



**DIOCESAN COUNCIL  
REPORT TO SYNOD 2016**

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This report covers the life of the Diocesan Council from August 2015 up to and including the June 2016 meeting.

**Meetings of the Diocesan Council**

| <b>Name</b>  | <b>Number of eligible meetings to attend<br/>(August 2015 – June 2016)</b> | <b>Number of meetings attended</b> |
|--|--|------------------------------------|
| Thompson, The Right Reverend Gregory                     | 6  | 6                                  |
| Stuart, The Right Reverend Dr Peter                      | 6  | 6                                  |
| Young AO, The Honorable Mr Justice Peter<br>(Chancellor) | 6  | 3                                  |
| Cleary, Mr John  | 6  | 6                                  |
| Battrick, The Venerable Canon David                      | 6  | 5                                  |
| Birch, Ms Bev  | 6  | 6                                  |
| Bowyer, The Reverend Canon Katherine                     | 6  | 6                                  |
| Copeman, The Venerable Arthur                            | 6  | 4                                  |
| Dubojski, The Venerable Wendy                            | 6  | 3                                  |
| Dunstan, Mr Stephen                                      | 5  | 4                                  |
| Gardiner, Mr Peter                                       | 1  | 1                                  |
| Killen, The Reverend Canon Janet                         | 6  | 6                                  |
| King, The Reverend Dr Fergus                             | 6  | 4                                  |
| Lawson, Ms Melody  | 4  | 1                                  |
| Murry, The Venerable Charlie                             | 6  | 4                                  |
| Perry, The Reverend Canon Dr Julia                       | 6  | 5                                  |
| Price AM, The Honourable Dr John                         | 4  | 3                                  |
| Roulston, The Venerable Canon Sonia                      | 6  | 6                                  |
| Shevels, Mr Cec  | 2  | 0                                  |
| Turnbull, Mr Richard                                     | 6  | 5                                  |
| Wickham, Mrs Lyn   | 6  | 6                                  |
| Williams, The Very Reverend Stephen                      | 6  | 5                                  |
| Williams, Mrs Sue  | 6  | 5                                  |
| Woolnough, The Reverend Murray                           | 6  | 4                                  |

## **Changes to the Diocesan Council Membership:**

New members of Diocesan Council are:

The Venerable Wendy Dubojski elected by Diocesan Council in July 2015  
Mr Stephen Dunstan Appointment by the Bishop August 2015  
Mr Peter Gardiner was elected by Diocesan Council in June 2016

The following members have resigned their position on Diocesan Council:

Mr Keith Allen – May 2015  
The Venerable Stephen Pullin - August 2015  
Mr Cec Shevels- January 2016  
The Honourable Dr John Price AM – April 2016  
Mrs Melody Lawson – June 2016

## **Ordinances passed by Diocesan Council under the Synod (Delegation of Powers) Ordinance 2009 or in accordance with the Anglican Church of Australia (Bodies Corporate) Constitutions and Administration Ordinance 1994.**

The following Ordinances were passed on the dates shown:

### **27 August 2015**

- Cundletown (Rectory) Land Sale Ordinance 2015

### **26 November 2015**

- Samaritans Housing (Edgeworth) Transfer Ordinance 2015
- St John's Lostock Variation of Trust Ordinance 2015
- Reserve Fund Ordinance 2015
- Parish Contribution (Financial Strategy Levy) Ordinance 2015
- Ministry Development Fund Appropriation Ordinance Amendment Ordinance 2015
- Management of the Diocese (Security for Loans) Ordinance 2015
- Lochinvar (Trinity House) Grant of Right of Access Ordinance 2015
- Avoca Land Sale Ordinance 2015

### **25 February 2016**

- Church Trust Property Ordinance Amendment Ordinance 2016

### **28 April 2016**

- Newcastle Anglican Schools Banking (Mortgaging) Ordinance Amendment Ordinance 2016

### **23 June 2016**

- Newcastle Anglican Schools Corporation Ordinance Amendment Ordinance 2016

## **Ordinances for consideration by Synod**

As at the date of this report, no ordinances have been referred to the Synod

## **Review of the Diocesan Council Ordinance**

In accordance with the Synod 2014 motion regarding the Constitution of the Diocesan council (motion 16.1), a revised ordinance was to be presented to the 2016 Diocesan Synod. Given the current workload and environment, the Diocesan Council has deferred this matter until 2017.

