

The Uniting Church in Australia
Synod of Victoria and Tasmania

ABN 39 703 442 583

Annual Report

For the year ended 31 December 2017

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 page 4.

FINANCIAL REPORT - 31 DECEMBER 2017

CONTENTS	PAGE NO.
Organisation Particulars	3
Standing Committee Report	4
Auditor's Independence Declaration	5
Independent Auditor's Report	6-7
Standing Committee Declaration	8
Statement of Profit or Loss & Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flow	12
Notes to the Financial Statements	13-22

Organisation Particulars

Standing Committee:	Chairperson/Moderator Rev. Sharon Hollis
Managers:	General Secretary Rev. Dr. Mark Lawrence
	Executive Director Administration and Finance Ms. Pauline McGillivray
	Commission for Mission Executive Director Ms. Cheryl Lawrie (to 31/12/2017)
	Centre for Theology and Ministry Executive Director Rev. Dr. Jenny Byrnes (to 31/08/2017)
	Equipping Leadership for Mission Executive Director Rev. Dr. Jenny Byrnes (from 01/09/2017)
Synod Office:	130 Little Collins Street Melbourne VIC 3000
Auditors:	Grant Thornton Audit Pty Ltd Collins Square Tower 1 727 Collins St Docklands VIC 3008
Bankers:	Westpac Banking Corporation Melbourne Office 360 Collins St Melbourne VIC 3000
Trustees:	The Uniting Church in Australia Property Trust (Victoria) The Uniting Church in Australia Property Trust (Tas) Property Officer/Secretary Mr James Milne
Website address:	www.victas.uca.org.au

**STANDING COMMITTEE REPORT
FOR YEAR ENDED 31 DECEMBER 2017**

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 2017. The units of the Synod include:

- Support Services
- Equipping Leadership for Mission (formerly the Commission for Mission and the Centre for Theology and Ministry)
- 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

The following persons were Standing Committee members of the Synod during or since the end of the financial year:

Rev Carol Bennett (to May 17)	Dr Jessica Hatley-Browne (from Sept 17)	Ms Karen Sooaemalelagi (to Sept 17)
Mr Aaron Blakemore (to Sept 17)	Rev Jason Kioa (to Sept 17)	Rev Ken Sumner (to Sept 17)
Rev Stan Clarke	Rev Denise Liersch (from Sept 17)	Mr Ken Tabart (to Sept 17)
Mr Ben Cohen (to Sept 17)	Rev Tim Matton-Johnson	Rev Sani Vaeluaga
Ms Helen Collins	Ms Carlyne Nunn (from Sept 17)	Rev Dr Robyn Whitaker (from Sept 17)
Mr John Diprose	Mr Lindsay Oates	Rev Robin Yang (from Sept 17)
Mr Ron Gowland	Rev Sharon Hollis	Rev Sue Withers (to Sept 17)
Mr Geoffrey Grinton (to Sept 17)	Rev Dr Mark Lawrence	Rev Fiona Winn (to Sept 17)
Ms Anna Harrison	Ms Jen Shields (from Sept 17)	Mr Dan Wootton

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

The operating result for the year is a surplus of \$823,000 which compares to \$1,309,000 in 2016.

During 2017 UnitingCare operations were consolidated under a new entity called Uniting Victoria and Tasmania ("Uniting"). The Kindergarten/Preschool operations and some general UnitingCare Funds of the Synod were transferred to Uniting. A loss of \$3,278,000 associated with the loss of control of these operations has been recorded in the results of the Synod.

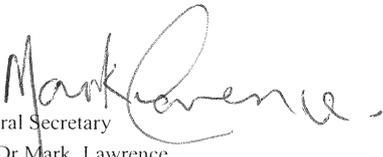
REVIEW OF FINANCIAL POSITION

The overall net asset position of the Synod increased from approximately \$272m to \$284m. Most of the Synod's assets are held in investments in UCA Enhanced Cash Portfolio, UCA Growth Portfolio and UCA Australian Equities Portfolio. Investments increased with additional funds received from bequests with the central administration of trusts and bequest and a growth in investments held in the Available for Sale investments.

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditor's independence Declaration as required under s 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 5 of this financial report.

