

# **The Uniting Church in Australia Synod of Victoria and Tasmania**

**ABN 39 703 442 583**

For the year ended 31 December 2022

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.

Level 2 & 3 130 Lonsdale 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 page 2.



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## Organisation Particulars

### Standing Committee:

#### Chairperson/Moderator

Rev. Denise Liersch (to July 2022)

Rev. David Fotheringham (From July 2022)

### Managers:

#### General Secretary

Rev. Dr. Mark Lawrence

#### Secretariat

#### Associate General Secretary

Ms. Isabel Thomas Dobson

#### Mission Resourcing Unit

#### Executive Officer

Mr. Sam Nicholas

#### Equipping Leadership for Mission

#### Executive Director

Rev. Dr. Jenny Byrnes (To August 2022)

Mr. Adrian Pyle (Acting from August 2022 to January 2023)

### Synod Office:

Level 2 & 3

130 Lonsdale Street

Melbourne VIC 3000

### Auditors:

Grant Thornton Audit Pty Ltd

Collins Square Tower 5

727 Collins St

Docklands VIC 3008

### Bankers:

Westpac Banking Corporation

Melbourne Office

360 Collins St

Melbourne VIC 3000



# Standing Committee Report

The Standing Committee presents their report together with the financial statements for The Uniting Church in Australia Synod of Victoria and Tasmania (the "Synod") for the year ended 31 December 2022.

The units of the Synod include:

- General Secretary office
- Mission Resource Unit
- equipping Leadership for Mission
- Uniting Aboriginal and Islanders Christian Congress in Victoria and Tasmania
- Bequests and trusts under the management of The Uniting Church in Australia Property Trust (Victoria) and The Uniting Church in Australia Property Trust (Tasmania).

## Standing Committee Members

Lisa Carey	Rev Stan Clarke	John Diprose OAM
Helen Geard	Ron Gowland	Rev Berlin Guerrero
Cathie Halliwell	Matt Julius	Rev Denise Liersch (Ex-Moderator)
Rev Ikani Vaitohi	Cam Shields	Rev David Fotheringham (Moderator)
Dr Jessica Hateley-Browne	Dr Mark Lawrence (Gen Sec)	Alison Overeem (UAICC Tasmania)
Belinda Clear	Karen Eller (resigned 2022)	Rev John Clarke (resigned 2022)
Jacob Westley	Lindsay Oates	

## Principal Activities

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

There have been no significant changes in the nature of these activities during the year.

## Review of Operations

In summary, the operating result for the year is a deficit of \$(6.08m) which compares to a surplus of \$37.82m in 2021. Major contributing items to the 2022 deficit were:

- An unrealised loss of (\$21.22m) (2021: \$34.23m unrealised gain) relating to fair value increase of investments in U Ethical Australian Equities Trust. This was due to the significant decline in the financial market at the end of 2022. This impact is also reflected in the value of the investments held on balance sheet. Partially offset by:
- Receipts of various bequests of \$13.91m, majority of which were received in the process of centralisation of trust and bequests administration.
- Investment income of \$15.4m from investment in U Ethical Australian Equities Trust, U Ethical Diversified Income Trust, U Ethical Cash Management Trust and U Ethical Enhanced Income Trust.

## Review of Financial Position

- The overall net asset position of the Synod decreased from \$394.26m (2021) to \$388.18m (2022). Most of the Synod's assets are held in investments in U Ethical Australian Equities Trust, U Ethical Diversified Income Trust, U Ethical Cash Management Trust and U Ethical Enhanced Income Trust.
- Investments have decreased primarily due a drop in financial markets towards the end of 2022, which is reflected by lower investment values.

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**Grant Thornton Audit Pty Ltd**

Level 22 Tower 5  
Collins Square  
727 Collins Street  
Melbourne VIC 3008  
GPO Box 4736  
Melbourne VIC 3001  
T +61 3 8320 2222

## 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 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of The Uniting Church in Australia Synod of Victoria and Tasmania for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



E W Passaris  
Partner - Audit & Assurance

Melbourne, 4 June 2023

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## Independent Auditor's Report

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

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of The Uniting Church in Australia Synod of Victoria and Tasmania (the "Synod"), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Standing Committee declaration.

In our opinion, the financial report of The Uniting Church in Australia Synod of Victoria and Tasmania has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Synod's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Synod in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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### **Information other than the financial report and auditor's report thereon**

The Standing Committee are responsible for the other information. The other information comprises the information included in the Synod's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Standing Committee for the financial report**

The Standing Committee of the Synod are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Standing Committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Standing Committee are responsible for assessing the Synod's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Standing Committee either intend to liquidate the Synod or to cease operations, or have no realistic alternative but to do so.

The Standing Committee are responsible for overseeing the Synod's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Standing Committee.
- Conclude on the appropriateness of the Standing Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Synod's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Synod to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



E W Passaris  
Partner – Audit & Assurance

Melbourne, 4 June 2023



# Standing Committee Declaration

The Standing Committee declares that the financial statements and notes set out on pages 8 to 36.

