund	\$0.25m		\$4.20m	(\$5,539)
Asset Strategy Project	\$1.40m																
Congregational Debt Relief	\$1.00m																
Capital Works Fund	\$0.75m																
Heritage Building Fund	\$0.25m																
Feasibility Strategy Fund -Development Projects	\$0.30m																
UAICC Support Fund	\$0.25m																
Innovative Ministries Fund	\$0.25m																
	\$4.20m																
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. In 2015 \$500,000 was transferred to the Royal Commission and \$1.8m to the Major Strategic Review.	(\$2,436)																
Congregation Debt Relief Fund This is a new fund created with the transfer of \$1m from the Uniting Our Future project. The funds will be allocated by BOMAR	\$1,013																

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

Redevelopment 130 Little Collins St

In September 2015 Standing Committee approved proceeding with negotiation of a Development Agreement with the preferred developer for the 130 Little Collins Street Development. Negotiation of the proposed Development Agreement has commenced and is anticipated to be presented for consideration at the July 2016 meeting of the Property Board.

Royal Commission

Due to the continuing work required for the Royal Commission into institutional response to Child Sexual Abuse, the task group will be seeking further funding of approximately \$0.90m for its continuing work.

Major Strategic Review (MSR)

MSR continue to review and make recommendations regarding strategy, governance and financial sustainability. The financial impact is yet to be determined

Others

Standing Committee is considering and monitoring a number of major projects in 2016:

- Synod incorporation
- Wesley Upper Lonsdale Street development
- Social Housing Strategy
- Asset Strategy Program
- Schools land transfers

The financial impact of these projects in some cases is yet to be determined, have been incurred or will occur at a future date.

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 29th day of April 2015

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Auditor's Independence Declaration

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

In accordance with the requirements of section APES 110 *Code of Ethics for Professional Accountants*, as lead auditor for the audit of The Uniting Church in Australia - Synod of Victoria and Tasmania for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the professional standards in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Adam Pitts
Partner - Audit & Assurance

Melbourne, 29 April 2016

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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 Uniting Church in Australia - Synod of Victoria and Tasmania (the "Synod"), which comprises the statement of financial position as at 31 December 2015, and 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 to the financial report and the Standing Committee declaration.

Responsibility of the Standing Committee for the financial report

The Standing Committee of the Synod is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards. This responsibility includes such internal controls as the Standing Committee determines are necessary to enable the preparation of the financial report to be 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 which require us to 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 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.

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In making those risk assessments, the auditor considers internal control relevant to the Synod'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 Synod'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, 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.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of Uniting Church in Australia - Synod of Victoria and Tasmania presents fairly, in all material respects, the Synod's financial position as at 31 December 2015 and of its performance and cash flows for the year then ended in accordance with Australian Accounting Standards.

GRANT THORNTON

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants



Adam Pitts

Partner - Audit & Assurance

Melbourne, 29 April 2016

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STANDING COMMITTEE DECLARATION IN RELATION TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 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 29th day of April 2016

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Income from operating activities			
Mission & service giving		3,253	3,315
Grants		2,365	2,430
Gifts, donations & bequests		13,611	7,242
Sales, fees & tariffs		19,400	18,293
Net proceeds from insurance activities		1,747	1,918
		<u>40,376</u>	<u>33,198</u>
Income from outside the operating activities			
Interest		11,570	10,977
Proceeds from the sale of church properties		1,135	74,450
Profit on sale of plant and equipment		3,971	1,517
Gain on sale of investments		3,692	998
Discount on purchase of campsite	23	785	-
Other revenue		1,173	907
		<u>22,326</u>	<u>88,849</u>
Total income	2	62,702	122,047
Expenses			
Employee benefits expense		25,713	22,031
Depreciation expense	3	1,515	1,766
Grants paid		10,968	15,228
Cost of goods sold and conferences		1,552	1,326
Consulting and legal fees		7,435	8,921
Motor vehicle and travelling		807	722
Repairs, maintenance, property expenses, rent		2,864	4,885
Postage, telephone, printing and stationery		889	1,032
Borrowing costs		45	539
Transfer to provisions, doubtful debts & bad debt write off		186	115
Transfer to/from provisions, employee benefits and ministers benefits		(388)	(64)
Other expenses		2,910	3,174
		<u>54,496</u>	<u>59,675</u>
Total expenses		54,496	59,675
Surplus from continuing operations		8,206	62,372
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealised gains/(losses) on investments		(3,716)	1,307
Total comprehensive income for the year		4,490	63,679

