

**GLEBE ADMINISTRATION BOARD as trustee for
The Diocesan Endowment**

ABN 84 797 589 118

Annual financial report - 31 December 2011

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GLEBE ADMINISTRATION BOARD as trustee for The Diocesan Endowment

Report by the Chief Executive Officer For the year ended 31 December 2011

Background

Glebe Administration Board ("GAB") is the trustee of the property held on the trusts set out in the *Diocesan Endowment Ordinance 1984*. That property is known as the Diocesan Endowment (the "DE").

By clause 2 of the *Glebe Administration Ordinance 1930* the principal object of GAB in relation to the DE is to maintain the real value of that property, and provide a reasonable income there from.

Each year, the Synod or its Standing Committee determines the amount to be distributed from the DE for the purposes of funding the activities of the Diocese of Sydney approved by ordinance.

The costs of administering the DE are paid from the property of the DE.

Results for 2011

In 2011 the DE recorded a surplus on a consolidated basis of \$7,903,586 (2010 surplus \$3,211,713).

The result for 2011 was affected by the subdued performance of the Australian and Overseas share markets, in which a substantial portion of the property of the Endowment is invested. However, offsetting this, was an increase in the value of the DE's interest in the St Andrew's House fund, arising principally from an increase in the value of the St Andrew's House building as at 31 December 2011.

Overall, the value of the net assets of the DE increased to \$114,425,711 as at 31 December 2011 (\$109,818,486 as at 31 December 2010).

Significant events during 2011

Investment management

During 2011 Mercer Australia Pty Limited provided advice to GAB about the investment of the property of the DE. The investment of the property of the DE is undertaken in accordance with an Investment Policy Statement, a copy of which can be found on GAB's web page. It is reviewed periodically.

During the first quarter of 2011, an annual "health" check of the portfolio was undertaken with the assistance of Mercer. This did not result in any material changes to the Investment Policy Statement of the DE.

Deposit and lending services

The deposit and lending services of the DE comprise the taking of deposits by way of the Glebe Income Accounts, the making of loans and the treasury function by which cash is invested on a short term basis.

During 2011, GAB commenced a major review of its policies for capital adequacy, credit risk and liquidity. This review is intended to further improve GAB's risk management and to ensure these policies are appropriate.

Distributions

GAB considers that the level of distributions provided or paid from the property of DE in recent years has been too high to enable GAB to fulfil the primary object of maintaining the real value of the property of the DE. In March 2011, GAB recommended to the Standing Committee of the Synod that a distribution of

\$3,640,000 be provided for in 2011 for spending in 2012. The amount of the distribution recommended was substantially less than the distribution provided for in 2010 (\$5,250,000) for spending in 2011. GAB's recommendation was adopted by the Standing Committee

Costs

GAB has reviewed the costs of managing the investments of the DE, and managing the affairs of the DE more generally. These costs were significantly reduced in 2011, compared to 2010.

Mark Payne
Chief Executive Officer

9 March 2012

Statutory report of the members of the Glebe Administration Board as trustee for The Diocesan Endowment

For the year ended 31 December 2011

In accordance with a resolution of the Board, the members of the Glebe Administration Board submit herewith the financial report as at 31 December 2011.

Scope

This financial report covers both Glebe Administration Board as trustee for the Diocesan Endowment as an individual entity and the consolidated entity consisting of Glebe Administration Board and its controlled entities. Glebe Administration Board as trustee for the Diocesan Endowment is referred to as the "Board" within this financial report.

Glebe Administration Board is an incorporated body created by the *Glebe Administration Ordinance 1930* in accordance with the *Anglican Church of Australia (Bodies Corporate) Act 1938*. Its registered office and principal place of business –

Glebe Administration Board
Level 2, St Andrew's House
Sydney Square NSW 2000

Principal activities

The object of Glebe Administration Board is to act as trustee of church trust property vested in it or in respect of which it may be appointed trustee and to do so in a way which both:

- (a) preserves the real value of that property; and
- (b) provides a reasonable income there from.

To achieve this, the principal activities of the Board have been to own, manage, develop, let, buy and sell real estate and securities as Trustee for the Diocesan Endowment, and to receive money on deposit or loan and the borrowing of money upon charge of such real estate in order to manage wealth and create income.

There were no significant changes in the nature of the Board's activities during the year.

Results for the year

The consolidated total changes in equity before distributions and capital transactions, after adjusting the equity and fixed interest portfolio to market value and equity accounting for the beneficial interest in St Andrews House, is a surplus of \$7,903,586 (2010: \$3,211,713 surplus).

Distributions

Dividends are not paid by the Board, but the Board has made distributions of \$5,250,000 (2010: \$5,400,000) from the provision for distribution account.

Review of operations and significant changes in the state of affairs

A review of the operations of the Board and commentary on any significant changes in the state of affairs of the Board is contained in the report by the Chief Executive Officer.

Members

The Standing Committee of the Diocese of Sydney appoints members for terms of 3 years. Standing Committee has the power to remove any member before the expiration of their term. The non-executive members receive no remuneration. The Chief Executive Officer attends Board meetings.

The following members were in office at 31 December 2011.

Canon Bruce Ballantine-Jones OAM (Chairman), age 69

Canon Ballantine-Jones was first appointed to the Board in September 1993 and was elected Chairman on 16 December 2009. He is an Honorary Associate Minister at Caringbah Anglican Church and is a Diocesan Representative on General Synod.

Mr Mark Ballantyne BE, MBA, FIAA, age 43

Mr Ballantyne is a qualified Actuary and Director level executive with over 20 years experience in all facets of financial services. He attends East Lindfield Anglican Church. Appointed to the Board on 7 December 2009.

Bishop Robert Forsyth, BA, BD, ThL, DipA, MTh, age 62

Bishop of South Sydney, Chairman of Anglican Media Council, Archbishop's Liturgical Panel and EU Graduates Fund. Member of the Standing Committee of the Diocese of Sydney and Standing Committee of General Synod, Member of Doctrine Commission Diocese of Sydney and a Corporate Trustee of the Anglican Church of Australia. First appointed to the Board in May 2000.

Mr Ben Koo, BCom, BEc, age 35

Mr Koo is a Bank Analyst with Goldman Sachs Australia with previous experience in Corporate Restructuring and Corporate Finance and the past decade as a research analyst. He attends St Faith's Anglican Church Narrabeen. Previously he was a warden at the Anglican Church at Annandale. Appointed to the Board 7 on December 2009.

Mr Andrew McLoughlin, BBus, CPA, MTax, age 49

Mr McLoughlin is Deputy Inspector-General of Taxation, with 20 years in banking, financial services and taxation. He has held executive level positions. He attends East Lindfield Anglican Church. Appointed to the Board on 7 December 2009.

Mr Ian Miller BA, LL.M, ThL, GAICD, age 59

Mr Miller is a partner in Hunt and Hunt Lawyers with 33 years legal experience. He is a member of Hammond Care, Director of Church Missionary Society Trust Ltd, Australian College of Theology Ltd, Pentel Australia Pty Ltd, Consultant Editor of CCH Australia and a member of Ethics Committee of Royal Rehabilitation Centre of Sydney. He is also Chairman of Barker College Council, member of the Board of Enquiry, Sydney Diocesan Representative on General Synod and Provincial Synod and serves on the Parish Relationships Ordinance panel. He attends Beecroft Anglican Church. First appointed to the Board in August 1999.

Mr John Pascoe, FCA, BEc, age 51

Mr Pascoe is a partner of Pascoe Whittle Chartered Accountants, which has extensive experience in the not-for-profit sector. He is a member of Standing Committee, and its Finance Committee (Deputy Chairman), the Sydney Church of England Finance and Loans Board (Chairman) and the Mission Board Strategy Committee. He and his family are partners in the ministry at St Andrew's Cathedral. Appointed to the Board on 7 December 2009.

Mr Ross Smith, MAppFin, BEc, age 45

Mr Smith is a Chartered Accountant and Director, Corporate Recovery, McGrathNicol with 25 years experience in Accounting, Finance, Corporate Restructuring and Advisory. He and his family attend Carringbah Anglican Church. Appointed to the Board on 6 December 2010.

Resignations

Mr Laurie Scandrett resigned from the Board on 25 May 2011 having served on the Board since November 1990.

Chief Executive Officer**Mark Payne, BEc, LLB, LLM, FFSIA, AAIM, age 48**

Mr Payne was appointed as Chief Executive Officer on 18 November 2010 after periods of service with the Diocese as Diocesan Secretary and in general management roles with the Secretariat. Previously he worked as a solicitor with a large commercial firm. He is not a board member. He attends Cherrybrook Anglican Church.

Secretary**Mr John Chapman, B Com, FCPA, AICS, age 63**

Mr Chapman was appointed Secretary to the Board in 2005 after a career in finance and accounting and a period as CFO of a major public company. He is not a Board member. He attends Bobbin Head Anglican Church and is Treasurer of the Church Missionary Society in NSW.

Continuation in office of Members

Mr Koo, Mr Pascoe and Mr McLoughlin were re-elected by the Standing Committee in November 2011 for a further term of 3 years.

