

The Uniting Church in Australia  
Synod of Victoria and Tasmania

ABN 39 703 442 583

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# Annual Report

**For the year ended 31 December 2016**

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

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

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

A description of the nature of the Synod's operations and its principal activities is included in the Standing Committee report on pages 4-9.

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

## FINANCIAL REPORT - 31 DECEMBER 2016

CONTENTS	PAGE NO.
Organisation Particulars	3
Standing Committee Report	4-8
Auditor's Independence Declaration	9
Independent Auditor's Report to the Standing Committee	10-11
Standing Committee Declaration	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flow	16
Notes to the Financial Statements	
1 Statement of Significant Accounting Policies	17-19
2 Income	20
3 Surplus from Continuing Operations	20
4 Current Assets - Cash and Cash Equivalents	20
5 Current Assets - Receivables	21
6 Current Assets - Inventories	21
7 Current Assets - Investments	21
8 Non Current Assets - Available for Sale Investments	22
9 Current Assets - Other	22
10 Non Current Assets - Receivables	22
11 Non Current Assets - Property, Plant and Equipment	22-23
12 Current Liabilities - Trade & Other Payables	23
13 Current Liabilities - Short Term Provisions	24
14 Short Term Borrowing	24
15 Current Liabilities - Other	24
16 Non Current Liabilities	24
17 Synod Funds and Reserves	24-25
18 Reconciliation of Surplus From Continuing Operations to Net Cash Inflow From Operating Activities	25
19 Remuneration of Auditors	25
20 Employee Entitlements	26
21 Related Parties	26-27
22 Contingent Liabilities	27
23 Financial Risk Management	27-29
24 Events Occurring After Reporting Date	29
Index to Appendices (available on request)	30-33
Appendix 1 Movement in Synod Funds and Reserves	34-194
Appendix 2 Movement in Bequests managed by Property Trust	195-443
Appendix 3 Synod Mission Support Fund - Report Compared to Budget	444-446

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

## Organisation Particulars

Standing Committee:	<b>Chairperson/Moderator</b> Rev. Sharon Hollis (From 03/06/2016)  Mr. Dan Wootton (To 02/06/2016)
Managers:	<b>General Secretary</b> Rev. Dr. Mark Lawrence  <b>Executive Director Administration and Finance</b> Ms. Pauline McGillivray  <b>Commission for Mission</b> <b>Executive Director</b> Ms. Cheryl Lawrie (from 21/10/2016)  Rev. David Pargeter (to 06/11/2016)  <b>Centre for Theology and Ministry</b> <b>Executive Director</b> 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:	<a href="http://www.victas.uca.org.au">www.victas.uca.org.au</a>

# 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 Trust. The financial report does not include the operations of the following:

UCA Funds Management (depositors)  
Uniting AgeWell  
Uniting Church congregations and Presbyteries  
Uniting Church schools and University Colleges  
Uniting agencies (formally UnitingCare)  
Uniting Church Parish Missions  
Uniting Housing

## STANDING COMMITTEE MEMBERS

Rev Carol Bennett	Mr Geoffrey Grinton	Rev Dr Mark Lawrence (ex-officio)
Mr Aaron Blakemore	Ms Anna Harrison	Rev Ken Sumner (ex-officio)
Rev Stan Clarke	Rev Jason Kioa	Mr Ken Tabart
Mr Ben Cohen	Rev Tim Matton-Johnson (ex-officio)	Rev Sani Vaeluaga
Ms Helen Collins	Mr Lindsay Oates	Rev Fiona Winn
Mr John Diprose	Ms Karen Sooaemalelagi	Rev Sue Withers
Mr Ron Gowland	Rev Sharon Hollis (ex-officio)	Mr Dan Wootton (ex-officio)

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

### 1. PRINCIPAL ACTIVITIES

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

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

### 2. REVIEW OF OPERATIONS

The operating result for the year is a surplus of \$1,309,000 which compares to \$8,206,000 in 2015.

A number accounting processes changed in 2015 and 2016 resulting in an improved result. There were also some unusual events in 2015. The result excluding these one off events is an underlying deficit of (\$3.6m) compared to the underlying deficit in 2015 of (\$5.8m).