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

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,309	1,144
Receivables	5	4,171	5,021
Inventories	6	147	75
Investments	7	111,397	130,707
Other current assets	9	1,674	1,848
Total Current Assets		118,698	138,795
Non-current Assets			
Available-for-sale investments	8	140,691	117,675
Receivables	10	2,517	924
Property, plant and equipment	11	37,645	36,330
Total Non-current Assets		180,853	154,929
Total Assets		299,551	293,724
LIABILITIES			
Current liabilities			
Trade and other payables	12	6,824	5,896
Short-term provisions	13	6,843	7,081
Other current liabilities	14	17,286	17,175
Total Current Liabilities		30,953	30,152
Non-current Liabilities			
Long-term borrowings	15	1,458	805
Other liabilities	15	300	320
Long-term provisions	15	592	689
Total Non-current Liabilities		2,350	1,814
Total Liabilities		33,303	31,966
Net Assets		266,248	261,758
EQUITY			
Synod funds	16(a)	244,720	235,510
Asset revaluation reserve	16(b)	4,919	5,923
Unrealised gains	16(b)	16,609	20,325
Total Equity		266,248	261,758

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

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Reserves \$'000	Synod Funds \$'000	Total Equity \$'000
Balance as at 1 January 2014		25,194	172,885	198,079
Surplus for the year		-	62,372	62,372
Unrealised gains on investments	16(b)	1,307	-	1,307
Total comprehensive income for the year		<u>1,307</u>	<u>62,372</u>	<u>63,679</u>
Transfers between Funds				
Transfer to Synod Funds for properties sold	16(b)	(253)	253	-
		<u>(253)</u>	<u>253</u>	<u>-</u>
Balance as at 31 December 2014		<u>26,248</u>	<u>235,510</u>	<u>261,758</u>
Balance as at 1 January 2015		26,248	235,510	261,758
Surplus for the year		-	8,206	8,206
Unrealised gains on investments	16(b)	(3,716)	-	(3,716)
Total comprehensive income for the year		<u>(3,716)</u>	<u>8,206</u>	<u>4,490</u>
Transfers between Funds				
Prior year adjustment	16(b)	(1,004)	1,004	-
		<u>(1,004)</u>	<u>1,004</u>	<u>-</u>
Balance as at 31 December 2015		<u>21,528</u>	<u>244,720</u>	<u>266,248</u>

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

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from presbytery/congregation contributions		3,230	3,327
Receipts from operations and activities		44,452	37,131
Grants to organisations and individuals		(10,968)	(15,228)
Payments to suppliers and employees		(46,527)	(52,103)
Interest received		11,587	10,890
Proceeds from sale of church properties		1,135	74,450
Net cash inflow from operating activities	17	<u>2,909</u>	<u>58,467</u>
Cash flows from investing activities			
Payment for property, plant and equipment	11	(2,453)	(576)
Payments for investments		(83,260)	(116,515)
Proceeds from sale of property, plant and equipment		4,378	2,160
Proceeds from sale of investments		79,533	89,931
Net cash outflow from investing activities		<u>(1,802)</u>	<u>(25,000)</u>
Cash flows from financing activities			
Funds (advanced)/received from related church agencies		(1,594)	44
Proceeds from (repayment of) borrowings		652	(33,785)
Net cash (outflow)/inflow from financing activities		<u>(942)</u>	<u>(33,741)</u>
Net increase/(decrease) in cash held		165	(274)
Cash at the beginning of the financial year		1,144	1,418
Cash at the end of the financial year	4	<u>1,309</u>	<u>1,144</u>

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

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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. All amounts are stated in Australian Dollars, which is the functional and presentational currency of the Synod. Amounts are presented to the nearest thousand dollars unless otherwise stated.