Attendance at Members' meetings and Committee Meetings

Year Ended 31 December 2011	Members meetings		Committee Meetings					
			ALCO		Audit and Risk		Audit	
	A	B	A	B	A	B		
Non Executive members								
B Ballantine-Jones	12 c	12 c						
M Ballantyne	12	7	2	1				
P Berkley			2	2				
R Forsyth	12	10			1	1	1	1
B Koo	12	9	2	2				
A McLoughlin	12	10	2	2	1	1	1	1
I Miller	12	8						
J Pascoe	12	11			1 c	1 c	1c	1c
L Scandrett retired 25 May 2011	4	3	2 c	2 c				
R Smith	12	11					1	1

A = meetings eligible to attend

B = meetings attended

c = Chairman

■ = not a committee member

Committees of the Board

On 27 April 2011 the Asset and Liability Committee of the Board was terminated and its functions transferred to the Board. The Audit and Risk Committee was restructured on 27 May 2011 and became the Audit Committee. The functions of the Audit Risk Committee pertaining to risk management were transferred to the Board.

The function of the Audit Committee is to assist in ensuring, by overseeing the audit and financial reporting function, that the Board maintains its established policy of adequate, reliable and high quality financial reporting and internal controls.

Board Delegation

The Board has delegated to the Chief Executive Officer, and through the Chief Executive Officer to other senior executives, responsibility for the everyday management of the business. The scope of and limitations to that delegated authority is documented.

Identifying significant business risks

The Board regularly monitors the operational and financial performance of its activities. It monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

Independent professional advice

The Board has resolved that members do not have the right to seek independent professional advice at the expense of the Board, other than with prior approval by the Board.

Insurance of officers

During the year insurance premiums totalling \$8,848 (2010: \$8,192) were paid for directors' and officers' liability insurance in respect of the members of the Glebe Administration Board as trustee for the Diocesan Endowment and its controlled entities. The policies do not specify the premium for individual members.

The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from liability to persons incurred in their position as a member unless the conduct involves a wilful breach of duty or an improper use of inside information to gain advantage.

Matters since the end of the year

Subsequent to reporting date three loans and mortgages were repaid in full. As a result the value of outstanding loans and mortgages has decreased and cash increased by \$24,115,836.

No other matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect, the operations of the Board, the results of those operations or the state of affairs of the Board in future years.

Environmental regulation

The operations of the Board are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory thereof.

The Board has not incurred any liability (including rectification costs) under any environmental legislation.

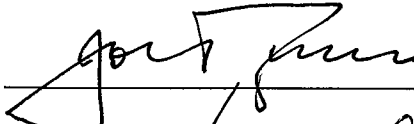
Likely developments and expected result of operations

The members have excluded from this report any information on the likely developments in operations of the Board and the expected results of those operations in future years, as the members have reasonable grounds to believe that it would be likely to result in unreasonable prejudice to the Board.

Auditor's independence declaration

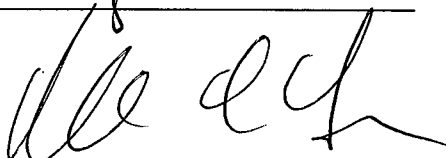
A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the members of Glebe Administration Board.



Member

28 March 2012



Member

28 March 2012



Auditor's Independence Declaration

As lead auditor for the audit of Glebe Administration Board as trustee for The Diocesan Endowment for the year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Glebe Administration Board as trustee for The Diocesan Endowment and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Peter Buchholz', written over a circular stamp or seal.

Peter Buchholz
Partner
PricewaterhouseCoopers

Sydney
28 March 2012

GLEBE ADMINISTRATION BOARD

Corporate governance statement For the year ended 31 December 2011

The Australian Stock Exchange Listing Rule 4.10.3 requires that the annual report of a listed company must include a statement of the main corporate governance practices. Whilst the Glebe Administration Board as trustee for The Diocesan Endowment is not listed and not subject to the above rule, nevertheless it is considered best practice for such a statement to be included with the annual financial report.

The Board has adopted corporate governance principles using as a template the revised "Corporate Governance Principles and Recommendations" published by the ASX Corporate Governance Council. .

Members of the Board

The Board is responsible for the overall corporate governance of the consolidated entity and as such provides the strategic direction, the establishment of goals for management and the monitoring and achievement of these goals. Responsibility for achieving these goals has been delegated to the Chief Executive Officer, the senior management team and the Audit Committee.

Composition of the Board

Details of the composition of the Board and the Board Committees are included in the Statutory Report.

The Board members are nominated and appointed by the Standing Committee of Synod as members of the Sydney Diocesan Secretariat and as such become members of this Board. One third of the membership retires each year and may be re-elected. The non-executive members receive no remuneration. The Chief Executive Officer attends Board meetings.

Ethical standards

The Board has adopted standards for the staff of the Sydney Diocesan Secretariat to ensure that the highest ethical standards are maintained in their work and in their dealings with each other, the general public and clients.

The Sydney Diocesan Secretariat has issued a policy in relation to managing conflicts of interest.

Corporate policies and delegations

Glebe Administration has issued the following policies and delegations:

- Investment policy statement
- Lending policy
- Managing conflicts of interest
- Approving and managing commercially significant contracts
- Treasury policy
- Privacy policy
- Power of attorney
- Delegated Authority

GLEBE ADMINISTRATION BOARD

Corporate governance statement For the year ended 31 December 2011 (cont.)

The Sydney Diocesan Secretariat provides accounting, secretarial and administration services to Glebe Administration Board. The Secretariat has issued policies on the following subjects in order to provide guidance on proper governance and management of the organisation:

- Developing and approving governance documentation
- Commercially significant contracts
- Managing conflicts of interest
- External communications
- Obtaining external legal advice
- Privacy
- Grievances
- Data integrity and security
- Staff use of technology resources
- Delegated authorities

GLEBE ADMINISTRATION BOARD

Five year financial summary – consolidated

<u>\$'000 (unless otherwise indicated)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Consolidated income statement for the year ended					
31 December					
Investment income/(loss)	55,682	(149,183)	32,747	15,831	18,053
Borrowing costs	(18,996)	(18,442)	(6,921)	(7,216)	(7,038)
(Surplus)/deficit attributable to minority interests	(6,002)	17,326	(8,145)	(277)	-
Net investment income/(loss)	30,684	(150,299)	17,681	8,338	11,015
Fee and other income	1,634	751	649	45	99
Net operating income/(loss)	32,318	(149,548)	18,330	8,383	11,114
Operating expenses	(9,558)	(10,480)	(6,981)	(5,171)	(3,211)
Total income/(loss) and expense before tax	22,760	(160,028)	11,349	3,212	7,903
Income tax expense	-	-	-	-	-
Total income/(loss) and expense after tax	22,760	(160,028)	11,349	3,212	7,903
Distributions provided for	29,921 ^a	10,913 ^b	5,439	5,250	3,640
Consolidated balance sheet as at 31 December					
Investments, loans and mortgages	583,993	240,067	234,773	245,925	190,015
Cash and other assets	50,515	70,266	55,142	54,581	65,398
Total assets	634,508	310,333	289,915	300,506	255,413
Payables	2,988	1,447	1,798	1,217	982
Interest bearing liabilities	295,487	168,486	143,752	144,270	136,365
Other liabilities	22,887	11,605	6,191	5,402	3,640
Share of net assets attributable to minority interest	47,943	23,881	27,333	39,799	-
Total liabilities	369,305	205,419	179,074	190,688	140,987
Net assets	265,203	104,914	110,841	109,818	114,426
Ratios					
Total liabilities to net assets (%)	139.3%	195.8%	161.6%	173.6%	123.2%
Investment income/(loss) on average investment assets (%)	9.5%	(36.2)%	13.8%	6.6%	8.3%
Surplus/((deficit) after income tax on net assets (%)	8.6%	(152.5)%	10.2%	2.9%	6.9%
Operating expense to net operating income/(loss) (%)	29.6%	(7.0)%	38.1%	61.7%	28.9%
Operating expenses less fee income to total assets (%)	1.2%	3.1%	2.2%	1.7%	1.2%

a) 2007 includes a special distribution of \$20,000,000 to Anglican Church Property Trust Mission Property Fund.

b) Distribution provided	10,913
Less write-back of provision for distribution	(10,632)
Net provision per accounts	281

As a result of the change in the Ordinance governing the distribution to Synod, the provisions for 2008 to 2011 have only been made for payment in the succeeding year. Under the previous Ordinance provision was made for two succeeding years.