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 2018

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Docklands Victoria 3008

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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 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 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A C Pitts
Partner - Audit & Assurance

Melbourne, 28 April 2018

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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

Auditor's Opinion

We have audited the accompanying 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 2017, 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 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 2017 and of its financial performance and cash flows for the year then ended; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Auditor's 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 audit opinion.

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Information other than the Financial Report and Auditor's Report

The Standing Committee of the Synod is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Standing Committee Report for the year ended 31 December 2017, 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 is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. This responsibility includes such internal control as the Standing Committee determines are 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 is 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.

Those charged with governance 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A C Pitts
Partner - Audit & Assurance

Melbourne, 28 April 2018

**STANDING COMMITTEE DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Standing Committee declare that the financial statements and notes set out on pages 9 to 22.

- (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 2017 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 2013.

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 2018

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
Revenue			
Mission & service giving		3,118	3,186
Grants		888	670
Gifts, donations & bequests		8,555	6,561
Sales, fees & tariffs		22,162	18,316
Net proceeds from insurance activities		1,291	2,823
		<u>36,014</u>	<u>31,556</u>
Other revenue			
Interest revenue		9,674	10,304
Proceeds from the sale of Church properties		2,498	1,131
Gain on sale of investments		194	1,075
Other revenue		879	930
		<u>13,245</u>	<u>13,440</u>
Total revenue		<u>49,259</u>	<u>44,996</u>
Expenses			
Employee benefits expense		24,692	24,261
Depreciation and amortisation expense	2	1,488	1,491
Grants expense		7,844	10,741
Cost of goods sold and conference expense		1,755	1,589
Consulting and legal fee expense		2,965	111
Motor vehicle and travelling expense		617	746
Repairs, maintenance, property expenses and rent expense		2,080	1,973
Postage, telephone, printing and stationery expense		843	817
Borrowing costs		158	111
Other expenses		2,716	1,934
		<u>45,158</u>	<u>43,774</u>
Total expenses		<u>45,158</u>	<u>43,774</u>
Surplus from continuing operations		<u>4,101</u>	<u>1,222</u>
Discontinued operations			
(Loss)/Surplus from discontinued operation	21	<u>(3,278)</u>	<u>87</u>
Surplus from operations		<u>823</u>	<u>1,309</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealised gains on investments		10,931	4,210
Total comprehensive income for the year		<u>11,754</u>	<u>5,519</u>

The above Statement of Profit or Loss & Other 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 2017

	Note	2017 \$'000	2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	3	1,488	1,839
Receivables	4	6,450	10,430
Inventories		169	166
Investments	5	109,521	94,366
Other current assets	7	4,141	3,655
Total current assets		121,769	110,456
Non-current assets			
Available-for-sale investments	6	171,981	159,932
Receivables	8	5,818	5,812
Property, plant and equipment	9	36,308	37,660
Intangible asset	10	930	-
Total Non-current assets		215,037	203,404
Total assets		336,806	313,860
LIABILITIES			
Current liabilities			
Trade and other payables	11	6,641	5,938
Short-term provisions	12	7,228	8,015
Short-term borrowings	13	4,538	3,333
Other current liabilities	14	21,421	16,949
Total current liabilities		39,828	34,235
Non-current liabilities			
Long-term borrowings	15	1,595	1,731
Other liabilities	15	11,688	5,895
Long-term provisions	15	174	232
Total non-current liabilities		13,457	7,858
Total liabilities		53,285	42,093
Net assets		283,521	271,767
EQUITY			
Synod funds	16(a)	246,969	246,029
Reserve	16(b)	36,552	25,738
Total equity		283,521	271,767