## **Sale of Bishopscourt**

Bishopscourt has been leased to the purchaser since shortly after exchange of contracts. Settlement of Bishopscourt is on schedule for completion on 22 November 2017. Net proceeds, after the purchase of the new residence, will be held in the Endowment of the See.

## **Purchase of a new Bishop's Residence**

A residence for the Bishop of Newcastle was purchased at the end of 2015. Bishop Greg moved into the house in June of this year.

## **Financial Strategy 2016-2026**

The Diocesan Council continues to monitor the measures introduced to Synod in 2015 to address the long term impact of providing redress to survivors of sexual abuse. The measures introduced such as the implementation of the Designated Fund Ordinance 2015 and the Reserve Fund Ordinance 2015 have been successful in providing support for the General Fund Budget throughout 2016.

The Diocesan Council approved the waiver on the Financial Contribution Levy on parishes for 2016.

## **Unitisation**

The permanent trust portfolio held by the Trustees was unitized with effect from 1 January 2016. Untied reserves were distributed to trusts which are used to meet the costs of redress for survivors of sexual abuse and matters associated with the Royal Commission into Institutional Responses to Child Sexual Abuse.

## **Code of Conduct**

A model Code of Conduct was approved by Diocesan Council in August 2015. It was implemented for Diocesan Council members to be affirmed on an annual basis and commended for the use of all Diocesan Councils, committees and boards. Parishes and all diocesan bodies are encouraged to affirm this Code of Conduct which includes the principles of the resolution of Synod in 2014 to adopt Being Together.

## **Governance Reform for NASC and Diocesan Schools**

During 2016 the Diocesan Council explored ways in which Diocese can develop the governance of its Anglican schools to promote greater interdependence and lay foundations for an expansion of Anglican schooling in the Diocese in the future. In conjunction with the NASC and with consultation with the individual schools an Ordinance was passed in June 2016 creating a school system approach whereby a single school board operates overarching individual school councils.

## **Mission giving across the Diocese**

In February of this year Soma was removed as a beneficiary of Diocesan mission giving.

The Newcastle Diocese pledges annually one of the highest amounts to mission from all Dioceses across the country. The total amount contributed in 2015 was \$366,000. The work of the Missions Committee and in particular the chair, the Reverend Canon Katherine Bowyer's has been instrumental in the Diocese achieving this result.

## **Hunter Research Foundation**

The Diocese has continued its sponsorship of the Hunter Research Foundation in 2016. This sponsorship assists the Foundation's research program which is dedicated to the growth and success of our region.

## **National Aboriginal and Torres Strait Islander Anglican Church (NATSIAC)**

The Diocesan Council extended \$2,000 to support NATSIAC for 2016. A further \$3,000 was contributed to assist with the NATSIAC Gathering in September 2015.

## **Work Health and Safety**

Diocesan Council oversees the effective implementation and management of Work Health and Safety. This year we have been concluding the remediation works for Hazardous Materials Inspection Program and the Fire Safety Audits. The major new focus has been Emergency Management Planning.

We are pleased to report a significant decline in the number of work place accidents and incidences throughout the year.

During 2015-2016 First Aid Training in conjunction with Fire Appliance & Emergency Management Training were implemented across 7 locations within the Diocese. These were held to provide basic first aid and response to emergency situations.

The Diocesan Council commends the work of the parishes and the Property & Risk Officer whilst recognising the ongoing work, commitment and effort required.

## **Royal Commission and Police Strike Force**

The Diocesan Council supports and reaffirms the important work being done by the Director of Professional Standards, the Professional Standards Committee and the Professional Standards Board and confirms that this Diocesan Council is clear in our intention to stand with victims of misconduct and abuse.