- 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 2022 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 Standing Committee's 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.
- b. the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2022.

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

Rev. David Fotheringham  
Standing Committee  
Chairperson/Moderator

Rev. Dr. Mark Lawrence  
General Secretary

Melbourne

Dated this 4<sup>th</sup> day of June 2023

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022	Notes	2022	2021
Revenue		\$'000	\$'000
Mission & service giving		2,743	2,881
Grants		120	176
Gifts, donations & bequests		14,303	8,778
Sales, fees & tariffs	4	17,488	15,532
Net proceeds from insurance activities		2,547	799
		<b>37,201</b>	<b>28,166</b>
<b>Other income</b>			
Investment income		15,400	12,429
Proceeds from the sale of Church properties		1,124	1,255
Other income	5	2,512	3,103
		<b>19,036</b>	<b>16,787</b>
<b>Total income</b>		<b>56,237</b>	<b>44,953</b>
<b>Expenses</b>			
Employee benefits expense		18,659	18,607
Depreciation and amortisation expense		3,802	3,878
Grants expense		9,760	10,952
Cost of goods sold and conference expense		1,587	1,099
Consulting and legal fee expense		2,322	1,352
Repairs, maintenance and property expenses		3,435	3,158
Internet, security and services		1,913	2,066
Other expenses	6	1,417	1,201
Borrowing costs		626	692
<b>Total expenses</b>		<b>43,521</b>	<b>43,005</b>
<b>Operating profit</b>		<b>12,716</b>	<b>1,948</b>
Gain on sale of office premises and other properties		2,428	1,647
Increment/(decrement) of fair value of financial assets		(21,219)	34,230
<b>Profit / (loss) for the year</b>		<b>(6,075)</b>	<b>37,825</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income / (deficit) for the year</b>		<b>(6,075)</b>	<b>37,825</b>

This statement should be read in conjunction with the notes to the financial statements

# Statement of Financial Position

As at 31 December 2022	Notes	2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	7	3,427	1,410
Trade and other receivables	8	7,704	10,979
Inventories		169	144
Investments	9	135,162	120,570
Other current assets	11	1,337	1,432
<b>Current assets</b>		<b>147,799</b>	<b>134,535</b>
<b>Non-current</b>			
Investments	10	257,484	271,311
Trade and other receivables	12	4,608	2,930
Property, plant and equipment	13	28,993	29,582
Intangible assets	14	502	837
Right-of-use assets	15.1	20,371	22,515
<b>Non-current assets</b>		<b>311,958</b>	<b>327,175</b>
<b>Total assets</b>		<b>459,757</b>	<b>461,710</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	16	8,639	9,668
Short-term provisions	17,22	8,610	8,608
Short-term borrowings	18	22	22
Lease liability	15.2	1,713	1,595
Other liabilities	19	31,415	24,975
<b>Current liabilities</b>		<b>50,399</b>	<b>44,868</b>
<b>Non-current</b>			
Long-term borrowings	20	240	264
Other liabilities	20	607	259
Long-term provisions	20,22	91	113
Lease liability	15.2	20,239	21,950
<b>Non-current liabilities</b>		<b>21,177</b>	<b>22,586</b>
<b>Total liabilities</b>		<b>71,576</b>	<b>67,454</b>
<b>Net assets</b>		<b>388,181</b>	<b>394,256</b>
<b>Equity</b>			
Synod Funds	21	388,181	394,256
<b>Total equity</b>		<b>388,181</b>	<b>394,256</b>

This statement should be read in conjunction with the notes to the financial statement

# Statement of Changes in Equity

For the year ended 31 December 2022

	Notes	Synod Funds \$'000	Total equity \$'000
<b>Balance at 1 January 2021</b>		<b>356,431</b>	<b>356,431</b>
Surplus for the year		37,825	37,825
<b>Total comprehensive income for the year</b>		<b>37,825</b>	<b>37,825</b>
<b>Balance at 31 December 2021</b>		<b>394,256</b>	<b>394,256</b>
<b>Balance at 1 January 2022</b>		<b>394,256</b>	<b>394,256</b>
Deficit for the year		(6,075)	(6,075)
<b>Total comprehensive income for the year</b>		<b>(6,075)</b>	<b>(6,075)</b>
<b>Balance at 31 December 2022</b>	21	<b>388,181</b>	<b>388,181</b>

This statement should be read in conjunction with the notes to the financial statements