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 2017

	Note	Reserves \$'000	Synod Funds \$'000	Total Equity \$'000
Balance as at 1 January 2016		21,528	244,720	266,248
Surplus for the year		-	1,309	1,309
Movement in unrealised gains on investments	16(b)	4,210	-	4,210
Total comprehensive income for the year		<u>4,210</u>	<u>1,309</u>	<u>5,519</u>
Balance as at 31 December 2016		<u>25,738</u>	<u>246,029</u>	<u>271,767</u>
Balance as at 1 January 2017		25,738	246,029	271,767
Surplus for the year		-	823	823
Movement in unrealised gains on investments	16(b)	10,931	-	10,931
Total comprehensive income for the year		<u>10,931</u>	<u>823</u>	<u>11,754</u>
Transfers between Funds				
Transfer between equity balances	16(b)	(117)	117	-
		<u>(117)</u>	<u>117</u>	<u>-</u>
Balance as at 31 December 2017		<u>36,552</u>	<u>246,969</u>	<u>283,521</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 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts from presbytery/congregation contributions		3,074	3,174
Receipts from operations and activities		45,588	29,962
Grants to organisations and individuals		(7,872)	(11,055)
Payments to suppliers and employees		(40,340)	(40,598)
Interest received		9,843	10,420
Proceeds from sale of Church properties		2,498	1,131
Net cash inflow/(outflow) from operating activities		<u>12,791</u>	<u>(6,966)</u>
Cash flows from investing activities			
Payment for property, plant and equipment and intangible assets	9,10	(1,300)	(1,520)
Payments for investments		(130,011)	(85,145)
Proceeds from sale of property, plant and equipment		42	12
Proceeds from sale of investments		111,251	88,223
Net cash (outflow)/inflow from investing activities		<u>(20,018)</u>	<u>1,570</u>
Cash flows from financing activities			
Funds (advanced)/received from related parties		(6)	(3,295)
Proceeds from loan advances		1,205	3,333
Proceeds from borrowings		5,677	5,888
Net cash inflow from financing activities		<u>6,876</u>	<u>5,926</u>
Net movement in cash held		(351)	530
Cash at the beginning of the financial year		1,839	1,309
Cash at the end of the financial year	3	<u>1,488</u>	<u>1,839</u>

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

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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-Reduced Disclosure Requirements and other authoritative pronouncements of 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.

It 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:

- the Synod's support services
- 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.

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

On 1 July 2017 the Synod ceased control over the operations listed in note 21.

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:

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
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 28th April 2018.

(a) 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 equipment:

Buildings, plant and equipment are initially recognised at acquisition cost or manufactured cost included any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by the Synod.

Building plant and equipment are subsequently measured using the cost model, costs 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 equipment. The following useful lives are applied:

	2017	2016
Buildings	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) Intangible assets

Development expenditure 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 to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Data Warehouse

4 Years

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Intangible assets (continued)

During the year, to comply with AASB138 the accounting policy related to expenditure incurred in development of Data Warehouse is changed so that expenditure is recognised as intangible asset instead of property, plant and equipment. As a result of this change, there is an transfer of \$807,000 from computer equipment to intangible asset in 2017. No adjustment to prior period has occurred as the impact of this change is not considered to be material to any individual period.

(c) 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.

(d) Employee benefits

Short term employee benefits:

Short term employee benefits are benefits that are expected to be settled within 12 months after the end of the period in which the employee rendered the related service. These benefits include wages and salaries, non-monetary benefits, sick leave and annual leave. Short term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Long term employee benefits:

The employee benefits arising from annual leave and long service leave which are 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.

(e) 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

The Synod carries a significant level of self-insurance (deductibles). The deductibles are funded by the Insurance Reserve.

(f) Investments

In-line with Synod regulations all excess funds are invested in UCA Funds Management. Funds invested in the UCA Funds Management are recognised as current and non-current investments.

Available for sale investments:

Funds invested in the UCA Growth Portfolio and UCA Australian Equities are classified as Available for sale investments (AFS). AFS investments are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the Unrealised Gains reserve within equity, except for impairment losses which are recognised in profit and loss.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. The interest earned on the investments is recognised in profit or loss within revenue.

Investments:

Funds invested in UCA cash portfolio are classified as current investments and valued at cost. Interest earned on the investments is recognised in profit or loss within revenue.

(g) 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, Bayview Homes, Centre for theology and Ministry, Merricks Lodge, Grantville Lodge and Norval conference centre.

(h) Tax exemption

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

(i) Receivables

Trade and other receivables are recognised at the original invoice amount less allowance for any uncollectible amounts.

The collectability of the trade and other receivables are reviewed on an ongoing basis. The trade and other receivables are written off if deemed uncollectible, and a provision for doubtful debtors is recognised when there is doubt regarding the collectability of the trade and other receivable balance.

(j) Trade and other creditors

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

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Goods and Services Tax (GST)

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

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

(l) 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).

(m) 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.

(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 2017. Information on the more significant standard(s) is presented below.

AASB 201 5-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

AASB 201 5-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 201 6-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating AASB 201 6-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating

AASB 201 6-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities

AASB 201 7-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

The adoption of these amendments has not had a material impact on the Synod financial statements.