This Diocesan Council welcomes the Royal Commission and the Police Investigation. The Professional Standards Board commits itself to supporting the Bishop in dealing with past, present and future matters of this nature.

In November 2015 received a presentation for Parish Recovery. Parish Recovery Teams have been active across the diocese providing support around disclosures of sexual abuse.

## **Policies**

Various policies were approved by the Diocesan Council in 2016 covering the areas of

- Code of Conduct
- Clergy Housing – Minimum Requirements for a New Rectory
- Clergy Housing – Requirements when Refurbishing Existing Clergy Housing
- Long Term Planning for Land and Buildings
- Diocesan Travel Policy
- Ministry Development Review
- Applications for Legal Assistance for the Royal Commission
- Special Purpose Building Fund

In June 2016 a revision was applied to Faithfulness in Service enhancing the definition of Bullying.

## **Domestic Violence**

June 2016 formed Diocesan Working Group on Domestic and Family Violence, Venerable Canon Sonia Roulston as convener. View to obtaining White Ribbon Accreditation for Diocesan Workplaces

## **Diocesan Office**

The Diocesan Council acknowledges the significant pressures and workload placed upon the Diocesan Office team in relation to the Royal Commission. The staff are commended for their resilience, dedication and commitment to supporting the Royal Commission, and those called to be witnesses.

Plans have been approved for a Roof Top Terrace at the Diocesan Office. This will allow for an additional meeting room and an entertaining space for hospitality to visitors to the Diocesan. Work has commenced with the expected hand over date being 31/10/2016.

## **Congratulations and Appreciation**

The Diocesan Council:

- Elected Mr Stephen Dunstan as a new member of Diocesan Council as at 27 August 2015 and welcomed him to this position.
- Bishop Peter on behalf of Diocesan Council acknowledged Bishop Greg's bravery in speaking about his own experience and the encouragement that has been for many others. The Council respects that Bishop Greg wishes to hold his own personal experiences private from now on. The mood of the Synod reflected strong support for the Bishop across the Diocese.
- Bishop of Newcastle Residence - Diocesan Council thanked the Diocesan Business Manager for his work and also thanked the Special Committee for their work in securing a residence for the Bishop of Newcastle.
- The Diocesan Council gave a motion of thanks for Diocesan Staff involved in the transferring all parish and entity deposits into the ASDF.
- That this Diocesan Council acknowledged the work of Mr Malcolm McDonald, Mr John Kilpatrick AM and Professor Trevor Waring AM, and asked that the Bishop formally writes to each of them to thank them for their service and dedication to the Diocese of Newcastle over many years."
- The Diocesan Council acknowledged the faithful ministry with the Diocese of the Venerable Stephen Pullin, he made valuable contributions to the Diocese of Newcastle and the parishes. This Diocesan Council offers him and Robyn their ongoing prayers.

## **Decisions made in accordance with Section 91 of the Administration of Parishes Ordinance 2010**

In accordance with Section 91 of the Administration of Parishes Ordinance, a summary of decisions made by the Diocesan council are attached as an appendix to this report.

## **Thanks**

The Council thanks the Diocesan Business Manager and the Diocesan Office staff for their assistance throughout the year.

**Diocesan Council, 22 September 2016.**

**Addendum to the Report:**

The Diocesan Council noted the work of the Bishop Nomination Board in reviewing Section 4 of the Clerical Ministry Ordinance 2009 (Election of a Bishop of the Diocese). In light of the matters before the Diocese and the Synod for this year the Diocesan Council defers bringing this matter before Synod until the First Session of the Fifty Second Synod in 2017.