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, a not-for-profit entity. 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 entities for which the Synod does not have direct control:

- 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 29th April 2016.

(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.

	2015	2014
Buildings	50 Years	50 Years
Archives	50 Years	50 Years
Manses	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, as included in Synod Funds and Reserves, 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 taken from the Insurance Reserve. 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.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Insurance Fund Operations (continued)

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.

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 2015, 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 Portfolio which are valued at cost. Investments in the UCA Growth Portfolio and UCA Australian Equities 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 Portfolio and UCA Australian Equities Portfolio 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) 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.

(i) 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.

(j) 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.

(k) 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

Interest

Interest income is recognised on a time-proportionate basis using the effective interest method.

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.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proceeds from sale of church property

Income for the Synod's share of proceeds of congregational property is recognised according to the application of Property Sale Proceeds policy. This policy applies a tiered application of sharing between the congregation and the wider church (the Synod). Funds are recognised after settlement and provided there no exemption applied

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

(l) **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.

(m) **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.

(n) **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.

(o) **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 Revenue from Contracts with Customers 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 of these standards and interpretations in detail, but they are not expected to have a material impact.

(p) **Business combination**

The Synod applies the acquisition method in accounting for business combinations. The consideration transferred by the Synod to acquire a business is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Synod, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Synod recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2: INCOME	2015 \$'000	2014 \$'000
Income from operating activities		
Mission & service giving	3,253	3,315
Grants	2,365	2,430
Gifts, donations & bequests	13,611	7,242
Sales, fees & tariffs	19,400	18,293
Insurance premiums received	1,747	1,918
	40,376	33,198
Income from outside the operating activities		
Interest	11,570	10,977
Share of proceeds from the sale of church properties	1,135	74,450
Profit on sale of plant and equipment	3,971	1,517
Gain on sale of investments	3,692	998
Discount on purchase of campsite	785	-
Other income	1,173	907
	22,326	88,849
Total income	62,702	122,047

NOTE 3: SURPLUS FROM CONTINUING OPERATIONS

Net gains and expenses

Surplus from continuing operations includes the following specific net gains and expenses:

a) Net gain		
Net gain on disposal of:		
Investments	3,692	998
Property, plant and equipment	3,971	1,517
b) Expenses		
Depreciation		
Buildings	504	496
Archives Relocation	15	15
Manses	15	17
Pastoral Assistance Widows Housing (PAC) (restricted)	8	8
Pastoral Assistance Widows Housing (PAC) (unrestricted)	7	7
Camp sites	101	98
Computer Equipment	545	788
Office Furniture and Equipment	288	298
Motor Vehicles	30	37
Motor Vehicles under finance lease	2	2
Total depreciation	1,515	1,766
Other charges against assets		
Bad and doubtful debts	183	46
	183	46
Charges to provisions		
Ministers entitlements	814	430
Employee entitlements	266	1,482
	1,080	1,912
Rental expense relating to operating leases	60	74

NOTE 4: CURRENT ASSETS - CASH ASSETS AND CASH EQUIVALENTS

Cash at bank and on hand	1,309	1,144
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 1.10% and 1.75% (2014 between 0% and 1.75%).

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 5: CURRENT ASSETS - RECEIVABLES	2015 \$'000	2014 \$'000
Trade debtors	2,199	2,511
Less: Provision for doubtful debts	(218)	(52)
	1,981	2,459
Other debtors	2,190	2,562
	4,171	5,021

The Synod provides a range of services to the community and related Uniting Church entities. The Synod continuously monitors defaults of customers and other counterparties; identified either individually or by group, and incorporates this information into its credit risk controls. Due to the nature of the Synod's operations, trade debtors primarily relate to other entities that operate within the Uniting Church. The Synod monitors the financial performance of these entities in making its assessment of credit risk.