(p) 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.

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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 the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables 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.

NOTE 2: SURPLUS FROM CONTINUING OPERATIONS

	2017	2016
	\$'000	\$'000
Surplus from continuing operations includes the following specific expenses:		
Depreciation and amortisation		
Buildings	732	740
Computer Equipment	281	446
Office Furniture and Equipment	246	281
Motor Vehicles	15	22
Motor Vehicles under finance lease	2	2
Data warehouse	212	-
Total depreciation and amortisation	<u>1,488</u>	<u>1,491</u>
Other charges against assets		
Bad and doubtful debts	-	13
	<u>-</u>	<u>13</u>
Rental expense relating to operating leases	<u>48</u>	<u>106</u>

NOTE 3: CURRENT ASSETS - CASH ASSETS AND CASH EQUIVALENTS

Cash at bank and on hand	<u>1,488</u>	<u>1,839</u>
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 0.01% and 0.03% (2016 between 0.04% and 1.1%).

NOTE 4: CURRENT ASSETS - RECEIVABLES

Trade debtors	2,020	2,278
Project receivables	-	5,844
Less: Provision for doubtful debts	<u>(112)</u>	<u>(112)</u>
	1,908	8,010
Other debtors	<u>4,542</u>	<u>2,420</u>
	<u>6,450</u>	<u>10,430</u>

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 4: CURRENT ASSETS - RECEIVABLES (Continued)

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

Reconciliation of provision for doubtful debts	2017 \$'000	2016 \$'000
Balance 1 January	112	218
Debts recovered	-	(106)
Doubtful Debts recognised	-	-
Balance 31 December	112	112

NOTE 5: CURRENT ASSETS - INVESTMENTS

Deposits in UCA Enhanced Cash Portfolio	105,416	93,360
Deposits in Uniting Ethical Enhanced Cash Trust	284	280
Other	3,821	726
	<u>109,521</u>	<u>94,366</u>

The investments listed above 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.

NOTE 6: NON CURRENT ASSETS - AVAILABLE FOR SALE INVESTMENTS

Deposits in UCA Growth Portfolio	127,009	117,688
Deposits in UCA Australian Equities Portfolio	44,972	42,244
	<u>171,981</u>	<u>159,932</u>

The investments listed above 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.

NOTE 7: CURRENT ASSETS - OTHER

Prepayments	<u>4,141</u>	<u>3,655</u>
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NOTE 8: NON CURRENT ASSETS - RECEIVABLES

Interest Bearing		
Loans to ministers, students and Church Institutions - unsecured (a)	1,649	1,909
Non-Interest Bearing		
Loans to Church Institutions - unsecured	332	422
Project receivables	3,837	3,481
	<u>5,818</u>	<u>5,812</u>

(a) Loans to ministers and students - 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.

NOTE 9: NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS

<u>Land</u>		
At cost	4,491	4,491
	<u>4,491</u>	<u>4,491</u>
<u>Buildings</u>		
At cost	37,866	37,650
Less: Accumulated depreciation	(7,893)	(7,199)
	<u>29,973</u>	<u>30,451</u>
TOTAL LAND AND BUILDINGS	<u>34,464</u>	<u>34,942</u>

PLANT AND EQUIPMENT

<u>Computer equipment</u>		
At cost	8,014	8,708
Less: Accumulated depreciation	(7,541)	(7,394)
	<u>473</u>	<u>1,314</u>
<u>Office furniture and equipment</u>		
At cost	6,451	6,428
Less: Accumulated depreciation	(5,251)	(5,059)
	<u>1,200</u>	<u>1,369</u>

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 9: NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (continued)	2017 \$'000	2016 \$'000
<u>Motor vehicles</u>		
At cost	135	211
Less: Accumulated depreciation	<u>(121)</u>	<u>(180)</u>
	14	31
<u>Motor vehicles under finance lease</u>		
At cost	74	74
Less: Accumulated depreciation	<u>(72)</u>	<u>(70)</u>
	2	4
<u>Capital WIP</u>		
At cost	<u>155</u>	<u>-</u>
	155	-
TOTAL PLANT AND EQUIPMENT	<u>1,844</u>	<u>2,718</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>36,308</u>	<u>37,660</u>