GLEBE ADMINISTRATION BOARD

Statements of comprehensive income For the year ended 31 December 2011

	Notes	Consolidated		Parent Entity	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenue from continuing operations	4	8,833,897	11,317,452	18,202,264	16,092,393
Share of net profit of St Andrew's House Corporation (SAHC) accounted for using the equity method	14	9,319,239	4,559,319	-	-
Borrowing costs	5(a)	(7,038,134)	(7,216,451)	(7,141,424)	(7,344,274)
(Surplus) attributable to non-controlling interests		-	(277,174)	-	-
Provision for impairment of loans and mortgages	9	(500,000)	-	(500,000)	-
Other expenses	5(b)	(2,711,416)	(5,171,433)	(2,657,592)	(4,827,993)
Surplus from continuing operations before income tax		7,903,586	3,211,713	7,903,248	3,920,126
Income tax expense	6	-	-	-	-
Surplus from continuing operations after income tax		7,903,586	3,211,713	7,903,248	3,920,126
Other comprehensive income		-	-	-	-
Income tax relating to other comprehensive income		-	-	-	-
Other comprehensive income after tax		-	-	-	-
Total comprehensive income		7,903,586	3,211,713	7,903,248	3,920,126

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

GLEBE ADMINISTRATION BOARD

Statements of financial position

As at 31 December 2011

	Notes	Consolidated		Parent Entity	
		2011	2010	2011	2010
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	7	63,162,939	52,985,538	62,753,179	52,259,316
Receivables	8	2,234,678	1,595,881	2,234,540	1,051,617
Loans and mortgages	9	25,562,444	18,426,057	25,562,444	18,426,057
Other financial assets at fair value through profit or loss	11	56,359,821	101,732,393	56,359,821	35,631,083
Investments in controlled entities	12	-	-	-	26,752,298
Total current assets		147,319,882	174,739,869	146,909,984	134,120,371
Non-current assets					
Loans and mortgages	10	67,144,357	94,137,317	69,644,357	96,637,317
Investments in controlled entities	13	-	-	513,000	456,000
Investment in St Andrew's House	14	40,948,557	31,629,318	40,948,557	31,629,318
Total non-current assets		108,092,914	125,766,635	111,105,914	128,722,635
Total assets		255,412,796	300,506,504	258,015,898	262,843,006
Current liabilities					
Payables	15	982,543	1,217,517	862,611	899,657
Interest bearing liabilities	16	134,110,391	141,010,857	136,834,147	143,616,334
Provisions	18	3,640,000	5,401,962	3,640,000	5,250,000
Non-controlling interests		-	39,798,769	-	-
Total current liabilities		138,732,934	187,429,105	141,336,758	149,765,991
Non-current liabilities					
Interest bearing liabilities	17	2,254,151	3,258,913	2,254,151	3,258,913
Total non-current liabilities		2,254,151	3,258,913	2,254,151	3,258,913
Total liabilities		140,987,085	190,688,018	143,590,909	153,024,904
Net assets		114,425,711	109,818,486	114,424,989	109,818,102
EQUITY					
Capital	19	35,021,799	34,678,160	35,021,799	34,678,160
Reserves	20	2,348,471	1,130,390	-	-
Accumulated surplus	21	77,055,441	74,009,936	79,403,190	75,139,942
Total equity		114,425,711	109,818,486	114,424,989	109,818,102

The above statements of financial position should be read in conjunction with the accompanying notes.

GLEBE ADMINISTRATION BOARD

Statements of changes in equity For the year ended 31 December 2011

Consolidated	Notes	Capital \$	Reserves \$	Accumulated surplus \$	Total \$
Balance 1 January 2010		33,661,933	103,629	77,074,984	110,840,546
Total comprehensive income		-		3,211,713	3,211,713
Share of SAHC's movement in refurbishment reserve	20	-	1,026,761	(1,026,761)	-
Provision for distribution during the year	18	-	-	(5,250,000)	(5,250,000)
Return of funds from Parish Cost Recoveries Fund	19	1,000,000	-	-	1,000,000
Gifts received	19	16,227	-	-	16,227
Balance 31 December 2010		34,678,160	1,130,390	74,009,936	109,818,486
Total comprehensive income		-	-	7,903,586	7,903,586
Share of SAHC's movement in refurbishment reserve	20	-	1,218,081	(1,218,081)	-
Provision for distribution during the year	18	-	-	(3,640,000)	(3,640,000)
Return of funds from Parish Cost Recoveries Fund	19	300,000	-	-	300,000
Gifts received	19	43,639	-	-	43,639
Balance 31 December 2011		35,021,799	2,348,471	77,055,441	114,425,711

The above statements of changes in equity should be read in conjunction with the accompanying notes.

GLEBE ADMINISTRATION BOARD

Statements of changes in equity For the year ended 31 December 2011

Parent entity	Notes	Capital \$	Reserves \$	Accumulated surplus \$	Total \$
Balance 1 January 2010		33,661,933	-	76,469,816	110,131,749
Total comprehensive income		-	-	3,920,126	3,920,126
Provision for distribution during the year	18	-	-	(5,250,000)	(5,250,000)
Return of funds from Parish Cost Recoveries Fund	19	1,000,000	-	-	1,000,000
Gifts received	19	16,227	-	-	16,227
Balance 31 December 2010		34,678,160	-	75,139,942	109,818,102
Total comprehensive income		-	-	7,903,248	7,903,248
Provision for distribution during the year	18	-	-	(3,640,000)	(3,640,000)
Return of funds from Parish Cost Recoveries Fund	19	300,000	-	-	300,000
Gifts received	19	43,639	-	-	43,639
Balance 31 December 2011		35,021,799	-	79,403,190	114,424,989

The above statements of changes in equity should be read in conjunction with the accompanying notes.

GLEBE ADMINISTRATION BOARD

Statements of Cash flows For the year ended 31 December 2011

	Notes	Consolidated		Parent Entity	
		2011	2010	2011	2010
		\$	\$	\$	\$
Cash flows from operating activities					
Management and service fees		99,261	48,337	99,261	44,608
Interest received		9,912,770	11,112,109	9,905,128	11,077,659
Dividends and distributions		472,339	2,572,821	472,339	1,483,621
Other revenue		292,144	458,584	292,144	379,667
Finance costs		(1,922,053)	(2,147,662)	(2,025,343)	(2,275,485)
Payments to suppliers		(2,802,287)	(5,267,736)	(2,737,525)	(4,821,333)
Net cash inflow from operating activities	23	6,052,174	6,776,453	6,006,004	5,888,737
Cash flows from investing activities					
Proceeds from sale of investments		7,090,000	117,300,438	7,090,000	65,048,167
Payments for investments		(4,185,000)	(111,620,727)	(4,185,000)	(62,806,311)
Net decrease/(increase) in loans provided		19,356,572	(97,332)	19,356,572	1,799,709
Net cash inflow from investing activities		22,261,572	5,582,379	22,261,572	4,041,565
Cash flows from financing activities					
Distributions to Synod		(5,250,000)	(5,400,000)	(5,250,000)	(5,400,000)
Return of funds from Parish Cost Recoveries		300,000	1,000,000	300,000	1,000,000
Distributions to minority interests		-	(339,293)	-	-
Net (decrease) in Glebe Income Accounts		(12,976,134)	(4,186,559)	(12,857,855)	(4,150,974)
Gifts received		34,142	16,227	34,142	16,227
Units issued to minority interests		-	23,674,852	-	-
Redemptions paid to minority interests		-	(27,424,177)	-	-
Net cash (outflow) from financing activities		(17,891,992)	(12,658,950)	(17,773,713)	(8,534,747)
Net increase/(decrease) in cash held		10,421,754	(300,118)	10,493,863	1,395,555
Cash and cash equivalents at the beginning of the year					
		52,985,538	53,285,656	52,259,316	50,863,761
Effect of deconsolidation of Mercer Socially Responsible Australian Shares Fund		(244,353)	-	-	-
Cash and cash equivalents at the end of the year	7	63,162,939	52,985,538	62,753,179	52,259,316

The above statements of cash flows should be read in conjunction with the accompanying notes.

1. Purpose

The Glebe Administration Board (the Board) was created under the Glebe Administration Ordinance 1930. The object of the Board is to act as trustee of church trust property vested in it or in respect of which it may be appointed trustee and to do so in a way which both :

- (a) preserves the real value of that property and
- (b) provides a reasonable income there from.

These financial statements record the financial aspect of the Board's activities and responsibilities to own, manage, develop, let, buy and sell real estate and securities as trustee for and on behalf of the Anglican Church of Australia, Diocese of Sydney to receive money on deposit or loan and to borrow money upon the charge of such real estate. Distributions are made to the Synod of the Anglican Church of Australia, Diocese of Sydney in accordance with the Diocesan Endowment Ordinance 1984 and are used for the many purposes of Christian Ministry and for activities which provide services and assistance for those in need in the community. The Synod is entitled to the income of the Board and the income is reinvested by the Board. The Board has no employees and no amounts are paid or allocated to or on behalf of members of the Board. The Board acts only in the capacity of Trustee for the Anglican Church of Australia, Diocese of Sydney. It does not own any assets nor carry out any activities on its own behalf.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include separate financial statements for the Board as an individual entity and the consolidated entity consisting of the Board and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Diocesan Endowment Ordinance 1984, the Accounts, Audits and Annual Reports Ordinance 1995 as amended by the Synod of the Anglican Church of Australia Diocese of Sydney, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

These financial statements cover both the Board as trustee for the Diocesan Endowment as an individual entity and the consolidated entity consisting of Glebe Administration Board and its controlled entities. The financial statements of the Board are prepared by Glebe Administration Board as trustee for the properties. These accounts reflect the assets and liabilities of the Board with no regard in respect of the beneficial ownership of the net assets.

At 31 December 2011 the parent entity and consolidated group had an excess of current assets over current liabilities (2010: excess of current liabilities over current assets). Due to the proportion of the Glebe Income Account deposits which are at call, outflows of deposit funds and maintenance of liquidity have been identified as key risks by the Board. This financial report has been prepared on the basis of the group being a going concern. In arriving at this position the Board has taken into account a number of factors including:

- Historical analysis and experience of redemptions from at call Glebe Income accounts of \$134,110,391 (2010:\$ 141,010,857) shows low levels of net redemptions.
- Cash flow projections prepared for financial budgeting purposes reveal the ability to pay all the group's and parent entity's debts as and when they fall due, on the basis of the group operating as a going concern.
- Availability of \$15,000,000 of bank finance.