Some of the unimpaired trade and other receivables are past due as at the reporting date. Information on financial assets past due but not impaired are as follows:

	2015 \$'000	2014 \$'000
Gross Amount		
Not more than 30 days	1,704	1,740
More than 30 days but not more than 60 days	148	309
More than 60 days but not more than 90 days	52	38
More than 90 days	295	424
Total	2,199	2,511

In respect of trade and other receivables, the Synod is not exposed to any significant credit risk exposure to any single counterparty or any group counterparties having similar characteristics. Trade receivables consist of a large number of customers operating within the Uniting Church. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The carrying amounts disclosed above are the Synod's maximum possible credit risk exposure in relation to these instruments.

Reconciliation of provision for doubtful debts	2015 \$'000	2014 \$'000
Balance 1 January	52	28
Debts recovered	(13)	-
Doubtful Debts recognised	179	24
Balance 31 December	218	52

NOTE 6: CURRENT ASSETS - INVENTORIES

UniChurch Book & Resource stock - at cost	23	19
Narana Stock - at cost	94	35
Norval Stock - at cost	1	1
Other stock - at cost	29	20
	147	75

NOTE 7: CURRENT ASSETS - INVESTMENTS

Deposits in UCA Enhanced Cash Portfolio	110,397	129,715
Deposits in Uniting Ethical Enhanced Cash Trust	274	266
Other	726	726
	111,397	130,707
Movement in Investments		
Balance 1 January	130,707	108,444
Withdrawals	(66,591)	(84,331)
Transfers to UCA Growth Portfolio	(33,934)	(9,197)
Deposits	81,215	115,791
Balance 31 December	111,397	130,707

As indicated in Note 16 to the financial statements, the investments listed above along with the non-current investments listed in Note 8 may be designation for specific use by the Synod or specified by a trust or bequest. As such these funds are not able to be freely used by the Synod for purposes other than which they are specified.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 8: NON CURRENT ASSETS - AVAILABLE FOR SALE INVESTMENTS

Deposits in UCA Growth Portfolio	115,582	116,950
Deposits in UCA Australian Equities Portfolio	24,397	-
Other	712	725
	140,691	117,675
Movement in Investments		
Balance 1 January	117,675	111,048
Withdrawals	(12,940)	(5,599)
Deposits Other	1,991	725
Deposits from UCA Enhanced Cash Portfolio Investment	33,934	9,197
Change in net market value	31	2,304
Balance 31 December	140,691	117,675

NOTE 9: CURRENT ASSETS - OTHER

Prepayments	1,674	1,848
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NOTE 10: NON CURRENT ASSETS - RECEIVABLES

Interest Bearing		
Loans to ministers, students and Church Institutions - Unsecured (a)	2,070	291
Non-Interest Bearing		
Loans to Church Institutions - Unsecured	447	633
	2,517	924

- (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 2.7% and 3.8% depending on the type of loan. Loan terms are between 3 and 10 years.

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

	2015 \$'000	2014 \$'000
LAND AND BUILDINGS		
<u>Land</u>		
At cost	2,236	2,236
	2,236	2,236
<u>Buildings</u>		
At cost	22,116	21,697
Less: Accumulated depreciation	(5,178)	(4,673)
	16,938	17,024
<u>Archives</u>		
At cost	92	532
Less: Accumulated depreciation	(83)	(208)
	9	324
<u>Manse</u>		
At cost	1,169	1,169
Less: Accumulated depreciation	(130)	(116)
	1,039	1,053
<u>Pastoral Assistance Widows Housing (PAC) (unrestricted)</u>		
At cost	1,301	1,301
Less: Accumulated depreciation	(75)	(68)
	1,226	1,233
<u>Pastoral Assistance Widows Housing (PAC) (restricted)</u>		
At cost	1,376	1,376
Less: Accumulated depreciation	(88)	(80)
	1,288	1,296
<u>Church Extension Sites</u>		
Land at cost	2,255	2,356
Buildings at cost	1,030	1,030
	3,285	3,386
<u>Camp Sites</u>		
At cost	9,894	8,301
Less: Accumulated depreciation	(993)	(892)
	8,901	7,409
TOTAL LAND AND BUILDINGS	34,922	33,961