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

## STANDING COMMITTEE REPORT (Continued)

	Note	Surplus/(Deficit) 2016 \$'000	Surplus/(Deficit) 2015 \$'000
Surplus		1,309	8,206
<b>Less one off adjustments</b>			
Ministers long service leave	Note 1	(398)	-
Development and Capital Works Projects	Note 2	(3,466)	(1,408)
Profit on sale of archive centre	Note 3	-	(3,967)
Transfer of bequests	Note 4		(4,956)
Gain on sale of investments	Note 5	(1,075)	(3,692)
Revised Deficit		(3,630)	(5,817)

One off adjustments were recorded for the following:

Note 1	Ministers long service leave (Transfer to provisions) Accounting processes changed for Ministers Long Service leave to recognise that the provision is a pooled resources of the Church rather than a LSL employee provision of Synod Operations. A one off adjustment of \$398k has been recorded.	(398)	-
Note 2	Development and Capital Works Projects (Consulting fees) The accounting processes for development and capital works projects has been changed to recognise project costs through the balance sheet on a cumulative basis across the life of the project. The impact is the capitalisation of costs relating to prior years. In 2015 \$1,408 was recorded against consulting fees for these projects. These are not reversed in 2015 however are eliminated for comparison purposes.	(3,466)	(1,408)
Note 3	Profit of sale of archives centre (Profit on sale of plant and equipment) A project was undertaken to sell the Archive Centre and move to a new more suitable premises. The profit on the sale of the centre is recorded as income.	-	(3,967)
Note 4	Transfer of bequests (Gifts, donations & bequests) During 2015 it was determined that for number of bequests the Property Trust was the Trustee. The balance of these bequests were transferred from Ormond College to the Synod.	-	(4,956)
Note 5	Gain on sale of investments 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	(1,075)	(3,692)
<b>TOTAL</b>		<b>(4,939)</b>	<b>(14,023)</b>

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

## STANDING COMMITTEE REPORT (Continued)

The remaining difference of \$2,187,000 is explained as follows:

	\$'000		
Gifts, donations & bequests	(2,204)		
<p>Gifts, donations &amp; bequests other than receipt of a number of bequests in 2015 from Ormond College reported in Note 4 above was \$2.2m less than 2015. In 2015 two large bequests received from Maxwell Leslie Prate and Dorothy Grace Elford received in 2015 for (\$3.6m). In 2016 increased donations were received for the Share Community appeal of \$1.6m.</p>			
Sales, fees and tariffs	1,189		
<p>Results for Camping were better with additional income of \$521k with increased rates and occupancy, Levies to UnitingCare agencies were higher with additional contributions to assist funding the new UnitingCare Network transition to Uniting \$229k, fees for IT services were better by \$235k with more services provided to UnitingCare agencies, Property Services fees increased with fees received for various major development projects \$214, Narana Aboriginal Culture Centre sales were better by \$157k and fees for kindergarten classes were higher by \$135k with increased fees. The management fees for Funds Management were lower (\$375k) due to the reduced investment market.</p>			
Interest received	(1,156)		
<p>In 2015 we received additional interest from Ormond College in restitution of interest incorrectly used \$400k and as a result of the change in policy for accounting for the minister long service leave fund, \$200k has been reallocated to a liability. Generally interest rates were lower than 2015:</p>			
	2015	2016	
Cash portfolio	3.30%	2.85%	
Growth portfolio	25.26	22.26	Cents per unit
Australian Equities	81.96	69.76	Cents per unit
Employee benefit expenses			(1,604)
<p>Salaries paid to employees increased. Overall salaries increased by 3.0% in 2016 (\$777k). Staff numbers also increased with:</p>			
<p>UnitingCare Network Transition team (\$1,000)</p>			
<p>UnitingCare Vic Tas - reduced staff with move to Uniting \$363</p>			
<p>Kindergartens - increase above 3% in line with award changes (\$300)</p>			
<p>Administration and Finance - new and existing staff in a new cost centre (\$601)</p>			
<p>Property Services - additional staff (\$213)</p>			
<p>Change in policy for Ministers Long Service Leave \$652</p>			
<p>Less various redundancies across the Synod</p>			
Consulting and legal expenses			\$2,381
<p>Consulting fees have reduced significantly with the change in policy for accounting for major projects (refer note 2). Other consulting and legal fees were incurred for:</p>			
		\$'000	
Uniting Our Future with the completion of the project		396	
The Major Strategic Review work in 2015		798	
The Royal Commission into Sexual Misconduct		511	
The relocation of Archives		276	

# 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 \$1,839,000, compared to \$1,309,000 in 2015. The cash held fluctuates with daily operational needs and is replenished, as required, from Synod investments.

The Synod's Investments increased by \$2.2m. 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.

Reallocation of investments	2016		2015	
	Purchase	Withdrawal	Purchase	Withdrawal
Cash Portfolio		\$10.71m		\$17.76m
Growth Portfolio		\$1.96m		\$7.59m
Australian Equities	\$12.67m		\$25.35m	

In addition to the above \$2.5m 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 \$1,075,000 and from an increase in the value of investments in the Growth Portfolio and Australian Equities of \$6.7m.