The Glebe Income Accounts (GIA) operate under an exemption granted by the Australian Prudential Regulation Authority (APRA) which exempts them from certain requirements under the Banking Act 1959. The exemption is due to expire on 27 June 2013.

2. Summary of significant accounting policies (cont.)

Compliance with IFRSs

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies adopted are consistent with those of the previous financial year.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2011 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. These changes are mandatory from 1 July 2013. The group does not intend to adopt the new standard before its operative date.

(ii) *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

(iii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group does not intend to adopt the new standard before its operative date.

It is estimated that the effect of adopting the above pronouncements, where applicable, will have no material financial impact on the group in future reporting periods.

2. Summary of significant accounting policies (cont.)

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

There are no material areas of the financial statements where assumptions or estimates are used.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Glebe Administration Board as trustee for The Diocesan Endowment as at 31 December 2011 and the results of all subsidiaries for the year then ended. Glebe Administration Board as trustee for The Diocesan Endowment and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. Transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the statements of comprehensive income and balance sheets (as a current liability) respectively.

Investments in wholly owned subsidiaries are accounted for at cost in the individual financial statements of the Board. Investments in other subsidiaries are accounted for at market value.

Changes in ownership interest

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amounts of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity in the parent entity.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, jointly controlled or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Investment in St Andrew's House Trust

Glebe Administration Board as trustee for The Diocesan Endowment has a 50% beneficial interest in St Andrew's House Trust (SAHT). The principal asset of SAHT is the land and building known as St Andrew's House. The St Andrew's House Site Ordinance of 1976 provides that one half of the land and buildings known as St Andrew's House be held "upon the Trust to apply the income in accordance with Clause 14 of the Glebe Administration Ordinance 1930 (as amended)". SAHT is managed by St Andrew's House Corporation.

2. Summary of significant accounting policies (cont.)

(c) Investment in St Andrew's House Trust (cont.)

Glebe Administration Board's investment is accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the surplus of St Andrew's House Trust is recognised as revenue in the consolidated income statements and its share of movements in reserves is recognised in consolidated reserves.

In the parent entity financial statements the Glebe Administration Board as trustee for The Diocesan Endowment has resolved to value its beneficial interest in SAHT at fair value, measured as 50% of the Trust's accumulated funds and provision for distribution. Revaluation increments/decrements are credited/debited directly to the income statement. Distributions received by the Board are recognised in the income statements as trust income when declared.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes paid.

Dividends and distributions

Dividends and distributions are brought to account as revenue when equities and units are quoted "ex distribution".

In the parent entity financial statements, distributions from St Andrew's House Trust are recorded as revenue in the period in which they are received. The Board's proportion of the unpaid surplus is included in the value of the beneficial interest owned.

Franking credits

Franking credits refundable by the Australian Taxation Office are brought to account as revenue when received.

Other revenue

Other revenue is brought to account on an accruals basis, except as otherwise disclosed.

Interest income

Interest revenue is recognised on a time proportion basis using the effective interest method.

2. Summary of significant accounting policies (cont.)

(f) Income tax

Glebe Administration Board, as Trustee for the Diocesan Endowment, is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997 and no provision has been made in respect thereof. Where appropriate, provision has been made for income tax in relation to the controlled entities of the Board.

Tax effect accounting procedures are followed by the controlled entities of Glebe Administration Board whereby the income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Glebe Australia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2004. The head entity, Glebe Australia Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Glebe Australia Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Cash and cash equivalents

For cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2. Summary of significant accounting policies (cont.)

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Accounts receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(i) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, derivatives, loans and mortgages. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets which are at fair value through profit or loss are designated at initial recognition. Their performance is evaluated on a fair value basis and managed in accordance with the group's investment strategy.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(ii) *Loans and mortgages*

Loans and mortgages are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. All known bad debts are written off against the provision in the year in which they are identified.

(j) Fair value estimation

Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and mortgages are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same and discounted cash flow analysis.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(k) Other payables

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

2. Summary of significant accounting policies (cont.)

(l) Borrowings and borrowing costs

Borrowings are initially recognised at fair value. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on deposits and long-term borrowings.

(m) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(n) Distributions

Provision is made for the amount of any distribution required, determined or recommended by the members of the Board on or before the end of the year but not distributed at balance date.

The Standing Committee has approved a distribution of \$3,642,000 for 2012. A proposal for calculating the amount of the distribution to be provided in 2012 for distribution in 2013 is currently being reviewed by the Standing Committee.

(o) Goods and services tax (GST)

The Board is a member of the Sydney Diocesan Secretariat GST group.

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office (ATO). In these circumstances it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

(p) Deposits at amortised cost

Deposits at amortised cost include deposits and interest bearing deposits. They are measured at amortised cost. When deposits are for a period greater than 12 months they are classified as non-current liabilities.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and maturities analysis for liquidity risk.

During the year responsibility for oversight of financial risk management was with Glebe Administration Board

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	63,162,939	52,985,538	62,753,179	52,259,316
Loans and mortgages	92,706,801	112,563,374	95,206,801	115,063,374
Receivables	2,234,678	1,595,881	2,234,540	1,051,617
Equity investments	42,819,426	86,450,833	42,819,426	20,349,523
Property related investments	13,544	31,476	13,544	31,476
Interest related investments	13,526,851	15,250,084	13,526,851	15,250,084
Investments in controlled entities	-	-	513,000	27,208,298
	<u>214,464,239</u>	<u>268,877,186</u>	<u>217,067,341</u>	<u>231,213,688</u>
Financial liabilities				
Payables	982,543	1,217,517	862,611	899,657
Interest bearing liabilities and loans	136,364,542	144,269,770	139,088,298	146,875,247
Provision for income distribution	3,640,000	5,401,962	3,640,000	5,250,000
Share of net assets attributable to minority interests	-	39,798,769	-	-
	<u>140,987,085</u>	<u>190,688,018</u>	<u>143,590,909</u>	<u>153,024,904</u>
Net financial assets	<u>73,477,154</u>	<u>78,189,168</u>	<u>73,476,432</u>	<u>78,188,784</u>

(a) Market risk

(i) Price risk

The Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group for which prices in the future are uncertain. They are classified on the balance sheet as fair value through profit or loss. The Group is not exposed to commodity price risk. All securities investments present a risk of loss of capital.

To manage its price risk arising from investments in equity securities, the Group uses managed unit trusts to diversify its portfolio. Investment and allocation of the portfolio is done in accordance with the limits and ranges set by the Board.

3. Financial risk management (cont.)

The tables below summarises the impact of increases/decreases of the ASX and overseas indexes on the Group's and parent entity's (deficit)/surplus for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% with all other variables held constant and all the Parent's and Group's equity instruments moved according to the historical correlation with the index.

Index	Impact on surplus/(deficit)		Impact on equity	
	2011	2010	2011	2010
	+/- \$	+/- \$	+/- \$	+/- \$
Australian equities - ASX	2,361,549	2,675,230	2,361,549	2,675,230
Foreign equities	1,920,394	2,034,952	1,920,394	2,034,952
	<u>4,281,943</u>	<u>4,710,182</u>	<u>4,281,943</u>	<u>4,710,182</u>

Parent Entity

Index	Impact on surplus/(deficit)		Impact on equity	
	2011	2010	2011	2010
	+/- \$	+/- \$	+/- \$	+/- \$
Australian equities - ASX	2,361,549	2,675,230	2,361,549	2,675,230
Foreign equities	1,920,394	2,034,952	1,920,394	2,034,952
	<u>4,281,943</u>	<u>4,710,182</u>	<u>4,281,943</u>	<u>4,710,182</u>

Surplus/(deficit) for the year would increase/decrease as a result of losses/gains on equity securities classified as at fair value through profit or loss.

(ii) Foreign exchange risk

The group has investments in Australian managed funds which invest in overseas developed markets and overseas emerging markets. The group has no direct exposure to foreign currency denominated assets and liabilities.

The following investments held are indirectly exposed to movements in the value of the Australian dollar :

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Mercer Overseas Shares Fund	9,944,864	11,051,362	9,944,864	11,051,362
Mercer Emerging Markets Fund	2,452,307	2,819,854	2,452,307	2,819,854
	<u>12,397,171</u>	<u>13,871,216</u>	<u>12,397,171</u>	<u>13,871,216</u>

The effects of movement in the foreign currency exchange rates cannot be estimated as the underlying investments are in assets denominated in different currencies.

3. Financial risk management (cont.)

(iii) Cash flow and fair value interest rate risk

The Parent's and Group's main interest rate risk arises from its short/long-term borrowing, mortgages and loans receivable. Borrowing, issued at variable rates, expose the Group to cash flow interest rate risk. Borrowings and loans and mortgages receivable, issued at fixed rates expose the Group to fair value interest rate risk. The Group also holds cash and cash equivalent deposits which expose the Group to interest rate risk from impacts on interest income.

As at the reporting date, the Group had the following variable rate borrowings, cash and cash equivalents, interest related investments and mortgages and loans outstanding:

Consolidated Index	2011		2010	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	6.52	63,162,939	5.70	52,985,538
Loans and mortgages	7.09	92,706,801	6.51	112,563,374
Interest related investments	11.65	13,526,851	5.70	15,250,084
Interest bearing liabilities	4.85	(136,364,542)	4.55	(144,269,770)
Net exposure to cash flow interest rate risk		33,032,049		36,529,226

An analysis by maturities is provided in (b) below.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

Group interest rate sensitivity

At 31 December 2011, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, surplus/(deficit) for the year and equity would have been \$330,320 lower/higher (2010 – change of 100 bps: \$365,292 lower/higher), mainly as a result of lower/ higher interest expense on interest bearing liabilities.