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 11: NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (Continued)	2015 \$'000	2014 \$'000
PLANT AND EQUIPMENT		
<u>Computer Equipment</u>		
At cost	7,986	7,335
Less: Accumulated depreciation	(6,991)	(6,447)
	<u>995</u>	<u>888</u>
<u>Office Furniture and Equipment</u>		
At cost	6,696	6,181
Less: Accumulated depreciation	(5,033)	(4,800)
	<u>1,663</u>	<u>1,381</u>
<u>Motor Vehicles</u>		
At cost	234	292
Less: Accumulated depreciation	(175)	(200)
	<u>59</u>	<u>92</u>
<u>Motor Vehicles under finance lease</u>		
At cost	74	74
Less: Accumulated depreciation	(68)	(66)
	<u>6</u>	<u>8</u>
TOTAL PLANT AND EQUIPMENT	<u>2,723</u>	<u>2,369</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>37,645</u>	<u>36,330</u>

Asset Category - 2015	Balance at 1 Jan 2015 \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Balance at 31 Dec 2015 \$'000
Land	2,236	-	-	-	2,236
Buildings	17,024	418	-	(504)	16,938
Archives Relocation	324	4	(304)	(15)	9
Manses	1,053	1	-	(15)	1,039
Pastoral Assistance Widows Housing (PAC) (unrestricted)	1,233	-	-	(7)	1,226
Pastoral Assistance Widows Housing (PAC) (restricted)	1,296	-	-	(8)	1,288
Church Extension Sites	3,386	-	(101)	-	3,285
Camp Sites	7,409	1,593	-	(101)	8,901
Computer Equipment	888	652	-	(545)	995
Office Furniture and Equipment	1,381	570	-	(288)	1,663
Motor Vehicles	92	-	(3)	(30)	59
Motor Vehicles under finance lease	8	-	-	(2)	6
Total	<u>36,330</u>	<u>3,238</u>	<u>(408)</u>	<u>(1,515)</u>	<u>37,645</u>

The total payment for property plant and equipment per the cash flow is \$2,453,000.

Asset Category - 2014	Balance at 1 Jan 2014 \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'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
Manses	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
Total	<u>38,159</u>	<u>576</u>	<u>(639)</u>	<u>(1,766)</u>	<u>36,330</u>