The following funds recorded material changes in 2016:

\$'000

Insurance Fund	\$1,037
Overall property and insurance operations recorded a surplus. However, this included the transfer of grants provided for Development and Capital projects which are now recorded on the Balance Sheet as loans. This was slightly more than was anticipated. The underlying result is a surplus of \$129k.	
Major Strategic Review	(1,073)
The Major Strategic Review has now concluded and work has moved to implementation. The final operational result was a deficit of (\$608k). Excess funds were returned to the Ministry Liquidity fund.	
UnitingCare Network Project	(1,802)
This is a major exercise to consolidate UnitingCare agencies under one organisation "Uniting" at a cost in 2015 of \$1.8m. This is funded by a loan from Unearmarked Funds and will be repaid by the "Uniting".	
Unearmarked Synod Funds	\$3,114
The change in accounting policy for Development and Capital projects has resulted in a favourable adjustment of \$3.283m. Excluding this adjustment the result is a deficit of (\$169k).	
Development Fund Reserve	(1,186)
The Standing Committee approved a change in procedure to recognise the surplus of Retail Funds as income to the Mission Support Fund in the year in which it is earned. The balance of this reserve has been transferred to Mission Support Fund.	
Share Community Appeal	\$853
Surplus with unexpected receipt of bequests.	

# 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

#### 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 \$0.740m for its continuing work.

#### Major Strategic Review (MSR)

MSR has completed their review and recommendations regarding strategy, governance and financial sustainability. The Strategic Implementation Review Team is in the early stages of planning, assessing priorities and the financial implications required to address the initiatives in the areas of strategy, governance and financial sustainability.

### 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  
Rev Sharon Hollis

Dated this 28th day of April 2017

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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 2016, 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 AUDIT PTY LTD  
Chartered Accountants



Adam Pitts  
Partner - Audit & Assurance

Melbourne, 28 April 2017

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**Independent Auditor's Report  
To the Standing Committee of The Uniting Church in Australia - Synod of  
Victoria and Tasmania**

We have audited the accompanying financial report, being a general purpose 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 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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.

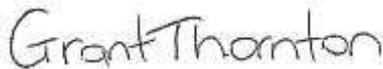
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 The Uniting Church in Australia - Synod of Victoria and Tasmania presents fairly, in all material respects, the Synod's financial position as at 31 December 2016 and of its performance and cash flows for the year then ended in accordance with Australian Accounting Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adam Pitts  
Partner - Audit & Assurance

Melbourne, 28 April 2017

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STANDING COMMITTEE DECLARATION  
IN RELATION TO THE FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016

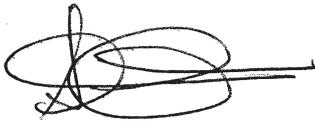
The Standing Committee declare that the financial statements and notes set out on pages 13 to 29.

- (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 2016 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.



Rev Sharon Hollis  
Standing Committee Chairperson/Moderator



Rev Dr Mark Lawrence  
General Secretary

Melbourne

Dated this 28th day of April 2017

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
<b>Income from operating activities</b>			
Mission & service giving		3,186	3,253
Grants		2,518	2,365
Gifts, donations & bequests		6,451	13,611
Sales, fees & tariffs		20,589	19,400
Net proceeds from insurance activities		2,823	1,747
		<u>35,567</u>	<u>40,376</u>
<b>Income from outside the operating activities</b>			
Interest		10,414	11,570
Proceeds from the sale of church properties		1,131	1,135
Profit on sale of plant and equipment		-	3,971
Gain on sale of investments		1,075	3,692
Discount on purchase of campsite		-	785
Other revenue		931	1,173
		<u>13,551</u>	<u>22,326</u>
<b>Total income</b>	2	<u>49,118</u>	<u>62,702</u>
<b>Expenses</b>			
Employee benefits expense		27,317	25,713
Depreciation expense	3	1,491	1,515
Grants paid		11,055	10,968
Cost of goods sold and conferences		1,752	1,552
Consulting and legal fees		180	7,435
Motor vehicle and travelling		775	807
Repairs, maintenance, property expenses, rent		2,207	2,864
Postage, telephone, printing and stationery		876	889
Borrowing costs		111	45
Transfer to provisions, doubtful debts & bad debt write off		(103)	186
Transfer to/from provisions, employee benefits and ministers benefits		(579)	(388)
Other expenses		2,727	2,910
		<u>47,809</u>	<u>54,496</u>
<b>Total expenses</b>		<u>47,809</u>	<u>54,496</u>
<b>Surplus from continuing operations</b>		<u>1,309</u>	<u>8,206</u>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Unrealised gains/(losses) on investments		4,210	(3,716)
<b>Total comprehensive income for the year</b>		<u>5,519</u>	<u>4,490</u>