Parent entity interest rate sensitivity

At 31 December 2011, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, surplus/(deficit) for the year and equity would have been \$323,985 lower/higher (2010 – change of 100 bps: \$356,975 lower/higher), mainly as a result of lower/ higher interest expense on interest bearing liabilities.

3. Financial risk management (cont.)

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with financial institutions, loans and mortgages receivable as well as credit exposures to outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of Standard and Poors A are accepted. For investments in Corporate Paper only issuers with a minimum rating of Standard and Poors A or better is accepted. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. If available and considered required, the credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to specific board approval.

As at 31 December 2011 there are no receivables, mortgages and loans that are impaired or past due but not impaired except a loan of \$466,582 and a loan of \$1,029,106. No provision for impairment of the loan for \$466,582 is required as there is sufficient collateral held to recover the full value of the loan. A provision for impairment of \$500,000 has been made against the loan of \$1,029,106.

Majority of loans to diocesan organisations including Anglican Church Property Trust as trustee for parishes are unsecured with appropriate negative pledge provisions incorporated into the loan documentation. Total consolidated collateral held against mortgages and loans is \$115,550,000 (2010 : \$200,000,000). Collateral held by the parent entity is \$115,550,000 (2010 : \$200,000,000).

	Consolidated		Parent entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Receivables				
Not rated	2,234,678	1,595,881	2,234,540	1,051,617
Cash and cash equivalents				
Not rated - no defaults in the past. Includes Sydney Diocesan Secretariat current account.	972,115	970,992	562,355	489,123
Standard and Poors A rating or better	62,190,824	52,014,546	62,190,824	51,770,193
	63,162,939	52,985,538	62,753,179	52,259,316
Loan and mortgages				
Not rated	92,706,801	112,563,374	95,206,801	115,063,374

Included in other financial assets at fair value through profit or loss is an investment in shares in Flinders Trustee Ltd totaling \$1,783,393 which have been assessed as impaired. These have been fully provided for in previous years based on analysis of the financial position of this entity.

3. Financial risk management (cont.)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Group it aims at maintaining flexibility in funding by keeping committed credit lines available. The Group and the parent entity manages liquidity risk by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Group and the parent entity had access to undrawn borrowing facilities at the reporting date as shown in note 16.

Maturities of financial liabilities

The table below analyses the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Further commentary on the management of liquidity is contained in note 2a.

Group 31 December 2011	Less than 6 months \$	6-12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Non-derivatives							
Non-interest bearing	982,543	-	-	-	-	982,543	982,543
Provisions	1,500,000	2,140,000	-	-	-	3,640,000	3,640,000
Variable rate	88,667,870	-	-	-	-	88,667,870	88,667,870
Fixed rate	31,933,101	14,432,772	1,304,002	1,271,347	-	48,941,222	47,696,672
Bank guarantee	1,200,000	-	-	-	-	1,200,000	-
Share of net assets attributable to minority interests	-	-	-	-	-	-	-
	124,283,514	16,572,772	1,304,002	1,271,347	-	143,431,635	140,987,085
Group 31 December 2010							
Group 31 December 2010	Less than 6 months \$	6-12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Non-derivatives							
Non-interest bearing	1,217,517	-	-	-	-	1,217,517	1,217,517
Provisions	2,651,962	2,750,000	-	-	-	5,401,962	5,401,962
Variable rate	95,899,023	-	-	-	-	95,899,023	95,899,023
Fixed rate	33,184,557	13,249,084	3,043,712	526,242	-	50,003,595	48,370,747
Bank guarantee	1,200,000	-	-	-	-	1,200,000	-
Share of net assets attributable to minority interests	39,798,769	-	-	-	-	39,798,769	39,798,769
	173,951,828	15,999,084	3,043,712	526,242	-	193,520,866	190,688,018

3. Financial risk management (cont.)

Parent entity 31 December 2011	Less than 6 months \$	6-12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Non-derivatives							
Non-interest bearing	862,611	-	-	-	-	862,611	862,611
Provisions	1,500,000	2,140,000	-	-	-	3,640,000	3,640,000
Variable rate	91,391,626	-	-	-	-	91,391,626	91,391,626
Fixed rate	31,933,101	14,432,772	1,304,002	1,271,347	-	48,941,222	47,696,672
Bank guarantee	1,200,000	-	-	-	-	1,200,000	-
	<u>126,887,338</u>	<u>16,572,772</u>	<u>1,304,002</u>	<u>1,271,347</u>	<u>-</u>	<u>146,035,459</u>	<u>143,590,909</u>
Parent entity 31 December 2010							
	Less than 6 months \$	6-12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Non-derivatives							
Non-interest bearing	899,657	-	-	-	-	899,657	899,657
Provisions	2,500,000	2,750,000	-	-	-	5,250,000	5,250,000
Variable rate	98,504,500	-	-	-	-	98,504,500	98,504,500
Fixed rate	33,184,557	13,249,084	3,043,712	526,242	-	50,003,595	48,370,747
Bank guarantee	1,200,000	-	-	-	-	1,200,000	-
	<u>136,288,714</u>	<u>15,999,084</u>	<u>3,043,712</u>	<u>526,242</u>	<u>-</u>	<u>155,857,752</u>	<u>153,024,904</u>

(d) Fair value estimation

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes.

The group has adopted the amendment to AASB 7 *Financial Instruments : Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy :

- (i) quoted prices (unadjusted) in active markets for identical assets (level 1) ,
- (ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2) , and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's and the parent entity's assets and liabilities measured and recognised at fair value at 31 December 2011 :

3. Financial risk management (cont.)

Group 31 December 2011	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit and loss				
Unlisted equities	-	42,819,426	-	42,819,426
Unlisted property	-	-	13,544	13,544
Unlisted interest investment	-	13,526,851	-	13,526,851
	-	56,346,277	13,544	56,359,821

Parent 31 December 2011	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit and loss				
Unlisted equities	-	42,819,426	-	42,819,426
Unlisted property	-	-	13,544	13,544
Unlisted interest investment	-	13,526,851	-	13,526,851
Investment in controlled entities carried at fair value	-	513,000	-	513,000
Investment in St Andrew's House carried at fair value	-	-	40,948,557	40,948,557
	-	56,859,277	40,962,101	97,821,378

Group 31 December 2010	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit and loss				
Unlisted equities	-	86,450,833	-	86,450,833
Unlisted property	-	-	31,476	31,476
Unlisted interest investment	-	15,250,084	-	15,250,084
	-	101,700,917	31,476	101,732,393

Parent 31 December 2010	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit and loss				
Unlisted equities	-	20,349,523	-	20,349,523
Unlisted property	-	-	31,476	31,476
Unlisted interest investment	-	15,250,084	-	15,250,084
Investment in controlled entities carried at fair value	-	27,208,298	-	27,208,298
Investment in St Andrew's House carried at fair value	-	-	31,629,318	31,629,318
	-	62,807,905	31,660,794	94,468,699

3. Financial risk management (cont.)

The fair value of financial instruments traded in active markets (such as listed managed fund securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are investments in unlisted managed funds is determined by reference to published unit redemption prices. These instruments are included in level 2.

In circumstances where valuation technique for financial instruments is based on significant unobservable inputs, such instruments are included in level 3.

The following table presents the changes in level 3 instruments .

Group		Other \$	Total \$
Balance 1 January 2011		31,476	31,476
Net realised and unrealised loss - note 4		(17,932)	(17,932)
Balance 31 December 2011		13,544	13,544
Parent	SAHC \$	Other \$	Total \$
Balance 1 January 2011	31,629,318	31,476	31,660,794
Revaluation of beneficial interest in SAHC	9,319,239	-	9,319,239
Net realised and unrealised loss - note 4	-	(17,932)	(17,932)
Balance 31 December 2011	40,948,557	13,544	40,962,101
Group		Other \$	Total \$
Balance 1 January 2010		1,304,878	1,304,878
Proceeds from sale		(1,337,951)	(1,337,951)
Net realised and unrealised loss - note 4		64,549	64,549
Balance 31 December 2010		31,476	31,476
Parent	SAHC \$	Other \$	Total \$
Balance 1 January 2010	27,169,999	1,304,878	28,474,877
Proceeds from sale	-	(1,337,951)	(1,337,951)
Revaluation of beneficial interest in SAHC	4,459,319	-	4,459,319
Net realised and unrealised loss - note 4	-	64,549	64,549
Balance 31 December 2010	31,629,318	31,476	31,660,794

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

4. Revenue

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Revenue/(loss) from continuing operations				
Property related investments:				
St. Andrew's House Corporation distribution	-	-	-	100,000
Distributions from other property trusts	44,504	66,811	44,504	66,811
Revaluation of beneficial interest in SAHC	-	-	9,319,239	4,459,319
Net realised and unrealised gains and (losses)	(17,932)	64,549	(17,932)	64,549
Income/(loss) from property related investments	26,572	131,360	9,345,811	4,690,679
Interest related investments:				
Interest and distributions	4,599,722	4,078,698	4,592,080	4,068,783
Net realised and unrealised gains and (losses)	834,222	(58,800)	834,222	(67,744)
Income from interest related investments	5,433,944	4,019,898	5,426,302	4,001,039
Income from loans and mortgages	7,222,964	7,635,165	7,222,964	7,635,165
Equity related investments:				
Dividends and distributions	3,175,822	3,229,130	3,175,822	1,725,109
Net realised and unrealised gains and (losses)	(7,124,666)	(3,743,133)	(7,067,896)	(2,004,207)
Income/(loss) from equity related investments	(3,948,844)	(514,003)	(3,892,074)	(279,098)
Total investment income/(loss)	8,734,636	11,272,420	18,103,003	16,047,785
Other income:				
Rebate of fund administration fees	99,261	45,032	99,261	44,608
Total other income	99,261	45,032	99,261	44,608
Total revenue/(loss) from continuing operations	8,833,897	11,317,452	18,202,264	16,092,393

Dividends and distributions include franking credits of \$316,251 (2010: \$406,887).