Asset Category - 2017	Balance at 1 Jan 2017 \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Transfer \$'000	Balance at 31 Dec 2017 \$'000
Land	4,491	-	-	-	-	4,491
Buildings	30,451	453	(209)	(732)	10	29,973
Computer equipment	1,314	131	(21)	(281)	(670)	473
Office furniture and equipment	1,369	79	(2)	(246)	-	1,200
Motor vehicles	31	-	(2)	(15)	-	14
Motor vehicles under finance lease	4	-	-	(2)	-	2
Capital WIP	-	302	-	-	(147)	155
Total	37,660	965	(234)	(1,276)	(807)	36,308

Asset Category - 2016	Balance at 1 Jan 2016 \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Transfer \$'000	Balance at 31 Dec 2016 \$'000
Land	4,491	-	-	-	-	4,491
Buildings	30,579	617	(5)	(740)	-	30,451
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
Total	37,645	1,520	(14)	(1,491)	-	37,660

NOTE 10: INTANGIBLE ASSETS	2017 \$'000	2016 \$'000
Data Warehouse	<u>930</u>	<u>-</u>
Balance 1 January	-	-
Transfers	807	-
Additions	335	-
Amortisation	<u>(212)</u>	<u>-</u>
Balance 31 December	<u>930</u>	<u>-</u>

NOTE 11: CURRENT LIABILITIES - TRADE & OTHER PAYABLES

Trade creditors	1,595	2,540
Other creditors and accruals	1,786	1,724
Insurance claims outstanding	2,523	892
Income received in advance	<u>737</u>	<u>782</u>
	<u>6,641</u>	<u>5,938</u>

NOTE 12: CURRENT LIABILITIES - SHORT TERM PROVISIONS

Ministers benefits	4,629	4,965
Employee benefits	2,325	2,675
Other provisions	<u>274</u>	<u>375</u>
	<u>7,228</u>	<u>8,015</u>

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 13: SHORT TERM BORROWINGS

	2017	2016
	\$'000	\$'000
Loan-Insurance Premium (Hunter)	4,474	3,333
Loan-Camping (South East Water)	64	-
	<u>4,538</u>	<u>3,333</u>

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

NOTE 14: CURRENT LIABILITIES - OTHER

Property settlements in trust	15,402	15,634
Development margin held in Trust	1,600	529
Amount payable to Uniting Victoria and Tasmania	3,800	-
Other	619	786
	<u>21,421</u>	<u>16,949</u>

NOTE 15: NON CURRENT LIABILITIES

Long-term interest bearing borrowings:

Loan - Development Funding	1,191	1,272
Loan - Uniting Church Mortgage Loan	404	459
	<u>1,595</u>	<u>1,731</u>

Other Liabilities:

Development margin held in trust	11,428	5,615
Income received in advance	260	280
	<u>11,688</u>	<u>5,895</u>

Provisions:

Employee entitlements	17	174	232
		<u>174</u>	<u>232</u>

NOTE 16: SYNOD FUNDS AND RESERVES

(a) Synod Funds

Not designated (i)	67,250	71,758
Designated by the Synod (ii)	78,643	78,397
Specified by trust/bequest (iii)	101,076	95,871
Total funds	<u>246,969</u>	<u>246,026</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 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).

(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	31,633	20,819
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 2016	4,919	4,919
Balance 31 December 2017	<u>4,919</u>	<u>4,919</u>

Unrealised gains/(losses) Reserve		
Balance 31 December 2016	20,819	16,609
Unrealised valuation gains	11,123	5,911
Gain on sale transferred to profit	(192)	(1,701)
Transfer between equity balances	(117)	-
Balance 31 December 2017	<u>31,633</u>	<u>20,819</u>

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 17: EMPLOYEE ENTITLEMENTS

	2017	2016
	\$'000	\$'000
Employee entitlement liabilities		
Provision for employee entitlements		
Current (Note 12)	2,325	2,675
Non-current (Note 15)	174	232
Aggregate employee entitlement liability	<u>2,499</u>	<u>2,907</u>

NOTE 18: RELATED PARTIES

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

The members listed below were appointed in Synod meeting held in 2017 for a term up to the next Synod meeting

Ms Helen Collins	Mr Ron Gowland	Ms Carlyne Nunn
Mr John Diprose	Dr Jessica Hateley-Browne	Mr Lindsay Oates