*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 2016**

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	1,839	1,309
Receivables	5	10,430	4,171
Inventories	6	166	147
Investments	7	94,366	111,397
Other current assets	9	3,655	1,674
<b>Total Current Assets</b>		<b>110,456</b>	<b>118,698</b>
<b>Non-current Assets</b>			
Available-for-sale investments	8	159,932	140,691
Receivables	10	5,812	2,517
Property, plant and equipment	11	37,660	37,645
<b>Total Non-current Assets</b>		<b>203,404</b>	<b>180,853</b>
<b>Total Assets</b>		<b>313,860</b>	<b>299,551</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	5,938	6,824
Short-term provisions	13	8,015	6,843
Short-term borrowings	14	3,333	-
Other current liabilities	15	16,949	17,286
<b>Total Current Liabilities</b>		<b>34,235</b>	<b>30,953</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	16	1,731	1,458
Other liabilities	16	5,895	300
Long-term provisions	16	232	592
<b>Total Non-current Liabilities</b>		<b>7,858</b>	<b>2,350</b>
<b>Total Liabilities</b>		<b>42,093</b>	<b>33,303</b>
<b>Net Assets</b>		<b>271,767</b>	<b>266,248</b>
<b>EQUITY</b>			
Synod funds	17(a)	246,029	244,720
Asset revaluation reserve	17(b)	4,919	4,919
Unrealised gains	17(b)	20,819	16,609
<b>Total Equity</b>		<b>271,767</b>	<b>266,248</b>

*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 2016**

	Note	Reserves \$'000	Synod Funds \$'000	Total Equity \$'000
<b>Balance as at 1 January 2015</b>		26,248	235,510	261,758
Surplus for the year		-	8,206	8,206
Unrealised gains on investments	17(b)	(3,716)	-	(3,716)
<b>Total comprehensive income for the year</b>		<u>(3,716)</u>	<u>8,206</u>	<u>4,490</u>
<b>Transfers between Funds</b>				
Transfer to Synod Funds for properties sold	17(b)	(1,004)	1,004	-
		<u>(1,004)</u>	<u>1,004</u>	<u>-</u>
<b>Balance as at 31 December 2015</b>		<u>21,528</u>	<u>244,720</u>	<u>266,248</u>
<b>Balance as at 1 January 2016</b>		21,528	244,720	266,248
Surplus for the year		-	1,309	1,309
Unrealised gains on investments	17(b)	4,210	-	4,210
<b>Total comprehensive income for the year</b>		<u>4,210</u>	<u>1,309</u>	<u>5,519</u>
<b>Balance as at 31 December 2016</b>		<u>25,738</u>	<u>246,029</u>	<u>271,767</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 2016**

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Receipts from presbytery/congregation contributions		3,174	3,230
Receipts from operations and activities		29,962	44,452
Grants to organisations and individuals		(11,055)	(10,968)
Payments to suppliers and employees		(40,598)	(46,527)
Interest received		10,420	11,587
Proceeds from sale of church properties		1,131	1,135
<b>Net cash inflow/(outflow) from operating activities</b>	18	<u>(6,966)</u>	<u>2,909</u>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment	11	(1,520)	(2,453)
Payments for investments		(85,145)	(83,260)
Proceeds from sale of property, plant and equipment		12	4,378
Proceeds from sale of investments		88,223	79,533
<b>Net cash inflow/(outflow) from investing activities</b>		<u>1,570</u>	<u>(1,802)</u>
<b>Cash flows from financing activities</b>			
Funds (advanced) to related church agencies		(3,295)	(1,594)
Loan advances		3,333	-
Proceeds from borrowings		5,888	652
<b>Net cash inflow /(outflow) from financing activities</b>		<u>5,926</u>	<u>(942)</u>
<b>Net increase in cash held</b>		530	165
Cash at the beginning of the financial year		<u>1,309</u>	<u>1,144</u>
<b>Cash at the end of the financial year</b>	4	<u><u>1,839</u></u>	<u><u>1,309</u></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

## 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
- Uniting Church congregations and Presbyteries
- Uniting Church schools and University Colleges
- Uniting agencies (formerly UnitingCare agencies)
- Uniting Church Parish Missions
- 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 28th April 2017.

### (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.

	2016	2015
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

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (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 2016, 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.

#### *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).

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

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

### (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

During the year the Synod changed its accounting policy in relation to Ministers LSL so that the funds received are treated as pooled funds to be fully paid to the respective ministers rather than as a LSL liability of the Synod. As a result of this change liabilities were increased by \$616,000 and an increase in expenses of the same amount was recorded. No adjustment to prior period figures has occurred as the impact of this change is not considered to be material to any individual period.