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

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 12: CURRENT LIABILITIES - TRADE & OTHER PAYABLES	Note	2015 \$'000	2014 \$'000		
Trade creditors		2,105	1,537		
Other creditors and accruals		960	986		
Insurance claims outstanding		882	416		
Income received in advance		2,877	2,957		
		<u>6,824</u>	<u>5,896</u>		
NOTE 13: CURRENT LIABILITIES - SHORT TERM PROVISIONS					
Ministers Benefits		3,992	4,389		
Employee Benefits	19	2,552	2,321		
Other Provisions		299	371		
		<u>6,843</u>	<u>7,081</u>		
NOTE 14: CURRENT LIABILITIES - OTHER					
Property Settlements in Trust		16,688	16,511		
Other		598	664		
		<u>17,286</u>	<u>17,175</u>		
NOTE 15: NON CURRENT LIABILITIES					
Long-term interest bearing borrowings:					
Loan - Development Funding - Uniting Church Camping		947	246		
Loan - Uniting Church Mortgage Loan - Norval Conference Centre		511	559		
		<u>1,458</u>	<u>805</u>		
Other Liabilities:					
Income received in advance		300	320		
Provisions:					
Ministers Benefits		380	477		
Employee entitlements	19	212	212		
		<u>592</u>	<u>689</u>		
NOTE 16: SYNOD FUNDS AND RESERVES					
	2015 \$'000	2015 (i) Not Designated	2015 (ii) Designated by Synod	2015 (iii) Specified by Trust/Bequest	2014 \$'000
(a) FUNDS SUMMARY					
MISSION SUPPORT FUNDS	45,365	45,365	-	-	44,343
MISSION SUPPORT FUNDS - DESIGNATED	27,862	-	8,910	18,952	26,281
MISSION SUPPORT FUNDS - CAPITAL WORKS FUNDS	5,839	-	5,839	-	5,360
MISSION SUPPORT FUNDS - OTHER FUNDS	28,068	24,794	935	2,339	37,218
OTHER EARMARKED FUNDS	48,044	-	36,354	11,690	42,870
INSURANCE OPERATIONS RESERVE	12,673	-	12,673	-	14,440
COMMISSION FOR MISSION FUNDS	26,932	-	14,443	12,489	25,040
CENTRE FOR THEOLOGY AND MINISTRY FUNDS	5,554	-	2,399	3,155	6,072
BEQUESTS MANAGED BY THE PROPERTY TRUST	44,383	-	-	44,383	33,886
TOTAL SYNOD FUNDS	<u>244,720</u>	<u>70,159</u>	<u>81,553</u>	<u>93,008</u>	<u>235,510</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).

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 16: SYNOD FUNDS AND RESERVES - FUNDS SUMMARY (continued)

	2015 \$'000	2014 \$'000
Movements:		
Synod Funds		
Balance 31 December 2014	235,510	172,885
Net Profit from Operations	8,206	62,372
Transfer Asset Revaluation Reserve	1,004	253
Balance 31 December 2015	244,720	235,510

Movements in individual funds are reported in Appendix 1.

(b) RESERVES

Asset Revaluation Reserve	4,919	5,923
The asset revaluation reserve records incremental gains on assets that have been remeasured to fair value.		

Unrealised Gains/(Losses) Reserves	16,609	20,325
The unrealised gains/(losses) reserve records gains or losses on assets that have been designated as available-for-sale by the Synod.		

Movements:

Asset Revaluation Reserve		
Balance 31 December 2014	5,923	6,176
Prior period adjustment	(1,004)	-
Transfer to Synod Funds for properties sold	-	(253)
Balance 31 December 2015	4,919	5,923

In prior years the camps use a different accounting policy for the valuation of land and buildings. In 2015 this has been brought into line with the Synod's policy of recognizing land and buildings at cost.

Unrealised Gains/(Losses) Reserve		
Balance 31 December 2014	20,325	19,018
Unrealised valuation gains	31	2,323
Gain on sale transferred to profit	(3,747)	(1,016)
Balance 31 December 2015	16,609	20,325

NOTE 17: RECONCILIATION OF SURPLUS FROM CONTINUING OPERATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Surplus from continuing operations	8,206	62,372
<u>Non cash flows in profit</u>		
Depreciation	1,515	1,766
Discount on purchase of campsite	(785)	-
Net gain on sale of property, plant and equipment	(3,971)	(1,517)
Realised gain on sale of UCA Growth Fund Units and other shares	(3,692)	(998)
<u>Change in operating assets and liabilities</u>		
(Increase)/decrease in receivables and other current assets	1,024	(652)
(Increase)/decrease in inventories	(72)	5
Increase/(decrease) in trade creditors	568	(56)
Increase/(decrease) in other operating liabilities	451	(2,674)
Increase/(decrease) in other provisions	(335)	221
Net cash inflow from operating activities	2,909	58,467

NOTE 18: REMUNERATION OF AUDITORS

Remuneration for audit of the financial report of the organisation:		
Auditor of the organisation	72	74
	72	74
Remuneration for other services:		
Other services of the auditor of the organisation		
Share audit	15	18
Other assurance engagement	-	5
	15	23

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 19: EMPLOYEE ENTITLEMENTS

Employee entitlement liabilities

Provision for employee entitlements		
Current (Note 13)	2,552	2,321
Non-current (Note 15)	212	212
Aggregate employee entitlement liability	2,764	2,533

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	3.71%	2.29%
Weighted average terms to settlement of the liabilities	10.8 years	9.9 years

NOTE 20: 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
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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
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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)

Remuneration and retirement benefits

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.