5. Surplus from continuing operations

Surplus/(deficit) from continuing operations before income tax includes the following specific net gains and expenses:

(a) Borrowing costs

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Borrowing costs				
Interest on Glebe Income Accounts - Churches, Anglican organisations and other Christian organisations	4,265,180	3,985,762	4,368,470	4,113,585
Interest on other Glebe Income Accounts	2,601,805	2,592,282	2,601,805	2,592,282
Interest on bank loans	171,149	440,076	171,149	440,076
Amortisation of deferred borrowing costs	-	198,331	-	198,331
	<u>7,038,134</u>	<u>7,216,451</u>	<u>7,141,424</u>	<u>7,344,274</u>

(b) Other expenses

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Management fees from Sydney Diocesan Secretariat	2,175,000	3,855,600	2,175,000	3,659,100
Subsidy to Glebe Asset Management Limited	-	-	-	264,000
Professional fees	246,588	827,369	201,140	458,004
Office operating expenses	214,814	322,415	214,814	322,415
Insurance	75,014	157,561	66,638	115,991
Marketing expenses	-	6,868	-	6,868
Other expenses	-	1,620	-	1,615
	<u>2,711,416</u>	<u>5,171,433</u>	<u>2,657,592</u>	<u>4,827,993</u>

6. Income tax

The income tax expense for the year differs from the prima facie tax charge calculated at current rates on operating surplus/(deficit). The differences are reconciled as follows, recognising that not all income is derived in entities that are subject to income tax:

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Surplus from continuing operations before income tax	7,903,586	3,211,713	7,903,248	3,920,126
Less surplus from non assessable entities	7,846,478	2,311,100	7,903,248	3,920,126
Surplus from continuing operations before income tax	57,108	900,613	-	-
Income tax (expense) calculated at 30%	(17,132)	(270,184)	-	-
Permanent differences	-	18,273	-	-
Recognition of deductible temporary differences not previously recognised as an asset	19,860	233,210	-	-
Tax losses not brought to account	(2,728)	18,701	-	-
Current tax	-	-	-	-

The directors estimate that the potential future income tax benefit at 31 December 2011 in respect of tax losses not brought to account is \$43,027 (2010: \$40,299).

The benefit for tax losses will only be obtained if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the consolidated entity continues to comply with the conditions for tax deductibility imposed by tax legislation, and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Tax consolidation legislation

Glebe Australia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2004. The accounting policy in relation to this legislation is set out in note 2(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Glebe Australia Limited.

6. Income tax (cont.)

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Glebe Australia Limited for any current tax payable assumed and are compensated by Glebe Australia Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Glebe Australia Limited under the tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

7. Current assets - Cash and cash equivalents

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current				
Cash at bank	762,026	769,851	352,266	43,629
Deposits at call	5,350,613	3,380,386	5,350,613	3,380,386
Term deposits	57,050,300	48,835,301	57,050,300	48,835,301
	<u>63,162,939</u>	<u>52,985,538</u>	<u>62,753,179</u>	<u>52,259,316</u>

8. Current assets – Receivables

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Distributions receivable	127,730	426,049	127,730	87,241
Accrued interest	2,094,957	959,731	2,094,956	959,731
Amounts owing on investments sold	-	200,000	-	-
Other	11,991	10,101	11,854	4,645
	<u>2,234,678</u>	<u>1,595,881</u>	<u>2,234,540</u>	<u>1,051,617</u>

There were no receivables which were past due or impaired .

9. Current assets – Loans and mortgages

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Loans	1,437,342	829,355	1,437,342	829,355
Mortgages	24,625,102	17,596,702	24,625,102	17,596,702
Provision for impairment	(500,000)	-	(500,000)	-
	<u>25,562,444</u>	<u>18,426,057</u>	<u>25,562,444</u>	<u>18,426,057</u>

10. Non-current assets – Loans and mortgages

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Loans	29,585,783	27,885,677	32,085,783	30,385,677
Mortgages	37,558,574	66,251,640	37,558,574	66,251,640
Provision for impairment	-	-	-	-
	<u>67,144,357</u>	<u>94,137,317</u>	<u>69,644,357</u>	<u>96,637,317</u>
Summary:				
Anglican Diocesan organisations	88,962,385	94,083,253	91,462,385	96,583,253
Other	4,244,416	18,480,121	4,244,416	18,480,121
Provision for impairment	(500,000)	-	(500,000)	-
Total current and non-current loans and mortgages	<u>92,706,801</u>	<u>112,563,374</u>	<u>95,206,801</u>	<u>115,063,374</u>

Repayments on loans and mortgages are generally interest only with the principal payable on maturity with terms between 1 and 21 years. However, in some instances the option of repayments comprising a mixture of principal and interest is available.

The provision for impairment is in respect of a mortgage loan to a non-diocesan entity.

Credit risk

Loans are unsecured. Mortgages are secured on properties. The Board has adopted a lending policy which sets out a range of criteria for loan exposure limits, types of borrowers to whom loans will be made and lending criteria. Under the lending policy, loans are not to exceed 80% of the Board's valuation of the security of residential property or 65% for other forms of property. All exposures are to entities in Australia.

In addition to the carrying amount of loans and mortgages included within the balance sheets, the consolidated entity has exposure to credit risk for undrawn facilities of \$5,959,694 (2010: \$9,140,326).

11. Current assets - Other financial assets at fair value through profit or loss

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current				
Equity investments				
Unlisted equities (at cost)	1,783,393	1,783,393	1,783,393	1,783,393
Unlisted managed investment schemes (at cost)	48,347,473	80,400,538	48,347,473	19,861,677
Fair value adjustment	(7,311,440)	4,266,902	(7,311,440)	(1,295,547)
Total unlisted equities at fair value	42,819,426	86,450,833	42,819,426	20,349,523
Total equity investments	42,819,426	86,450,833	42,819,426	20,349,523
Property investments				
Other unlisted property investments (at cost)	1,672	1,672	1,672	1,672
Fair value adjustment	11,872	29,804	11,872	29,804
Total unlisted property investments at fair value	13,544	31,476	13,544	31,476
Total property investments	13,544	31,476	13,544	31,476
Interest investments				
Unlisted interest investment (at cost)	13,251,914	15,781,004	13,251,914	15,781,004
Fair value adjustment	274,937	(530,920)	274,937	(530,920)
Total unlisted interest investments	13,526,851	15,250,084	13,526,851	15,250,084
Summary:				
Equity investments	42,819,426	86,450,833	42,819,426	20,349,523
Property investments	13,544	31,476	13,544	31,476
Interest investments	13,526,851	15,250,084	13,526,851	15,250,084
	56,359,821	101,732,393	56,359,821	35,631,083

12. Current assets - Investments in controlled entities

	Principal activity	Ownership interest		Carrying amount	
		2011 %	2010 %	2011 \$	2010 \$
Directly controlled by Glebe Administration Board					
Mercer Socially Responsible Australian Shares Fund	Investment	38.67%	54.33%	-	26,752,298
				-	26,752,298

13. Non-current assets - Investments in controlled entities

	Principal activity	Ownership interest		Parent entity carrying amount	
		2011 %	2010 %	2011 \$	2010 \$
Directly controlled by Glebe Administration Board					
Glebe Australia Limited	Administration	100	100	1,700,000	1,700,000
Provision for impairment of investments				(1,187,000)	(1,244,000)
				513,000	456,000
Directly controlled by Glebe Australia Limited					
Glebe Asset Management Limited	Funds management	100	100	3,013,000	2,975,000
				3,013,000	2,975,000

All controlled entities are incorporated within Australia and the investments represent ordinary shares.

14. Non-current assets – Investment in St Andrew's House

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
50% Beneficial interest in St. Andrew's House Corporation (note 2c)	40,948,557	31,629,318	40,948,557	31,629,318
Movements in carrying amounts:				
Balance 1 January	31,629,318	27,169,999	31,629,318	27,169,999
Share of profit for the year	9,319,239	4,559,319	-	-
Distributions received	-	(100,000)	-	-
Revaluation of beneficial interest in SAHC	-	-	9,319,239	4,459,319
Balance 31 December	40,948,557	31,629,318	40,948,557	31,629,318
The carrying amount is comprised of:				
Capital invested	4,714,614	4,714,615	4,714,614	4,714,615
Refurbishment or replacement reserve	2,348,471	1,130,390	2,348,471	1,130,390
Accumulated surplus	33,885,472	25,784,313	33,885,472	25,784,313
	40,948,557	31,629,318	40,948,557	31,629,318

15. Current liabilities - Payables

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Interest payable	723,229	678,055	723,229	678,055
Accounts payable and accruals	159,982	298,713	139,382	221,602
Other	99,332	240,749	-	-
	982,543	1,217,517	862,611	899,657

16. Current liabilities - Interest bearing liabilities

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Deposits – Glebe Income Accounts	134,110,391	141,010,857	136,834,147	143,616,334

Liabilities to Glebe Income Account holders represent deposits held by Glebe Administration Board on behalf of individuals and organisations. The assets of Glebe Administration Board can be called upon to meet these obligations if required.