# Statement of Cash Flows

For the year ended 31 December 2022	Notes	2022	2021
		\$'000	\$'000
<b>Operating services</b>			
Receipts from presbytery/congregation contributions		2,743	2,881
Receipts from operations and activities		44,278	34,961
Payment of grants to organisations and individuals		(9,761)	(10,952)
Payments to suppliers and employees		(34,785)	(32,703)
Interest received		15,400	10,075
<b>Net cash provided by / (used in) operating activities</b>		<b>17,875</b>	<b>4,262</b>
<b>Investing activities</b>			
Payment for property, plant and equipment	13	(1,692)	(583)
Payment for intangible assets	14	(118)	(82)
Payments for investments		(49,813)	(62,911)
Proceeds from sale of property, plant and equipment		3,509	3,163
Proceeds from sale of investments		26,153	59,640
Proceeds from sale of Church properties		1,488	1,256
<b>Net cash provided by / (used in) investing activities</b>		<b>(20,473)</b>	<b>483</b>
<b>Financing activities</b>			
Funds received from / (advanced of) related parties		(207)	223
Proceeds from / (payment of) loan advances		(24)	(481)
Inflow / (outflow) of funds held in trust		6,439	(8,400)
Repayment of lease liability		(1,593)	(1,476)
<b>Net cash from / (used in) financing activities</b>		<b>4,615</b>	<b>(10,134)</b>
Net change in cash and cash equivalents		2,017	(5,389)
Cash and cash equivalents, beginning of year		1,410	6,799
<b>Cash and cash equivalents, end of year</b>	<b>7</b>	<b>3,427</b>	<b>1,410</b>

This statement should be read in conjunction with the notes to the financial statements

# Notes to the Financial Statements

## 1 General Information and statement of compliance

This financial report is a general purpose financial report and has been prepared in accordance with Accounting Standards-Simplified Disclosures made by the Australian Accounting Standards Board and the Australian Charities and Not-for-Profit Commission Act 2012. 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.

This financial report is the first general purpose financial report prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the financial report is general purpose financial report prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of Synod as a result of the change in the basis of preparation.

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

The financial statements comprise the following operations controlled by the Synod:

- General Secretary office
- Mission Resourcing Unit (Formerly Department of Administration and Finance)
- The Synod's equipping Leadership for Mission (Formerly Commission for Mission, Centre for Theology & Ministry and Camping)
- The results for Uniting Aboriginal and Islander and Christian Congress in Victoria and Tasmania
- Bequests and trusts under the management of The Uniting Church in Australia Property Trust (Victoria) and The Uniting Church in Australia Property Trust (Tasmania)

Control has been determined to exist on the basis that the Synod has the power to govern the financial and operating policies of those operations and exposed to variable returns.

The financial statements include all controlled operations from the date the control commences until the date that control ceases.

All balances and transactions from activities within the operations the Synod controls have been eliminated.

The financial report does not include the operations of the following entities for which the Synod does not have direct control or is not exposed to variable returns.

- Uniting Ethical Investors Limited
- Uniting AgeWell Limited
- Uniting Church Congregations and Presbyteries
- Uniting Church Schools and University Colleges
- Uniting (Victoria and Tasmania) Limited
- 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 4<sup>th</sup> June 2023.

## 2 Changes in accounting policies

### 2.1 New standards adopted as at 1 January 2022

Synod has initially adopted the following standards and amendments from 1 January 2022.

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

The above standard did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

Other accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on Synod's financial results or position.

### 2.2 Standards that are not effective and have not been early adopted

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period. The Synod does not plan to adopt the standards early. Standards are not expected to have a material impact on the transactions and balances recognised in the financial statements.

## 3 Summary of accounting policies

### 3.1 Revenue

The Synod recognises revenue as follows:

#### Sale of merchandise

Revenue from sale of goods is recognised at the amount that reflects the consideration to which the Synod is expected to be entitled in exchange for transferring goods.

#### Government grant income without sufficiently specific and enforceable performance obligations

Government grant funds received by the Synod that do not have sufficiently specific and enforceable performance obligations are recognised as income on receipt of the funds.

#### Government grant revenue with sufficiently specific and enforceable performance obligations

Government grant funds received by the Synod that have sufficiently specific and enforceable performance obligations, in accordance with AASB 15, are recognised as a contract liability on receipt and are recognised as revenue, over time, as the Synod satisfies its performance obligations.

#### Sales, fees & tariffs

Fees charged for care or services provided to clients are recognised when and as the care or service is provided. Rendering of fees and tariffs revenue is recognised over time on the basis that the Synod's performance does not create an asset with an alternative use to the Synod and the Synod has an enforceable right to payment for performance completed to date.

### Gifts donations and bequests

Gifts and donations income is recognised when the Synod gains control of the funds and are recognised as income when the funds have been provided to further the Synod's objectives for no consideration and when the funds provided do not give rise to a sufficiently specific performance obligation.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Synod becomes legally entitled to the shares or property.

### Interest and investment income

Interest income is recognised on an accrual basis using the effective interest method. Investment income is recognised at the time the right to receive payment is established.