	2015	2014
	\$	\$
Short-term employee benefits	469,232	406,252
Post-employment benefits	37,833	36,769
	507,065	443,021

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):

	2015	2014
	\$'000	\$'000
Management fees earned	7,040	6,717
Interest received on deposits in UCA managed funds	11,490	10,891
Grant received Development Fund	598	980
	19,128	18,588

Related party transactions with Uniting AgeWell

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

Information Technology Service provision	2,378	2,354
Rent re Office Space	247	241
Internal Auditor	56	53
Legal and Property fees	2	19
	2,683	2,667

The Synod distributed the following amounts to Uniting AgeWell

Interest on bequests	79	114
	79	114

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 20: RELATED PARTIES

	2015 \$'000	2014 \$'000
The Synod accounts include the following amounts from related party transactions with Uniting AgeWell		
Accounts receivable	365	760
Accounts Payable	-	12

Other related party transactions

Through the course of its normal operations, the Synod will transact with other bodies within the Uniting Church. These operations will include the following activities for which the value of transactions is as per the amounts included in the statement of comprehensive income:

- Insurances
- Mission & Service Giving
- Grants paid
- Workers Compensation
- Levy for Ministers Long Service Leave, Sick leave and Ministers Awaiting Placement
- Fees for use of campsites
- Sales of books

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

NOTE 21: CONTINGENT LIABILITIES

In 2014 a bank guarantee in favour of Persephone Investment Pty Ltd was issued, 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 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 \$1.400m 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.

The task group established by the Synod continues to monitor the outcomes of the Royal Commission into Institutional Response to Child Sexual Abuse (Royal Commission). The Synod continues to pledge itself to cooperate fully and honestly with the Royal Commission. At this time, the Synod is yet to receive a Notice to Produce/Summons to Appear at the Royal Commission and therefore it is unable to estimate the future costs of cooperating with any such directives.

From time to time claims may be made by individuals against the Synod for compensation for alleged abuse.

An excess applies to any claim made, with this excess borne by the UCA entity against which the claim has been raised, and on indemnity being granted the UCA Insurers pay those amounts incurred above the excess. As there are no claims currently registered directly against the Synod office, any potential liability cannot be quantified. However, insurance cover is held as referred to in policy note 1(d) and coverage is in accordance with policy wording and cover.

Claims made by individuals against agencies of the Uniting Church in Victoria and Tasmania will be the responsibility of those agencies and no financial obligations will be borne by the Synod as a result of these claims.

NOTE 22: 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. There are no concentrations of credit risk to a single entity or group of entities.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 23: 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.

2015	Notes	Fixed interest maturing in:					Non-interest bearing	Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial Assets								
Cash	4	1,309	-	-	-	-	1,309	
Receivables	5,10	2,070	-	-	-	4,618	6,688	
UCA Enhanced Cash Portfolio	7	110,397	-	-	-	-	110,397	
UCA Growth Portfolio	8	-	-	-	-	115,582	115,582	
UCA Aust. Equities Portfolio	8	-	-	-	-	24,397	24,397	
Uniting Ethical Enhanced Cash	7	274	-	-	-	-	274	
Other financial assets	7,8,9	-	726	-	-	2,386	3,112	
		114,050	726	-	-	146,983	261,759	
Weighted average interest rate		3.28%						
Financial Liabilities								
Creditors and Borrowings	12	-	-	-	-	6,824	6,824	
Development Fund loans	15	947	-	-	-	-	947	
Other financial liabilities	14,15	-	-	-	-	17,797	17,797	
		947	-	-	-	24,621	25,568	
Net financial assets		113,103	726	-	-	122,362	236,191	