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THE ANGLICAN DIOCESE OF NEWCASTLE  
GENERAL FUND AND BUDGET ACCOUNT  
ABN 66 773 701 473

Financial Report  
For the Year Ended  
31 December 2015

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# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015, there have been:

- (i) no contraventions of the auditor independence requirements of the *Australian Charities and Not-For-Profits Commission Act 2012*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Cutcher & Neale Assurance Pty Limited  
(An authorised audit company)



M.J. O'Connor CA  
Director

5 May 2016

Newcastle

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Independent Audit Report to the Synod of the Anglican Diocese of Newcastle

### Report on the Financial Report

We have audited the accompanying financial report being a special purpose financial report, of The Anglican Diocese of Newcastle General Fund and Budget Account, which comprises the statement of financial position as at 31 December 2015, the statement of surplus or deficit and other comprehensive income and statement of changes in funds for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Council Members' declaration.

### Council Members' responsibility for the financial statements

Council Members are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Australian Charities and Not-For-Profits Commission Act 2012*, and the accounting policies outlined in note 1 of the financial statements, and ensuring that they are appropriate to meet the needs to the Synod of the Anglican Diocese of Newcastle.

Council Members' responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 management, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-For-Profits Commission Act 2012*.

### Audit Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of The Anglican Diocese of Newcastle General Fund and Budget Account as at 31 December 2015, and its financial performance for the year then ended in accordance with the accounting policies described in note 1 of the financial statements.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

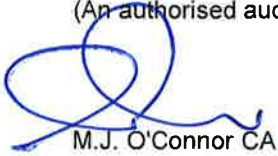
## Independent Audit Report to the Synod of the Anglican Diocese of Newcastle

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist The Anglican Diocese of Newcastle General Fund and Budget Account to meet its financial reporting responsibilities under the ordinances of the Anglican Diocese of Newcastle. As a result, the financial statements may not be suitable for another purpose.



Cutcher & Neale Assurance Pty Limited  
(An authorised audit company)



M.J. O'Connor CA  
Director

24 June 2016

Newcastle

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Council Members' Declaration

The Council Members have determined that The Anglican Diocese of Newcastle General Fund and Budget Account is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements and the *Australian Charities and Not-For-Profits Commission Act 2012*.

The Council Members declare that:

1. The financial statements and notes, as set out on pages 5 to 19, are in accordance with the accounting policies as described in Note 1 and the *Australian Charities and Not-For-Profits Commission Act 2012*; and present fairly, in all material respects, The Anglican Diocese of Newcastle General Fund and Budget Account's financial position as at 31 December 2015 and of its performance for the year ended on that date.
2. In the Council Members' opinion, there are reasonable grounds to believe that The Anglican Diocese of Newcastle General Fund and Budget Account 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 Council Members made pursuant to S.60.15 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Council Member.....



Council Member.....



Dated 23 June 2016

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Statement of Surplus or Deficit and Other Comprehensive Income For the Year Ended 31 December 2015

|  |      | 2015                    | 2014                    |
|--|------|-------------------------|-------------------------|
|  | Note | \$                      | \$                      |
| Revenue                                    | 2    | 8,312,360               | 5,053,966               |
| Employee benefits expense                  |      | (1,866,431)             | (1,939,177)             |
| Depreciation and amortisation expense      | 9(a) | (106,909)               | (104,480)               |
| Administration expense                     |      | (327,207)               | (318,508)               |
| Occupancy expenses                         |      | (222,883)               | (282,124)               |
| Motor vehicle expenses                     |      | (74,107)                | (90,766)                |
| Grant and development expenses             |      | (143,285)               | (106,026)               |
| Media expenses                             |      | (100,836)               | (90,209)                |
| Australian church expenses                 |      | (73,649)                | (78,720)                |
| Insurance claims expense                   |      | (177,018)               | (173,493)               |
| Finance costs                              |      | (92,827)                | (36,697)                |
| Other expenses                             | 3    | <u>(1,569,756)</u>      | <u>(2,097,767)</u>      |
| <b>Surplus/(deficit) before income tax</b> |      | <u>3,557,452</u>        | <u>(264,001)</u>        |
| Income tax expense                         | 1(l) | -                       | -                       |
| <b>Surplus/(deficit) after income tax</b>  |      | <u>3,557,452</u>        | <u>(264,001)</u>        |
| Other comprehensive income                 |      | -                       | -                       |
| <b>Total comprehensive income</b>          |      | <u><u>3,557,452</u></u> | <u><u>(264,001)</u></u> |