### (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 new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2016. Information on the more significant standard(s) is presented below.

AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent*  
AASB 2015-4 amends AASB 128 *Investments in Associates and Joint Ventures* to ensure that its reporting requirements on Australian groups with a foreign parent align with those currently available in AASB 10 Consolidated Financial Statements for such groups. AASB 128 will now only require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

AASB 2015-4 is applicable to annual reporting periods beginning on or after 1 July 2015

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.

### (q) Project receivables

Project receivables are amounts expended on property projects where either:

- (a) the project relates to property held by the Synod and amounts are expected to be refunded by development partners; or
- (b) they are funds provided to congregations to assist the development of their properties and the amounts provided will be returned to the Synod upon successful development of the properties.

Project receivable amounts are measured at cost and are assessed for impairment at each reporting date.

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

<b>NOTE 2: INCOME</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Income from operating activities</b>		
Mission & service giving	3,186	3,253
Grants	2,518	2,365
Gifts, donations & bequests	6,451	13,611
Sales, fees & tariffs	20,589	19,400
Insurance premiums received	2,823	1,747
	<u>35,567</u>	<u>40,376</u>
<b>Income from outside the operating activities</b>		
Interest	10,414	11,570
Share of proceeds from the sale of church properties	1,131	1,135
Profit on sale of plant and equipment	-	3,971
Gain on sale of investments	1,075	3,692
Discount on purchase of campsite	-	785
Other income	931	1,173
	<u>13,551</u>	<u>22,326</u>
Total income	<u>49,118</u>	<u>62,702</u>

## 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	1,075	3,692
Property, plant and equipment	-	3,971

#### b) Expenses

Depreciation

Buildings	510	504
Archives Relocation	2	15
Manses	19	15
Pastoral Assistance Widows Housing (PAC) (restricted)	7	8
Pastoral Assistance Widows Housing (PAC) (unrestricted)	9	7
Camp sites	193	101
Computer Equipment	446	545
Office Furniture and Equipment	281	288
Motor Vehicles	22	30
Motor Vehicles under finance lease	2	2
Total depreciation	<u>1,491</u>	<u>1,515</u>

Other charges against assets

Bad and doubtful debts	<u>(13)</u>	<u>183</u>
	<u>(13)</u>	<u>183</u>

Charges to provisions

Ministers entitlements	398	814
Employee entitlements	47	266
	<u>445</u>	<u>1,080</u>

Rental expense relating to operating leases

<u>106</u>	<u>60</u>
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## NOTE 4: CURRENT ASSETS - CASH ASSETS AND CASH EQUIVALENTS

Cash at bank and on hand	<u>1,839</u>	<u>1,309</u>
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The above figure is shown in the statement of cash flows.

### Deposits at Call

The deposits are bearing floating interest rates at an average of between 0.04% and 1.1% (2015 between 1.1% and 1.75%).

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

<b>NOTE 5: CURRENT ASSETS - RECEIVABLES</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Trade debtors	2,278	2,199
Project receivables	5,844	-
Less: Provision for doubtful debts	<u>(112)</u>	<u>(218)</u>
	8,010	1,981
Other debtors	<u>2,420</u>	<u>2,190</u>
	<u><u>10,430</u></u>	<u><u>4,171</u></u>

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:

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Gross Amount		
Not more than 30 days	7,598	1,704
More than 30 days but not more than 60 days	262	148
More than 60 days but not more than 90 days	32	52
More than 90 days	230	295
<b>Total</b>	<u>8,122</u>	<u>2,199</u>

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.

<b>Reconciliation of provision for doubtful debts</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Balance 1 January	218	52
Debts recovered	(106)	(13)
Doubtful Debts recognised	-	179
Balance 31 December	<u>112</u>	<u>218</u>

<b>NOTE 6: CURRENT ASSETS - INVENTORIES</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
UniChurch Book & Resource stock - at cost	21	23
Narana Stock - at cost	116	94
Norval Stock - at cost	1	1
Other stock - at cost	<u>28</u>	<u>29</u>
	<u><u>166</u></u>	<u><u>147</u></u>

<b>NOTE 7: CURRENT ASSETS - INVESTMENTS</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Deposits in UCA Enhanced Cash Portfolio	93,360	110,397
Deposits in Uniting Ethical Enhanced Cash Trust	280	274
Other	<u>726</u>	<u>726</u>
	<u><u>94,366</u></u>	<u><u>111,397</u></u>
Movement in Investments		
Balance 1 January	111,397	130,707
Withdrawals	(83,604)	(66,591)
Transfers to UCA Growth Portfolio	(18,574)	(33,934)
Deposits	<u>85,147</u>	<u>81,215</u>
Balance 31 December	<u><u>94,366</u></u>	<u><u>111,397</u></u>