### 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.

### 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 provided no exemptions apply.

### Insurance activities

Net proceeds from insurance activities is recognised on the basis of insurance premiums income net of premiums paid to insurers. Income is recognised when the right to receive the insurance premium has been established and there are no other performance obligations.

All income is stated net of the amount of Goods and Service Tax (GST).

### Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

### JobKeeper government grants

The JobKeeper government grants is recognised as income when Synod is reasonably assured that it will comply with the conditions attaching to it and the grant will be received. The JobKeeper scheme ceased in 2021.

## 3.2 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

### 3.3 Intangible assets

#### Recognition of intangible assets

Data warehouse is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Synod intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

#### Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.7. The following useful lives are applied:

- Data Warehouse: 4 years

Amortisation has been included within depreciation and amortisation.

Subsequent expenditures on the maintenance of data warehouse are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### 3.4 Property, plant and equipment

#### Land

Land is measured at cost less any impairment losses.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

#### Buildings, plant and other equipment

Buildings, plant and other equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Synod.

Buildings, plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

- Buildings: 50 years
- Infrastructure: 20 - 50 years
- Equipment, fixture & fittings: 5 - 20 years
- Computer equipment: 3 - 5 years
- Motor vehicles: 4 - 10 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

### 3.5 Leased assets

#### Synod as lessee

Synod makes the use of leasing arrangements principally for the provision of office space, and IT equipment and motor vehicles.

Synod assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

#### **Measurement and recognition of leases as a lessee**

At lease commencement date, Synod recognises a right-of-use asset and a lease liability in its statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by Synod, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Synod depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Synod also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, Synod measures the lease liability at the present value of the lease payments unpaid at that date, discounted using Synod's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that Synod would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of Synod.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on a rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

#### **Synod as lessor**

As a lessor Synod classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and is classified as an operating lease if it does not.

Synod classifies the sublet of office space as an operating lease.

### **3.6 Property settlement 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.

### 3.7 Impairment of assets

Assets subject to annual depreciation or amortisation are reviewed for impairment when 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.

Assets with indefinite life are tested annually for impairment.

### 3.8 Financial instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Synod becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)

Classifications are determined by both:

- Synod's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

#### Subsequent measurement financial assets

##### ***Financial assets at amortised cost***

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Synod's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

### ***Financial assets at fair value through profit or loss (FVPL)***

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. Funds invested in U Ethical Diversified Income Trust, U Ethical Enhanced Cash Trust, U Ethical Growth Portfolio and U Ethical Australian Equities fall into this category.

### ***Impairment of Financial assets***

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and trade receivables that are not measured at fair value through profit or loss.

The Synod considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### ***Trade and other receivables***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for credit losses.

The collectability of the trade and other receivables are reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified. The Synod recognises an allowance for credit losses based upon anticipated lifetime losses of trade receivables. The anticipated lifetime losses are determined with reference to historical experience and are regularly reviewed and updated.

### ***Classification and measurement of financial liabilities***

The Synod's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are reported in profit or loss are included within finance costs or finance income.

## **3.9 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 other inventories.

## **3.10 Tax exemption**

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

### 3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, working capital cash account, and operating cash accounts for other agencies such as Narana.

### 3.12 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
- WorkCover

The Synod carries a significant level of self-insurance (deductibles). The deductibles are funded by the Insurance Reserve as designated by Synod in Synod funds, refer to Note 20.

### 3.13 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

#### Long-term employee benefits

Long-term employee benefits are the employee benefits arising from annual leave and long service leave which are not to be settled within 12 months after the end of the period in which the employees rendered the related service. The benefits are measured at the present value of the expected future payments to be made to employees. The expected future payments include anticipated future salary inflation, experience of employee departures, periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows.

### 3.14 Project receivables

Project receivables are amounts to be collected by the Synod, which resulted from funds provided by the Synod to assist with property projects.

The property projects relate to the following;

- a. Expenses incurred for the development of property held by the Synod and amounts are to be refunded by development partners; or
- b. The funds provided to congregations to assist with the development of the congregation's properties, and the amounts will be returned to the Synod upon successful development of the properties.

### 3.15 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

### 3.16 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### Allowance for credit losses

The allowance for credit losses assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates and specific knowledge of the individual parties' financial position.

#### Estimation of useful lives of assets

The Synod determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### Impairment of non-financial assets

The Synod assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Synod and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to Synod's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. Synod reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Synod estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

### Basis of consolidation for accounting purposes

Judgement has been exercised in determining which entities the Synod has control over, and thus are included in the consolidation for accounting purposes.

The entities that are not deemed to be controlled entities of the Synod for the purposes of consolidation in the financial statements are disclosed in note 1 of the financial statements. Whilst the Synod provides limited general oversight, direction and administration, operational management responsibility and control rests with the individual entities. The standing committee has applied judgement and determined that the Synod does not control the aforementioned entities.