The accompanying notes form part of these financial statements.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Statement of Financial Position As At 31 December 2015

|                                      | Note | 2015<br>\$        | 2014<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>CURRENT ASSETS</b>                |      |                   |                   |
| Cash and cash equivalents            | 5    | 4,325,220         | 1,355,758         |
| Trade and other receivables          | 6    | 503,777           | 148,431           |
| Financial assets                     | 8    | -                 | 1,828,275         |
| Other assets                         | 7    | 2,785             | 1,444             |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>4,831,782</b>  | <b>3,333,908</b>  |
| <b>NON-CURRENT ASSETS</b>            |      |                   |                   |
| Financial assets                     | 8    | 23,258,054        | 23,124,904        |
| Plant and equipment                  | 9    | 213,006           | 249,094           |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>23,471,060</b> | <b>23,373,998</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>28,302,842</b> | <b>26,707,906</b> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |
| Trade and other payables             | 10   | 217,199           | 288,500           |
| Short-term provisions                | 12   | -                 | 350,000           |
| Employee benefits                    | 13   | 57,084            | 92,212            |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>274,283</b>    | <b>730,713</b>    |
| <b>NON-CURRENT LIABILITIES</b>       |      |                   |                   |
| Borrowings                           | 11   | -                 | 1,515,307         |
| Employee benefits                    | 13   | 118,932           | 109,711           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>118,932</b>    | <b>1,625,018</b>  |
| <b>TOTAL LIABILITIES</b>             |      | <b>393,215</b>    | <b>2,355,731</b>  |
| <b>NET ASSETS</b>                    |      | <b>27,909,627</b> | <b>24,352,175</b> |
| <b>Funds</b>                         |      |                   |                   |
| Reserves                             | 14   | 167,029           | 167,029           |
| Accumulated surplus                  |      | 27,742,598        | 24,185,146        |
| <b>TOTAL FUNDS</b>                   |      | <b>27,909,627</b> | <b>24,352,175</b> |

The accompanying notes form part of these financial statements.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Statement of Changes in Funds For the Year Ended 31 December 2015

### 2015

|                             | Accumulated<br>Surplus | Reserves | Total      |
|-----------------------------|------------------------|----------|------------|
|                             | \$                     | \$       | \$         |
| Balance at 1 January 2015   | 24,185,146             | 167,029  | 24,352,175 |
| Total comprehensive income  | 3,557,452              | -        | 3,557,452  |
| Balance at 31 December 2015 | 27,742,598             | 167,029  | 27,909,627 |

### 2014

|                             | Accumulated<br>Surplus | Reserves | Total      |
|-----------------------------|------------------------|----------|------------|
|                             | \$                     | \$       | \$         |
| Balance at 1 January 2014   | 24,449,146             | 167,029  | 24,616,175 |
| Total comprehensive income  | (264,000)              | -        | (264,000)  |
| Balance at 31 December 2014 | 24,185,146             | 167,029  | 24,352,175 |

The accompanying notes form part of these financial statements.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

The Council Members have prepared the financial statements on the basis that the entity is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Synod of the Anglican Diocese of Newcastle.

The financial statements have been prepared in accordance with all applicable Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Interpretations) that have a material effect with the following exceptions:

AASB 7 - Financial Instruments: Disclosures  
AASB 101 - Presentation of Financial Statements  
AASB 107 - Statement of Cash Flows  
AASB 124 - Related Party Disclosures  
AASB 132 - Financial Instruments Disclosure and Presentation

The significant accounting policies disclosed below are those which the Council Members have determined are appropriate to meet the needs of the Synod of the Anglican Diocese of Newcastle. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes.

#### (b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entities accounting policies.

##### Key estimates - impairment

The Council assesses impairment at the end of the reporting year by evaluating conditions specific to the entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.



# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 1 Summary of Significant Accounting Policies continued

#### (d) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the asset.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

|                                 |           |
|---------------------------------|-----------|
| Plant and Equipment             | 10-25% PC |
| Leasehold improvements          | 14% PC    |
| Computer Equipment and software | 20-50% PC |

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of surplus or deficit and other comprehensive income.