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 designated 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

	2016 \$'000	2015 \$'000
<b>NOTE 8: NON CURRENT ASSETS - AVAILABLE FOR SALE INVESTMENTS</b>		
Deposits in UCA Growth Portfolio	117,688	115,582
Deposits in UCA Australian Equities Portfolio	42,244	24,397
Other	-	712
	159,932	140,691
Movement in Investments		
Balance 1 January	140,691	117,675
Withdrawals	(6,924)	(12,940)
Deposits Other	881	1,991
Deposits from UCA Enhanced Cash Portfolio Investment	18,574	33,934
Change in net market value	6,710	31
Balance 31 December	159,932	140,691
<b>NOTE 9: CURRENT ASSETS - OTHER</b>		
Prepayments	3,655	1,674
<b>NOTE 10: NON CURRENT ASSETS - RECEIVABLES</b>		
<b>Interest Bearing</b>		
Loans to ministers, students and Church Institutions - Unsecured (a)	1,909	2,070
<b>Non-Interest Bearing</b>		
Loans to Church Institutions - Unsecured	422	447
Project receivables	3,481	-
	5,812	2,517
(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 3.5% depending on the type of loan. Loan terms are between 3 and 10 years.		
<b>NOTE 11: NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT</b>		
<b>LAND AND BUILDINGS</b>		
<u>Land</u>		
At cost	2,236	2,236
	2,236	2,236
<u>Buildings</u>		
At cost	22,134	22,116
Less: Accumulated depreciation	(5,687)	(5,178)
	16,447	16,938
<u>Archives</u>		
At cost	8	92
Less: Accumulated depreciation	(2)	(83)
	6	9
<u>Manses</u>		
At cost	1,463	1,169
Less: Accumulated depreciation	(145)	(130)
	1,318	1,039
<u>Pastoral Assistance Widows Housing (PAC) (unrestricted)</u>		
At cost	1,301	1,301
Less: Accumulated depreciation	(82)	(75)
	1,219	1,226
<u>Pastoral Assistance Widows Housing (PAC) (restricted)</u>		
At cost	1,376	1,376
Less: Accumulated depreciation	(97)	(88)
	1,279	1,288
<u>Church Extension Sites</u>		
Land at cost	2,255	2,255
Buildings at cost	1,030	1,030
	3,285	3,285
<u>Camp Sites</u>		
At cost	10,338	9,894
Less: Accumulated depreciation	(1,186)	(993)
	9,152	8,901
<b>TOTAL LAND AND BUILDINGS</b>	<b>34,942</b>	<b>34,922</b>

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTE 11: NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (Continued)	2016 \$'000	2015 \$'000
<b>PLANT AND EQUIPMENT</b>		
<u>Computer Equipment</u>		
At cost	8,708	7,986
Less: Accumulated depreciation	(7,394)	(6,991)
	1,314	995
<u>Office Furniture and Equipment</u>		
At cost	6,428	6,696
Less: Accumulated depreciation	(5,059)	(5,033)
	1,369	1,663
<u>Motor Vehicles</u>		
At cost	211	234
Less: Accumulated depreciation	(180)	(175)
	31	59
<u>Motor Vehicles under finance lease</u>		
At cost	74	74
Less: Accumulated depreciation	(70)	(68)
	4	6
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>2,718</b>	<b>2,723</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>37,660</b>	<b>37,645</b>

Asset Category - 2016	Balance at 1 Jan 2016 \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Balance at 31 Dec 2016 \$'000
Land	2,236	-	-	-	2,236
Buildings	16,938	19	-	(510)	16,447
Archives Relocation	9	4	(5)	(2)	6
Manses	1,187	150	-	(19)	1,318
Pastoral Assistance Widows Housing (PAC) (unrestricted)	1,226	-	-	(7)	1,219
Pastoral Assistance Widows Housing (PAC) (restricted)	1,288	-	-	(9)	1,279
Church Extension Sites	3,285	-	-	-	3,285
Camp Sites	8,901	444	-	(193)	9,152
Computer Equipment	995	765	-	(446)	1,314
Office Furniture and Equipment	1,515	138	(3)	(281)	1,369
Motor Vehicles	59	-	(6)	(22)	31
Motor Vehicles under finance lease	6	-	-	(2)	4
<b>Total</b>	<b>37,645</b>	<b>1,520</b>	<b>(14)</b>	<b>(1,491)</b>	<b>37,660</b>

The total payment for property plant and equipment per the cash flow is \$1,520,000.