The members listed below were appointed in Synod meeting held in 2017 for a term up to 2020 Synod meeting

Rev Stan Clarke	Ms Jen Shields	Rev Dr Robyn Whitaker
Ms Anna Harrison	Rev Sani Vaeluaga	Rev Robin Yang

The ex-officio members listed below

Rev Denise Liersch (Moderator Elect)	Rev Sharon Hollis (Moderator)	Mr Dan Wootton (Ex-Moderator)
Rev Tim Matton-Johnson (UAICC Tas)	Rev Dr Mark Lawrence (Gen Sec)	

The members listed below were concluded before or at the 2017 Synod meeting

Rev Carol Bennett (to May 17)	Rev Jason Kioa	Rev Fiona Winn
Mr Aaron Blakemore	Ms Karen Sooaemalelagi	Rev Sue Withers
Mr Ben Cohen	Rev Ken Sumner	
Mr Geoffrey Grinton	Mr Ken Tabart	

Remuneration and retirement benefits

Income paid or payable, or otherwise made available, to Standing Committee members by the entity and related parties in connection with the management of affairs of the entity.

	2017	2016
	\$'000	\$'000
Total key management personnel remuneration	<u>599</u>	<u>438</u>
	599	438

Related party transactions with UCA Funds Management

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

Management fees earned	7,306	6,697
Interest received on deposits in UCA managed funds	9,590	10,281
Grant received Development Fund	611	567
	<u>17,507</u>	<u>17,545</u>

Related party transactions with Uniting AgeWell

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

Information Technology Service provision	2,485	2,447
Rent re Office Space	246	244
Internal Auditor	-	53
Legal and Property fees	4	3
	<u>2,735</u>	<u>2,747</u>

The Synod distributed the following amounts to Uniting AgeWell

Interest on bequests	35	232
	<u>35</u>	<u>232</u>

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

Accounts receivable	397	291
	<u>397</u>	<u>291</u>

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 18: RELATED PARTIES (continued)

	2017	2016
	\$'000	\$'000
Related party transactions with Uniting Victoria and Tasmania		
The Synod received the following income from related party transactions with Uniting Victoria and Tasmania		
Information Technology Service provision	17	-
Rent re Office Space	25	-
Accounting service provision	30	-
Legal and Property fees	55	-
	<u>127</u>	<u>-</u>
The Synod accounts include the following amounts from related party transactions with Uniting and Victoria Tasmania		
Accounts receivable	268	-
Amount payable	(3,800)	-
	<u>(3,532)</u>	<u>-</u>

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 19: 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 \$1.000m 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.

Following on from the Child Sexual Abuse Royal Commission final report in November 2017, the Federal Government has announced it will implement a Redress Scheme from 1 July 2018 and invited government and non-government Institutions to opt-in to the Scheme. Assembly & Synods are working collaboratively on a single response to the Commonwealth redress model. The Synod has future financial exposure to claims. It is not possible at the date of this report to reliably estimate all additional costs of this nature which may emerge in the future.

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 20: 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.

NOTE 21: DISCONTINUED OPERATIONS

During 2017 the Standing Committee decided to merge the operations of UnitingCare agencies under one entity Uniting Victoria and Tasmania. This decision also included the transfer of the central administration function of UnitingCare, Kindergarten/Preschools operations and the appeals unit from the Synod to the new entity from 1 July 2017. Uniting Victoria and Tasmania did not give consideration to the Synod for the change in control. As a result of the change in control a deficit has been recognised in the financial statements of the Synod of \$3,278,000 representing the net operating result for the period 1 January 2017 to 30 June 2017 and the transfer of the net asset position of the operations transferred to Uniting Victoria and Tasmania at the time of the transfer. This does not reflect a deficit or a loss of control of the operations for the Uniting Church as a whole.

Cash flow generated/(used) in discontinued operations	2017	2016
	\$'000	\$'000
Revenue from operating activities		
Net cash (used in)/ produced by operating activities	(210)	481
Net movement in cash and cash equivalents	<u>(210)</u>	<u>481</u>

UNITING CHURCH IN AUSTRALIA - SYNOD OF VICTORIA AND TASMANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 22: EVENTS OCCURRING AFTER REPORTING DATE

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of the annual report.

NOTE 23: COMMITMENTS

There are no material capital, financing or operating commitments as at 31 December 2017 or 31 December 2016.