## 4 Revenue from contracts with customers

Sales, fees and tariffs are summarized as following:

	2022	2021
	\$'000	\$'000
<b>Major service lines</b>		
Institutional contribution	3,431	2,853
Sales of merchandise	900	674
Commercial accommodation	4,665	2,882
Professional services	8,492	9,123
	<b>17,488</b>	<b>15,532</b>
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	900	674
Products and services transferred over time	16,588	14,858
	<b>17,488</b>	<b>15,532</b>

## 5 Other income

In response to the Coronavirus (COVID-19) pandemic, the government introduced the JobKeeper scheme. The JobKeeper scheme provides eligible employers with a wage subsidy of \$1,500 per fortnight for wages paid to eligible employees during the six-month period starting on 30 March 2020. The JobKeeper scheme was extended to 28 March 2021 and introduced a two-tiered reduced fortnightly JobKeeper payment based on the number of hours worked.

Synod was eligible for the JobKeeper Scheme and the extended JobKeeper scheme. Synod benefited from the JobKeeper scheme until March 2021 and received \$1.09m under the scheme during 2021. Synod presents the JobKeeper subsidy as 'other income' in the statement of profit or loss and other comprehensive income.

	2022	2021
	\$'000	\$'000
<b>Other income</b>		
Rent	1,919	1,593
JobKeeper government grant	-	1,086
Other	593	424
	<b>2,512</b>	<b>3,103</b>

## 6 Other expenses

	2022	2021
	\$'000	\$'000
<b>Other expenses</b>		
Motor vehicle and travelling expense	344	253
Postage, telephone, printing and stationery expense	404	379
Other expenses	669	569
	<b>1,417</b>	<b>1,201</b>

## 7 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2022	2021
	\$'000	\$'000
Cash at bank and on hand	3,427	1,410
<b>Cash and cash equivalents</b>	<b>3,427</b>	<b>1,410</b>

The deposits are bearing nil return on Westpac trading account. (2021:nil).

## 8 Current assets - receivables

Trade and other receivables consist of the following:

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Trade receivables, gross	2,647	4,088
Allowance for expected credit losses	(289)	(318)
	<b>2,358</b>	<b>3,770</b>
Other receivables	5,346	7,209
	<b>7,704</b>	<b>10,979</b>

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

The movement in the allowance for credit losses can be reconciled as follows:

	2022	2021
	\$'000	\$'000
<b>Reconciliation of allowance for credit losses</b>		
<b>Balance 1 January</b>	318	337
Debt recovered	(10)	(19)
Adjustment of allowance for expected credit losses	(19)	-
<b>Balance 31 December</b>	<b>289</b>	<b>318</b>

## 9 Current assets - investments

	2022	2021
	\$'000	\$'000
<b>Financial assets at fair value through profit or loss</b>		
Investments in U Ethical Cash Management Trust	20,011	4,999
Investments in U Ethical Enhanced Income Trust	85,167	87,304
Investments in U Ethical Diversified Income Trust	29,984	28,267
	<b>135,162</b>	<b>120,570</b>

## 10 Non-current assets – investments

	2022	2021
	\$'000	\$'000
<b>Financial assets at fair value through profit or loss</b>		
Investments in U Ethical Australian Equities Trust	257,484	271,311
	<b>257,484</b>	<b>271,311</b>

## 11 Current assets - other

	2022	2021
	\$'000	\$'000
<b>Current assets - other</b>		
Prepayments	1,337	1,432
	<b>1,337</b>	<b>1,432</b>

## 12 Non-current assets – receivables

	2022	2021
	\$'000	\$'000
<b>Interest bearing</b>		
Loans to ministers, students and Church Institutions - unsecured (a)	793	1,143
<b>Non-interest bearing</b>		
Loans to Church Institutions - unsecured	2	7
Project receivables - unsecured	3,813	1,780
	<b>4,608</b>	<b>2,930</b>

- (a) Loans to ministers and students - These loans are provided to assist with purchase of motor vehicles, houses or to assist while students undertake education at Centre for Theology and Ministry. Interest rates vary between 1.6% and 4.3% depending on the type of loan. Loan terms are between 3 and 10 years.

## 13 Property, plant and equipment

	2022	2021
	\$'000	\$'000
<b>Land and buildings</b>		
<b>Land</b>		
At cost	10,682	10,762
	<b>10,682</b>	<b>10,762</b>
<b>Building</b>		
At cost	20,156	20,126
Less: Accumulated depreciation	(6,089)	(5,804)
	<b>14,067</b>	<b>14,322</b>
<b>Total Land and Buildings</b>	<b>24,749</b>	<b>25,084</b>
<b>Plant and equipment</b>		
<b>Infrastructure</b>		
At cost	3,171	3,127
Less: Accumulated depreciation	(1,407)	(1,314)
	<b>1,764</b>	<b>1,813</b>
<b>Equipment, Fixture &amp; Fittings</b>		
At cost	3,359	3,280
Less: Accumulated depreciation	(2,372)	(2,342)
	<b>987</b>	<b>938</b>
<b>Computer equipment</b>		
At cost	3,701	4,046
Less: Accumulated depreciation	(2,363)	(2,372)
	<b>1,338</b>	<b>1,674</b>
<b>Motor Vehicles</b>		
At cost	122	83
Less: Accumulated depreciation	(68)	(61)
	<b>54</b>	<b>22</b>
<b>Capital WIP</b>		
At cost	101	51
	<b>101</b>	<b>51</b>
<b>Total Plant and Equipment</b>	<b>4,244</b>	<b>4,498</b>
<b>Total Property, Plant and Equipment</b>	<b>28,993</b>	<b>29,582</b>