2014	Notes	Fixed interest maturing in:					Non-interest bearing	Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial Assets								
Cash	4	1,144	-	-	-	-	1,144	
Receivables	5,10	291	-	-	-	5,654	5,945	
UCA Enhanced Cash Portfolio	7	129,715	-	-	-	-	129,715	
UCA Growth Portfolio	8	-	-	-	-	116,950	116,950	
Uniting Ethical Enhanced Cash	7	266	-	-	-	-	266	
Other financial assets	7,8,9	-	725	-	-	2,574	3,299	
		131,416	725	-	-	125,178	257,319	
Weighted average interest rate		3.92%						
Financial Liabilities								
Creditors and Borrowings	12	-	-	-	-	5,896	5,896	
Development Fund loans	15	246	-	-	-	-	246	
Other financial liabilities	14,15	-	-	-	-	17,495	17,495	
		246	-	-	-	23,391	23,637	
Net financial assets		131,170	725	-	-	101,787	233,682	

The table in part (c) 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.

All financial assets measured at fair value are based on level 1 inputs in the fair value hierarchy. No transfers across levels has occurred.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 23: FINANCIAL RISK MANAGEMENT (Continued)

(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.

2015	Carrying Amount \$'000	Interest rate risk change to Surplus/(loss)		Price Risk change to other comprehensive income	
		-75 bps \$'000	+75 bps \$'000	+10% \$'000	-10% \$'000
		Cash	1,309	(10)	10
Receivables	2,070	(16)	16	-	-
UCA Funds Cash Portfolio	110,397	(828)	828	-	-
UCA Funds Growth Portfolio	115,582	-	-	11,558	(11,558)
UCA Funds Australia Equities	24,397	-	-	2,440	(2,440)
UCA Development Fund	274	(2)	2	-	-
Total increase/decrease		(856)	856	13,998	(13,998)

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

NOTE 23: ACQUISITION OF BURNSIDE CAMP

On 31 March 2015, the Synod acquired a campsite located at Burnside which as an operational campsite is considered a business for the purposes of AASB 3 *Business Combinations*. The acquisition was made to increase the scale of the camping operations of the Synod.

The details of the business combination are as follows

	\$'000
Fair value of consideration transferred	
Amount paid or payable in cash	715
Total	715
Recognised amounts of identifiable net assets	
Campsite	1,448
Plant and equipment	52
Total non-current assets	1,500
Identifiable net assets	-
Discount on acquisition	785

Consideration transferred

The beneficial use of Burnside Camp was transferred to the Synod from the Presbytery of Port Phillip West. This was funded by a loan from UCA Funds Management of \$715,000. Burnside was not operational for the year ended 31 December 2015 and thus did not contribute any surplus or deficit to the results of the Synod.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 24: EVENTS OCCURRING AFTER REPORTING DATE

Redevelopment 130 Little Collins St

In September 2015 Standing Committee approved proceeding with negotiation of a Development Agreement with the preferred developer for the 130 Little Collins Street Development. Negotiation of the proposed Development Agreement has commenced and is anticipated to be presented for consideration at the July 2016 meeting of the Property Board.

Royal Commission

Due to the continuing work required for the Royal Commission into institutional response to Child Sexual Abuse, the task group will be seeking further funding of approximately \$0.90m for its continuing work.

Major Strategic Review (MSR)

MSR continue to review and make recommendations regarding strategy, governance and financial sustainability. The financial impact is yet to be determined

Others

Standing Committee is considering and monitoring a number of major projects in 2016:

- Synod incorporation

- Wesley Upper Lonsdale Street development

- Social Housing Strategy

- Asset Strategy Program

- Schools land transfers

The financial impact of these projects in some cases is yet to be determined, have been incurred or will occur at a future date.