The Glebe Income Accounts (GIA) operate under an exemption granted by the Australian Prudential Regulation Authority (APRA) which exempts them from certain requirements under the Banking Act 1959. The exemption is due to expire on 27 June 2013.

The Glebe Administration Board has an unsecured \$15,000,000 cash advance facility with Westpac Banking Corporation. A Joint and Several Guarantee has been given to Westpac Banking Corporation by Glebe Administration Board and Glebe Australia Limited.

A Joint and Several Guarantee has also been given to Westpac Banking Corporation by Glebe Administration Board and St Andrew's House Corporation for overdraft accommodation up to \$1,200,000 granted to the Sydney Diocesan Secretariat.

The Glebe Administration Board has an overdraft limit of \$1,000,000 on its current account with Sydney Diocesan Secretariat. At balance sheet date the balance of the current account was \$239,797 (2010: \$109,875).

17. Non-current liabilities - Interest bearing liabilities

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Deposits – Glebe Income Accounts	2,254,151	3,258,913	2,254,151	3,258,913

18. Current liabilities - Provisions

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Provision for GAB distribution				
Balance 1 January	5,250,000	5,400,000	5,250,000	5,400,000
Provided during the period	3,640,000	5,250,000	3,640,000	5,250,000
	8,890,000	10,650,000	8,890,000	10,650,000
Paid during the period	(5,250,000)	(5,400,000)	(5,250,000)	(5,400,000)
Balance 31 December	3,640,000	5,250,000	3,640,000	5,250,000
Provision for distributions to Minority Interests				
Balance 31 December	-	151,962	-	-
	3,640,000	5,401,962	3,640,000	5,250,000

The Standing Committee has approved a distribution of \$3,642,000 for 2012. A proposal for calculating the amount of the distribution to be provided in 2012 for distribution in 2013 is currently being reviewed by the Standing Committee.

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
The composition of payments during the year were as follows:				
Synod	5,250,000	5,400,000	5,250,000	5,400,000
	5,250,000	5,400,000	5,250,000	5,400,000

19. Capital

(a) Capital

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Capital	35,021,799	34,678,160	35,021,799	34,678,160

(b) Movement in capital

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Balance 1 January	34,678,160	33,661,933	34,678,160	33,661,933
Return of capital from Parish Cost Recoveries Fund	300,000	1,000,000	300,000	1,000,000
Gifts received	43,639	16,227	43,639	16,227
Balance 31 December	35,021,799	34,678,160	35,021,799	34,678,160

In accordance with the Synod Funds (Variation of Trusts) Ordinance 2011, the sum of \$300,000 (2010 : \$1,000,000 in accordance with the Parish Cost Recoveries (Return of Capital) Ordinance 2010) was transferred from the Parish Cost Recoveries Fund (PCR Fund) to the Diocesan Endowment. This is the balance of \$1,300,000 seed capital provided from the Diocesan Endowment to the PCR Fund in 2005.

20. Reserves

(a) Reserves

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Refurbishment or replacement reserve	2,348,471	1,130,390	-	-

(b) Movement in refurbishment or replacement reserve

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Balance 1 January	1,130,390	103,629	-	-
Share of increase in SAHC's refurbishment or replacement reserve	1,218,081	1,026,761	-	-
Balance 31 December	2,348,471	1,130,390	-	-

20. Reserves (cont.)

(c) Nature and purpose of reserves

Refurbishment or replacement reserve

This represents the Board's share of the reserve of St Andrew's House Trust to provide for refurbishment or replacement within St Andrew's House.

21. Accumulated surplus

(a) Accumulated surplus:

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Accumulated surplus	77,055,441	74,009,936	79,403,190	75,139,942

(b) Movements in accumulated surplus:

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Balance 1 January	74,009,936	77,074,984	75,139,942	76,469,816
Surplus after income tax	7,903,586	3,211,713	7,903,248	3,920,126
Share of SAHC's movement in refurbishment or replacement reserve	(1,218,081)	(1,026,761)	-	-
Provisions for distribution during the year	(3,640,000)	(5,250,000)	(3,640,000)	(5,250,000)
Balance 31 December	77,055,441	74,009,936	79,403,190	75,139,942

22. Related party transactions

Ultimate control vests with Synod through the sanctioning of governing Ordinances. Transactions between Diocesan Funds are carried out on a commercial basis. The nature of related party transactions involving the Glebe Administration Board consolidated entity are disclosed in the financial statements. The following persons held office as a member of the Glebe Administration Board during the year.

Canon B A Ballantine-Jones OAM	Mr A McLoughlin
Mr J Pascoe	Mr I C Miller
Bishop R C Forsyth	Dr L A Scandrett (resigned 25 May 2011)
Mr M Ballantyne	Mr R Smith
Mr B Koo	

Key management personnel also include the following executives below with the greatest authority for the strategic direction and management of the entity.

<i>Name</i>	<i>Position</i>
Mr M A Payne	Chief Executive Officer
Mr M A Blaxland	Chief Financial Officer
Mr R J Wicks	General Manager, Diocesan and Corporate Services
Mr A J Frankling	Head of Investments

Administration services are provided by the Sydney Diocesan Secretariat (SDS). The compensation payable to key management personnel who are employees of SDS is set out below. These amounts are calculated by reference to the proportion of SDS fees charged to the entity to the total SDS fees to all its client funds.

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Short-term benefits	254,000	454,000	254,000	406,000
Long-term benefits	7,000	15,000	7,000	13,000
	<u>261,000</u>	<u>469,000</u>	<u>261,000</u>	<u>419,000</u>

Transactions with entities in the wholly-owned group

Glebe Administration Board is the ultimate parent entity of the wholly-owned group comprising the Board and its controlled entities. The following related party transactions occurred during the year:

(i) At year end unsecured loans and interest on those loans were as follows:

	Loan Balance		Interest Paid	
	2011	2010	2011	2010
	\$	\$	\$	\$
Glebe Administration Board loan to:				
Glebe Australia Limited	2,500,000	2,500,000	-	-
	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>

The unsecured loan to Glebe Australia Limited from Glebe Administration Board as trustee for the Diocesan Endowment is interest free and repayable upon written notice. It is not expected to be repaid within twelve months.

22. Related party transactions (cont.)

Transactions with St Andrew's House Trust

Glebe Administration Board holds a beneficial interest of 50% in St Andrew's House Trust. The distributions received this year from St Andrew's House Trust total \$Nil (2010: \$100,000).

At 31 December 2011, an unsecured loan was provided from Glebe Administration Board for \$22,000,000 (2010: \$23,000,000). This represents a facility to assist in the funding of improvements to Town Hall Square and St Andrews House. Interest charged to St Andrew's House Trust in respect of this loan was \$1,515,421 (2010: \$1,485,610). As at 31 December 2011 the loan had a limit of \$22,000,000 (2010: \$23,000,000). Interest is based on 90 day bank bill rate plus 1%.

Related party investments

During the year the Board invested in Mercer Socially Responsible Australian Shares Fund which is managed by Mercer Investment Nominees Limited. The Board's investment in Glebe Equities Trust (managed by Glebe Asset Management Limited) was redeemed during the previous year. Glebe Equities Trust was wound up on 4 June 2010. The following related party investments occurred during the year. The units were all purchased and redeemed at fair market value on the day of application.

	Units purchased		Units redeemed	
	2011	2010	2011	2010
	\$	\$	\$	\$
Transactions with the Glebe Administration Board:				
Mercer Socially Responsible Australian Shares Fund	2,700,575	26,634,795	1,900,000	1,000,000
Glebe Equities Trust	-	1,310,942	-	42,992,544

Other related party transactions

The following other related party transactions occurred during the year:

- (i) The following related parties were charged a management fee by the Sydney Diocesan Secretariat:

	SDS Management Fee Paid	
	2011	2010
	\$	\$
Glebe Administration Board	2,175,000	3,659,100
Glebe Asset Management Limited	-	196,500

22. Related party transactions (cont.)

(ii) The following related parties held money in a current account with the Sydney Diocesan Secretariat on which interest was earned/(paid):

	Current account balance		Interest earned/(paid)	
	2011	2010	2011	2010
	\$	\$	\$	\$
Glebe Administration Board	239,797	109,875	235	4,625
Glebe Asset Management Limited	402,705	434,586	7,373	4,077
Glebe Investment Company Pty Limited	-	-	-	12
Glebe Mortgage Finance Limited	-	-	-	1,534
Glebe Australia Limited	7,055	47,283	279	326

(iii) Secured loans with other related parties were provided as follows :

	Loan Balance		Interest Paid	
	2011	2010	2011	2010
	\$	\$	\$	\$
Glebe Administration Board loan to:				
St James Hall	3,773,652	3,800,000	290,307	283,572

(iv) During the year Directors held at call accounts and term deposits with the Glebe Income Accounts. The at call account and term deposits were based on normal commercial terms and conditions.