<b>Asset Category - 2022</b>	<b>Balance at 1 Jan 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Transfer</b>	<b>Balance at 31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	10,762	670	(750)	-	-	<b>10,682</b>
Building	14,322	-	(301)	(402)	448	<b>14,067</b>
Infrastructure	1,813	-	-	(94)	45	<b>1,764</b>
Equipment, Fixture & Fittings	938	2	(25)	(152)	224	<b>987</b>
Computer equipment	1,674	-	(4)	(546)	214	<b>1,338</b>
Motor Vehicles	22	-	-	(7)	39	<b>54</b>
Capital WIP	51	1,020	-	-	(970)	<b>101</b>
<b>Total</b>	<b>29,582</b>	<b>1,692</b>	<b>(1,080)</b>	<b>(1,201)</b>	<b>-</b>	<b>28,993</b>

<b>Asset Category - 2021</b>	<b>Balance at 1 Jan 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Transfer</b>	<b>Balance at 31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	11,549	-	(787)	-	-	<b>10,762</b>
Building	15,058	-	(560)	(413)	237	<b>14,322</b>
Infrastructure	2,002	-	(96)	(100)	7	<b>1,813</b>
Equipment, Fixture & Fittings	1,061	-	(73)	(161)	111	<b>938</b>
Computer equipment	1,978	-	-	(547)	243	<b>1,674</b>
Motor Vehicles	17	-	-	(3)	8	<b>22</b>
Capital WIP	74	583	-	-	(606)	<b>51</b>
<b>Total</b>	<b>31,739</b>	<b>583</b>	<b>(1,516)</b>	<b>(1,224)</b>	<b>-</b>	<b>29,582</b>

## 14 Intangible assets

Detail of the Synod's other intangible assets and their carrying amounts are as follows:

	2022	2021
	\$'000	\$'000
<b>Data Warehouse</b>	<b>502</b>	<b>837</b>
<b>Balance 1 January</b>	837	1,256
Additions	118	82
Amortisation	(453)	(501)
<b>Balance 31 December</b>	<b>502</b>	<b>837</b>

## 15 Leases

### 15.1 Right-of-use assets

	2022	2021
	\$'000	\$'000
<b>Office spaces</b>	<b>20,371</b>	<b>22,515</b>
<b>Balance 1 January</b>	22,515	24,468
Additions	-	199
Disposal	-	-
Depreciation	(2,144)	(2,152)
<b>Balance 31 December</b>	<b>20,371</b>	<b>22,515</b>

### 15.2 Lease Liability

	2022	2021
	\$'000	\$'000
Current	1,713	1,595
Non-current	20,239	21,950
<b>Total lease liability</b>	<b>21,952</b>	<b>23,545</b>

The Synod has signed a 12-year lease agreement with Charter Hall Wholesale Management Limited for office spaces. The lease agreement includes 8 extension options, each for a further 5 years. The lease contract commenced in July 2020. At the end of 2022, the Synod is uncertain in regards to exercising the extension options at the end of the lease term.

Future minimum lease payments at 31 December 2022 were as follows:

	Minimum lease payments due						Total
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	
31 December 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease payments	2,280	2,357	2,437	2,520	2,607	12,855	25,056
Finance charges	(567)	(520)	(469)	(415)	(357)	(776)	(3,104)
<b>Net present values</b>	<b>1,713</b>	<b>1,837</b>	<b>1,968</b>	<b>2,105</b>	<b>2,250</b>	<b>12,079</b>	<b>21,952</b>

## 16 Current liabilities - trade and other payables

Trade and other payables recognised consist of the following:

	2022	2021
	\$'000	\$'000
Trade payables	1,403	1,674
Other creditors and accruals	4,285	5,390
Insurance claims outstanding	2,149	1,443
Income received in advance (contract liability)	802	1,161
<b>Total trade and other payables</b>	<b>8,639</b>	<b>9,668</b>

All above liabilities are short-term. The carrying values are considered to be a reasonable approximation fair value.