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	149	-	(15)	1,187
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	422	-	(288)	1,515
Motor Vehicles	92	-	(3)	(30)	59
Motor Vehicles under finance lease	8	-	-	(2)	6
<b>Total</b>	<b>36,330</b>	<b>3,238</b>	<b>(408)</b>	<b>(1,515)</b>	<b>37,645</b>

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

## NOTE 12: CURRENT LIABILITIES - TRADE & OTHER PAYABLES

Trade creditors	2,540	2,105
Other creditors and accruals	1,724	960
Insurance claims outstanding	892	882
Income received in advance	782	2,877
	<b>5,938</b>	<b>6,824</b>

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

<b>NOTE 13: CURRENT LIABILITIES - SHORT TERM PROVISIONS</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Ministers Benefits	4,965	3,992
Employee Benefits	20	2,552
Other Provisions	375	299
	<u>8,015</u>	<u>6,843</u>

<b>NOTE 14: SHORT TERM BORROWINGS</b>		
Loan-Hunter premium	3,333	-
	<u>3,333</u>	<u>-</u>

UCA has entered into an twelve month funding arrangement with Hunter Premium Funding for the Synod's insurance premiums.

<b>NOTE 15: CURRENT LIABILITIES - OTHER</b>		
Property Settlements in Trust	15,634	16,688
Development margin held in Trust-Wesley Upper Lonsdale Project	529	-
Other	786	598
	<u>16,949</u>	<u>17,286</u>

<b>NOTE 16: NON CURRENT LIABILITIES</b>		
<b>Long-term interest bearing borrowings:</b>		
Loan - Development Funding - Uniting Church Camping	1,272	947
Loan - Uniting Church Mortgage Loan - Norval Conference Centre	459	511
	<u>1,731</u>	<u>1,458</u>
<b>Other Liabilities:</b>		
Development margin held in Trust-Wesley Upper Lonsdale Project	5,615	-
Income received in advance	280	300
	<u>5,895</u>	<u>300</u>
<b>Provisions:</b>		
Ministers Benefits	-	382
Employee entitlements	20	212
	<u>232</u>	<u>594</u>

<b>NOTE 17: SYNOD FUNDS AND RESERVES</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
<b>(a) FUNDS SUMMARY</b>	<b>\$'000</b>	<b>(i) Not Designated</b>	<b>(ii) Designated by Synod</b>	<b>(iii) Specified by Trust/Bequest</b>	<b>\$'000</b>
MISSION SUPPORT FUNDS	45,448	45,448	-	-	45,365
MISSION SUPPORT FUNDS - DESIGNATED	27,950	-	8,288	19,662	27,862
MISSION SUPPORT FUNDS - CAPITAL WORKS FUNDS	5,304	-	5,304	-	5,839
MISSION SUPPORT FUNDS - OTHER FUNDS	29,802	26,313	1,155	2,335	28,068
OTHER EARMARKED FUNDS	47,191	-	34,811	12,380	48,044
INSURANCE OPERATIONS RESERVE	13,710	-	13,710	-	12,673
COMMISSION FOR MISSION FUNDS	26,132	-	12,672	13,472	26,932
CENTRE FOR THEOLOGY AND MINISTRY FUNDS	5,686	-	2,457	3,228	5,554
BEQUESTS MANAGED BY THE PROPERTY TRUST	44,806	-	-	44,806	44,383
<b>TOTAL SYNOD FUNDS</b>	<u>246,029</u>	<u>71,761</u>	<u>78,397</u>	<u>95,883</u>	<u>244,720</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

## NOTE 17: SYNOD FUNDS AND RESERVES - FUNDS SUMMARY (continued)

Movements:	2016 \$'000	2015 \$'000
Synod Funds		
Balance 31 December 2015	244,720	235,510
Net Profit from Operations	1,309	8,206
Transfer Asset Revaluation Reserve	-	1,004
Balance 31 December 2016	<u>246,029</u>	<u>244,720</u>

Movements in individual funds are reported in Appendix 1.

### (b) RESERVES

Asset Revaluation Reserve	4,919	4,919
The asset revaluation reserve records incremental gains on assets that have been remeasured to fair value.		
Unrealised Gains/(Losses) Reserves	20,819	16,609
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 2015	4,919	5,923
Prior period adjustment	-	(1,004)
Balance 31 December 2016	<u>4,919</u>	<u>4,919</u>

In prior years the camps used 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 2015	16,609	20,325
Unrealised valuation gains	5,911	31
Gain on sale transferred to profit	(1,701)	(3,747)
Balance 31 December 2016	<u>20,819</u>	<u>16,609</u>