23. Reconciliation of surplus after income tax to the net cash flows from operating activities

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Surplus from continuing operations after income tax	7,903,586	3,211,713	7,903,248	3,920,126
Net realised and unrealised (gain)/loss on investments	(3,010,865)	(625,875)	(3,067,635)	(3,181,819)
Interest capitalised on Glebe Income Accounts	5,070,907	4,703,538	5,070,907	4,703,538
Amortisation of facility establishment fee	-	183,331	-	183,331
Dividends and distributions reinvested	(3,027,487)	(997,482)	(3,027,487)	(119,747)
Surplus attributable to minority interests	-	277,174	-	-
Provision for impairment of loans and mortgages	500,000	-	500,000	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	(1,336,123)	(63,654)	(1,335,983)	191,318
Increase/(decrease) in payables	(47,844)	87,708	(37,046)	191,990
Net cash inflow from operating activities	6,052,174	6,776,453	6,006,004	5,888,737

24. Contingent liabilities and assets

The Board has agreed to provide ongoing financial support for the wholly owned entity Glebe Australia Limited.

A joint and several guarantee has been given to Westpac Banking Corporation by Glebe Administration Board and St Andrew's House Corporation for overdraft accommodation up to \$1,200,000 granted to the Sydney Diocesan Secretariat, Anglican Church of Australia (refer note 16). No losses are expected from this guarantee.

25. Remuneration of auditors

The audit fee for the year for the Glebe Administration Board is \$139,222 (2010: \$123,059), and Glebe Administration Board consolidated is \$176,822 (2010: \$180,057).

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
Pricewaterhouse Coopers Australia				
Audit	159,822	175,460	139,222	123,059
Taxation	36,300	19,260	-	-
	<u>196,122</u>	<u>194,720</u>	<u>139,222</u>	<u>123,059</u>
KPMG Australia				
Audit	17,000	4,597	-	-
Taxation	-	6,300	-	-
	<u>17,000</u>	<u>10,897</u>	<u>-</u>	<u>-</u>
	<u>213,122</u>	<u>205,617</u>	<u>139,222</u>	<u>123,059</u>

The fees paid to KPMG Australia are in respect of the audit of the former controlled entity the Mercer Socially Responsible Australian Shares Fund.

26. Events occurring after reporting date

Subsequent to reporting date three loans and mortgages were repaid in full. As a result the value of outstanding loans and mortgages has decreased and cash increased by \$24,115,836.

On 28 March 2012 the Board resolved that the loan of \$2,500,000 to Glebe Australia Limited will not be required to be paid within the succeeding twelve months.

The members of Glebe Administration Board are not aware of any other events occurring after reporting date that impact on the financial statements as at 31 December 2011.

This financial report was authorised for issue on 28 March 2012 by the Board.

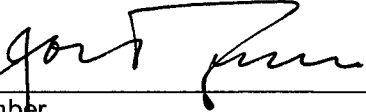
GLEBE ADMINISTRATION BOARD

Members' declaration

In the members opinion:


- (a) The financial statements and notes set out on pages 14 to 49 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 31 December 2011 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; and
- (b) There are reasonable grounds to believe that the Board will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the members.



Member

28/03/ 2012



Member

28/03/ 2012

THE GLEBE ADMINISTRATION BOARD

Report to Standing Committee of Synod CLAUSE 14

Report to Standing Committee of Synod pursuant to Clause 14 of the Accounts, Audits and Annual Reports Ordinance 1995 for the year ended 31 December 2011.

Clause 14d – Liquidity

a Solvency

The members of the Board are of the opinion that the Board will be able to meet all of its liabilities as they fall due.

b Provisions and employee entitlements

A provision of \$3,640,000 has been made for distributions by the Diocesan Endowment under the Diocesan Endowment (Special Distribution) Ordinance 2009. The provision for impairment is \$500,000. It is not necessary to make any other provisions and as no staff are employed it is not necessary to provide for employee entitlements. In the opinion of the members, the Board has made adequate provision for future obligations.

c Trade creditors

All creditors are being paid in accordance with normal terms of payment.

d Trusts

All dealings with real and personal property have been consistent with the trusts on which the property is held.

e Payments to members

No amounts were paid to any members of the Board during the year.

f Internal control

The Board is satisfied that it has maintained a satisfactory system of internal control including some parts being delegated to the Sydney Diocesan Secretariat through their engagement to carry out accounting and administration activities on behalf of the Board.

g Insurance

The Board's insurances are arranged through the Sydney Diocesan Secretariat. The Board believes that these insurances are appropriate to the type and level of insurable risk, having regard to the value of assets and current level of awards for damages.

h Matters subsequent to end of year

There are no matters other than those disclosed, that have arisen since 31 December 2011 which are likely to have a significant effect on the Board.

i Adoption of report

This report has been adopted at a duly constituted and convened meeting of the members of the Board on 28 March 2012.

Clause 14e – Risk Management

Summary of Key Risks

The key risk areas that were identified in 2011 were:

- a. **Investment Management – Banking Services**, reflecting risks around adequacy of governance procedures, failure of borrowers to comply with key loan terms, outflows of deposit funds, liquidity management, regulatory compliance, control of costs appropriateness of strategy and adequacy of staff training.
- b. **Investment management – Diocesan Endowment**, reflecting risks around adequacy of governance procedures, performance of externally managed investments, failure to maintain the real value of the Diocesan Endowment, failure of external service providers, adequacy of risk assessment, control of costs and the risk of inappropriate investments.
- c. **Investment Management – St Andrew’s House**, reflecting risks around adequacy of governance procedures, maintenance of adequate liquidity, the skill of the building manager, adequacy of maintenance of the building, regulatory compliance, inappropriate tenant mix & lease expiry dates, sustainability of distributions and failure of external service providers.
- d. **Investment Management – St James Hall**, reflecting risks around adequacy of governance procedures, maintenance of adequate liquidity, the skill of the building manager, adequacy of maintenance of the building, regulatory compliance, inappropriate tenant mix & lease expiry dates and sustainability of distributions.
- e. **Regulatory and contractual obligations**, reflecting risks around non compliance with significant regulatory obligations, lack of awareness of proposed or actual changes in the regulatory environment, entry into legally or commercially adverse contracts and failure to manage significant contractual obligations.
- f. **Reputational**, reflecting factors such as investment performance failing to meet stakeholder expectations, being linked to an ethical, legal or management failure by a service provider and adverse media comment.

These key risk areas are reviewed and updated annually.

Main Policies and Procedures

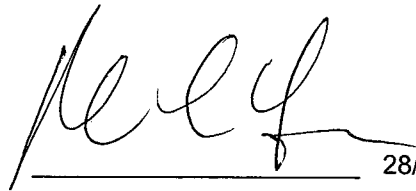
The main policies and procedures in place to manage these key risk areas are –

- a. **Investment management – Banking Services.** Cash & short term lending policy, Lending policy, Staff training in regulatory obligations, daily monitoring of liquidity, production of regular rolling cash flow forecasts, periodic review of borrowers.
- b. **Investment management – Diocesan Endowment.** Investment Policy Statement, periodic reports to the Board, quarterly reporting on performance by external investment managers, service level agreements with key external service providers, periodic reporting on value at risk, periodic stress testing, due diligence on investment funds and ongoing review of funds, ethical investment policy.
- c. **Investment Management – St Andrew’s House.** Regular reporting to St Andrew’s House Corporation, delegated authority and power of attorney, annual budget and review of actual against budget, building management and facilities management outsourced to a professional manager, sinking fund for tower capital expenditure, periodic compliance certifications, St Andrew’s House Income ordinance regulating distributions.

Clause 14e – Risk Management (cont.)

- d. **Investment Management – St James Hall.** Business plan and budget, regular reporting to Glebe Administration Board and the parish about building and fund performance, building management and facilities management outsourced to a professional manager, St James Sydney Phillip Street Property Ordinance to regulate distributions.
- e. **Regulatory and contractual obligations.** Compliance certification process for significant obligations, staff training in regulatory obligations, policy on approving and managing commercially significant contracts, delegations and power of attorney.
- f. **Reputational.** Periodic reporting to stakeholders, distribution policy for the Diocesan Endowment, policy on approving and managing commercially significant contracts, policy on external communications.


Member 28/03/2012


Member 28/03/2012



Independent auditor's report to the members of Glebe Administration Board as trustee for The Diocesan Endowment

Report on the financial report

We have audited the accompanying financial report of Glebe Administration Board as trustee for The Diocesan Endowment (the Board), which comprises the statement of financial position as at 31 December 2011, 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, other explanatory notes and the member's declaration for both Glebe Administration Board as trustee for The Diocesan Endowment (the Board) and the Glebe Administration Board (the consolidated entity). The consolidated entity comprises the Board and the entities it controlled at the year's end or from time to time during the financial year.

Member's responsibility for the financial report

The members of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*, and the provisions of the Accounts, Audits and Annual Reports Ordinance 1995 of the Synod of the Anglican Church of Australia Diocese of Sydney and for such internal control as the members of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the members of the Board also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. These Auditing Standards require that we 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. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, 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 opinions.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Glebe Administration Board as trustee for The Diocesan Endowment:
 - (i) presents fairly, in all material respects, gives a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and the *Corporations Regulations 2001*, and the provisions of the Accounts, Audit and Annual Reports Ordinance 1995 of the Synod of the Anglican Church of Australia Diocese of Sydney, and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.


PricewaterhouseCoopers


Peter Buchholz
Partner

Sydney
28 March 2012