## 17 Current liabilities – short term provisions

	2022	2021
	\$'000	\$'000
Ministers benefits	5,049	5,432
Employee benefits	2,376	2,502
Other provisions	1,185	674
<b>Short term provisions</b>	<b>8,610</b>	<b>8,608</b>

## 18 Short-term borrowings

Short-term borrowings can be summarised as following:

	2022	2021
	\$'000	\$'000
Loan - Development Funding	22	22
<b>Other liabilities – current</b>	<b>22</b>	<b>22</b>

(a) Loans are unsecured loans and interest rate is at 5.5% (2021: 4.99% to 5.5%).

## 19 Current liabilities - other

Other liabilities can be summarised as following:

	2022	2021
	\$'000	\$'000
Property settlements in trust	31,414	23,546
Development margin held in Trust	1	1,429
<b>Other liabilities – current</b>	<b>31,415</b>	<b>24,975</b>

## 20 Non-current liabilities

	2022	2021
	\$'000	\$'000
<b>Long-term interest bearing borrowings:</b>		
Loan - Development Funding	240	264
	<b>240</b>	<b>264</b>
<b>Other Liabilities:</b>		
Income received in advance	239	259
Contract liabilities	368	-
	<b>607</b>	<b>259</b>
<b>Provisions:</b>		
Employee entitlements	91	113
	<b>91</b>	<b>113</b>

Loans are unsecured loans and interest rate is at 5.5% (2021: 4.99% to 5.5%).

The contract liabilities are raised from the contract between Synod and The Australian Province of the Society of Jesus (Society) in 2021 in regards to operation and management of Dalton McCaughey Library (DML). Synod is managing the operations of DML utilising DML's existing net assets and provide the access to Society to the theological resources in DML. The balance of DML's net assets, other than gifted paintings and research collections, are recorded as a contract liability which enables Synod to fulfil the performance obligations of the contract in the future.

## 21 Synod funds and reserves

	2022	2021
	\$'000	\$'000
<b>Synod Funds</b>		
Not designated (i)	94,227	100,404
Designated by the Synod (ii)	119,254	120,604
Specified by trust/bequest (iii)	174,700	173,248
<b>Total funds</b>	<b>388,181</b>	<b>394,256</b>

**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, including some property sales proceeds in discernment.

**ii) Designated by the Synod** – These reserves are for a specific purpose as decided by the Synod or a decision of a commission or board of the Synod.

**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).

## 22 Provisions

	2022	2021
	\$'000	\$'000
<b>Current provisions</b>		
Ministers benefits	5,049	5,432
Employee benefits	2,376	2,502
Other provisions	1,185	674
	<b>8,610</b>	<b>8,608</b>
<b>Non-Current provisions</b>		
Employee entitlement (Note 20)	91	113
	<b>91</b>	<b>113</b>

A reconciliation of each class of other provision is provided below

	Legal	IBNR	Total
<b>Balance at 1 January 2022</b>	<b>-</b>	<b>674</b>	<b>674</b>
Provision made during the year	721	-	721
Provision used during the year	(210)	-	(210)
Provision reversed during the year	-	-	-
<b>Balance 31 December 2022</b>	<b>511</b>	<b>674</b>	<b>1,185</b>

**i) Legal** - As a result of a litigation, Synod assumed the legal cost of \$511,000 measured on provision basis.

**ii) IBNR** - The insurance claims incurred but not registered (IBNR) and Synod measured on provision basis.

## 23 Related party transactions

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

The members listed below were appointed at the Synod meeting held in 2021 for a term up to the next Synod meeting.

### Members of standing committee

**The members listed below were appointed at the Synod meeting held in 2022 for a term up to 2025 Synod meeting.**

Lisa Carey	John Diprose OAM	Helen Geard
Matt Julius	Rev Ikani Vaitohi	Jacob Westley

**The members listed below were appointed at the Synod meeting held before 2022 for a term up to 2023 Synod meeting.**

Rev John Clarke (resigned 2022)	Rev Stan Clarke	Ron Gowland
Rev Berlin Guerrero	Cathie Halliwell	Cam Shields

**The members listed below were appointed at the Synod meeting before 2021 for a term up to 2022 Synod meeting.**

Dr Jessica Hateley-Browne	Lindsay Oates	Belinda Clear
Karen Eller (resigned 2022)		

**The ex-officio members are listed below.**

Rev Denise Liersch (Ex-Moderator)	Alison Overeem (UAICC Tasmania)	Rev Dr Mark Lawrence (Gen Sec)
Rev David Fotheringham (Moderator-Elect)		

### 23.1 Remuneration and retirement benefits of key management personnel

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.