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

Surplus from continuing operations	1,309	8,206
<u>Non cash flows in profit</u>		
Depreciation	1,491	1,515
Discount on purchase of campsite	-	(785)
Net gain on sale of property, plant and equipment	-	(3,971)
Realised gain on sale of UCA Growth Fund Units and other shares	(1,075)	(3,692)
<u>Change in operating assets and liabilities</u>		
(Increase)/decrease in receivables and other current assets	(8,241)	1,024
(Increase)/decrease in inventories	(19)	(72)
Increase/(decrease) in trade creditors	435	568
Increase/(decrease) in other operating liabilities	(1,678)	451
Increase/(decrease) in other provisions	812	(335)
Net cash inflow from operating activities	<u>(6,966)</u>	<u>2,909</u>

## NOTE 19: REMUNERATION OF AUDITORS

Remuneration for audit of the financial report of the organisation:

Auditor of the organisation	73	72
	<u>73</u>	<u>72</u>

Remuneration for other services:

Other services of the auditor of the organisation		
Share audit	16	15
Other assurance engagement	27	-
	<u>43</u>	<u>15</u>



# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTE 21: RELATED PARTIES (continued)	2016 \$'000	2015 \$'000
The Synod accounts include the following amounts from related party transactions with Uniting AgeWell		
Accounts receivable	291	365
Accounts Payable	-	-

### 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 22: 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 \$1.200m 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.

Synod Trust Lawyers and finance staff are currently assessing the potential restitution payable to the Trust known as Goulburn Valley Youth Development Programme, as a result of possibly not adhering to the requirements of the Trust instrument. The amount of the restitution payment has not yet been quantified.

### NOTE 23: 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

## 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.

		Fixed interest maturing in:					
2016		Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	Total \$'000
	Notes						
<b>Financial Assets</b>							
Cash	4	1,839	-	-	-	-	1,839
Receivables	5,10	1,909	-	-	-	14,333	16,242
UCA Enhanced Cash Portfolio	7	93,360	-	-	-	-	93,360
UCA Growth Portfolio	8	-	-	-	-	117,688	117,688
UCA Aust. Equities Portfolio	8	-	-	-	-	42,244	42,244
Uniting Ethical Enhanced Cash	7	280	-	-	-	-	280
Other financial assets	7,9	-	726	-	-	3,655	4,381
		97,388	726	-	-	177,920	276,034
Weighted average interest rate		2.88%					
<b>Financial Liabilities</b>							
Creditors and Borrowings	12	-	-	-	-	5,938	5,938
Development Fund loans	16	1,272	-	-	-	-	1,272
Short-term borrowing	14	-	3,333	-	-	-	3,333
Other financial liabilities	15,16	-	-	-	-	17,408	17,408
		1,272	3,333	-	-	23,346	27,951
Net financial assets		96,116	(2,607)	-	-	154,574	248,083

		Fixed interest maturing in:					
2015		Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non- interest bearing \$'000	Total \$'000
	Notes						
<b>Financial Assets</b>							
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
Uniting Ethical Enhanced Cash	7	274	-	-	-	24,397	24,671
Other financial assets	7,8,9	-	726	-	-	2,386	3,112
		114,050	726	-	-	146,983	261,759
Weighted average interest rate		3.28%					
<b>Financial Liabilities</b>							
Creditors and Borrowings	12	-	-	-	-	6,824	6,824
Development Fund loans	15	947	-	-	-	-	947
Other financial liabilities	15,16	-	-	-	-	17,797	17,797
		947	-	-	-	24,621	25,568
Net financial assets		113,103	726	-	-	122,362	236,191

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

### (d) Market risk

#### Unit price risk for Uniting Church Growth Fund

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

# UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

## NOTE 23: FINANCIAL RISK MANAGEMENT (Continued)

### (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.

### (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.

2016	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	1,839	(14)	14
Receivables	1,909	(14)	14	-	-
UCA Funds Cash Portfolio	93,360	(700)	700	-	-
UCA Funds Growth Portfolio	117,688	-	-	11,769	(11,769)
UCA Funds Australia Equities	42,244	-	-	4,224	(4,224)
UCA Development Fund	280	(2)	2	-	-
<b>Total increase/decrease</b>		<b>(730)</b>	<b>730</b>	<b>15,993</b>	<b>(15,993)</b>

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	-	-
<b>Total increase/decrease</b>		<b>(856)</b>	<b>856</b>	<b>13,998</b>	<b>(13,998)</b>

## NOTE 24: EVENTS OCCURRING AFTER REPORTING DATE

### 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 \$0.740m for its continuing work.

### Major Strategic Review (MSR)

MSR has completed their review and recommendations regarding strategy, governance and financial sustainability. The Strategic Implementation Review Team is in the early stages of planning, assessing priorities and the financial implications required to address the initiatives in the areas of strategy, governance and financial sustainability.