	2022	2021
	\$'000	\$'000
<b>Management personnel remuneration</b>	366	361
	<b>366</b>	<b>361</b>

## 23.2 Transactions with related entities

### Related party transactions with Uniting Ethical Investors Limited

	2022	2021
	\$'000	\$'000
<b>Income from related party transactions with Uniting Ethical Investors Limited</b>		
Interest received on deposits in U Ethical managed funds	15,400	12,429
Institutional contribution	1,000	1,200
Information technology service provision	205	207
Leased office space	223	206
Accounting service provision	84	125
People and Culture services	31	27
	<b>16,943</b>	<b>14,194</b>
<b>Balance with Uniting Ethical Investors Limited from related party transactions</b>		
Accounts receivable	46	181
	<b>46</b>	<b>181</b>

### Related party transactions with Uniting AgeWell Limited

	2022	2021
	\$'000	\$'000
<b>Income from related party transactions with Uniting AgeWell Limited</b>		
Information technology service provision	5,157	4,822
Leased office space	454	459
Ground lease	531	92
Legal and property fees	90	275
Institutional contribution	500	500
	<b>6,732</b>	<b>6,148</b>
<b>The Synod's distribution to Uniting AgeWell Limited</b>		
Interest on bequests	1	10
	<b>1</b>	<b>10</b>
<b>Balance with Uniting AgeWell Limited from related party transactions</b>		
Accounts receivable	892	2,277
Accounts payable	-	(31)
	<b>892</b>	<b>2,246</b>

The Synod leases properties to Uniting AgeWell Limited with lease term of 99 years. The annual rent was \$1.00 in 2019 and 2021 and commencing 1 Jul 2021, rent is charged based on discounted market value.

### Related party transactions with Uniting (Victoria and Tasmania) Limited

	2022	2021
	\$'000	\$'000
<b>Income from related party transactions with Uniting (Victoria and Tasmania) Limited</b>		
Institutional contribution	750	500
Leased office space	394	389
Legal and property fees	264	275
	<b>1,408</b>	<b>1,164</b>
<b>Balance with Uniting (Victoria and Tasmania) Limited from related party transactions</b>		
Accounts receivable	706	381
Accounts payable	-	(49)
	<b>706</b>	<b>332</b>

### 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.

## 24 Auditors' remuneration

	2022	2021
	\$'000	\$'000
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<b>Auditor of Synod – Grant Thornton Pty Ltd</b>		
Audit and review of financial statements	99	93
Other services	-	-
	<b>99</b>	<b>93</b>
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## 25 Financial instruments

### A. Accounting classification

The following table shows the carrying amount of financial assets and financial liabilities.

	2022	2021
	\$'000	\$'000
<b>Financial assets measured at fair value through profit or loss</b>		
Investments in U Ethical Cash Management Trust (Note 9)	20,011	4,999
Investments in U Ethical Enhanced Income Trust (Note 9)	85,167	87,304
Investments in U Ethical Diversified Income Trust (Note 9)	29,984	28,267
Investments in U Ethical Australian Equities Trust (Note 10)	257,484	271,311
	<b>392,646</b>	<b>391,881</b>
<b>Financial assets measured at amortised cost</b>		
Cash at bank (Note 7)	3,427	1,410
Trade receivables (Note 8)	2,358	3,770
Other receivables (Note 8)	5,346	7,209
Loans to ministers, students and Church Institutions (Note 12)	4,608	2,930
	<b>15,739</b>	<b>15,319</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade payable (Note 16)	1,403	1,674
Other creditors and accruals (Note 16)	4,285	5,390
Loan - Development Funding (Note 18)	22	22
Property settlements in trust (Note 19)	31,414	23,546
Development margin held in Trust (Note 19)	1	1,429
Loan - Development Funding (Note 20)	240	264
	<b>37,365</b>	<b>32,325</b>

### B. Measurement of fair value

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 2 inputs in the fair value hierarchy. Level 2 fair value measurements are those derived from inputs other than quoted prices in an active market. No transfers across levels has occurred.

## 26 Contingent liabilities

The Assembly and Synod continues to work collaboratively on a single response to the Commonwealth redress model. The organisation and its related entities may have financial exposure to civil and redress claims in the future and at the date of this report it is not possible to reliably estimate the quantum (if any) of additional claims of this nature which may emerge. The Assembly and Synod continues to closely monitor the impact on the organisation and its related parties.

There are other legal matters in Synod where provision is not required as, at the date of preparation of this financial report, it is not probable that a future sacrifice of economic benefits will be required and/or the amount is not capable of reliable measurement.

Synod executed a deed of guarantee that underwrites the unsecured loans to congregations and agencies from the Development Fund with total value of \$39,000 (2021: \$164,000).

## 27 Commitment

Synod mission grants assist congregations and UCA entities to fund mission and ministry programs, and capital works projects. These grants come from a combination of bequests, specific purpose funds and general Synod funds (Mission and Service Giving and interest on investments). Synod 2023 budget includes \$5.57m of missional grants.

## 28 Events after the report date

In February 2023, Synod entered into a loan agreement with Uniting Ethical Investors Limited to finance the capital improvement work and working capital of The Scots School Albury. The loan of up to \$9m is secured by properties which are held by Synod and used by The Scots School Albury. As at 4 June 2023 the current withdrawal totals \$1.096m.