#### (e) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial instruments are subsequently measured at either amortised cost or cost.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period.

# The Anglican Diocese of Newcastle General Fund and Budget Account

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## Notes to the Financial Statements For the Year Ended 31 December 2015

### 1 Summary of Significant Accounting Policies continued

#### (e) Financial instruments continued

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

##### Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions. At the end of each reporting period, the entity assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event or a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of surplus or deficit and comprehensive income.

##### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in statement of surplus or deficit and other comprehensive income.

#### (f) Impairment of non-financial assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value.

Assets, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 1 Summary of Significant Accounting Policies continued

#### (g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

#### (h) Employee benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits are measured at the amounts expected to be paid when the liability is settled.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

#### (i) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### (j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Impairment is assessed in accordance with Note 1(e).

#### (k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### (l) Income tax

The Anglican Diocese of Newcastle General Fund and Budget Account is exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997.

#### (m) Revenue and other income

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of The Anglican Diocese of Newcastle General Fund and Budget Account's activities as discussed below.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 1 Summary of Significant Accounting Policies continued

#### (m) Revenue and other income continued

##### **Sale of goods**

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

##### **Interest revenue**

Interest revenue is recognised as it accrues.

##### **Rental income**

Rental revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return.

##### **Trust and Bequest revenue**

Trust and bequest revenue to which the entity is the recipient is recorded as revenue when received.

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

#### (n) Goods and services tax (GST)

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

# The Anglican Diocese of Newcastle General Fund and Budget Account

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## Notes to the Financial Statements For the Year Ended 31 December 2015

### 2 Operating Revenue and Other Revenue

|  | 2015                    | 2014                    |
|--|-------------------------|-------------------------|
|  | \$                      | \$                      |
| Operating revenue  |                         |                         |
| - Sale of goods - Anglican Encounter                         | 10,831                  | 23,240                  |
| - Provision of services                                      | 693,514                 | 648,753                 |
|  | <u>704,345</u>          | <u>671,993</u>          |
| Other revenue  |                         |                         |
| - Rent received Newcastle Grammar School                     | 204,751                 | 201,300                 |
| - Operating grants Anglican Savings & Development Fund       | 85,000                  | 75,000                  |
| - Trust interest and endowment income                        | 986,254                 | 951,644                 |
| - General income and grants                                  | 1,401,367               | 1,268,035               |
| - Recognition of trust assets and bequests received          | 43,078                  | 1,885,993               |
| - Distribution from Trustees of Church Property reserve fund | 4,887,564               | -                       |
| <b>Total Revenue</b>   | <u><b>8,312,359</b></u> | <u><b>5,053,966</b></u> |

### 3 The surplus/(deficit) for the year includes the following specific expenses

|                               |                         |                         |
|-------------------------------|-------------------------|-------------------------|
| Other expenses:               |                         |                         |
| Synod and conference expenses | 33,432                  | 60,261                  |
| Property sale costs           | 55,739                  | 63,951                  |
| Legal claims                  | 1,312,647               | 1,808,435               |
| Sundry expenses               | 167,938                 | 165,119                 |
| <b>Total other expenses</b>   | <u><b>1,569,756</b></u> | <u><b>2,097,766</b></u> |

### 4 Auditors' Remuneration

|                              |                      |                      |
|------------------------------|----------------------|----------------------|
| Assurance Services           |                      |                      |
| Audit fees - Cutcher & Neale | 15,760               | 8,200                |
| Other non-assurance services | 4,071                | 2,400                |
|                              | <u><b>19,831</b></u> | <u><b>10,600</b></u> |

# The Anglican Diocese of Newcastle General Fund and Budget Account

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## Notes to the Financial Statements For the Year Ended 31 December 2015

### 5 Cash and Cash Equivalents

|                                 | 2015             | 2014             |
|---------------------------------|------------------|------------------|
|                                 | \$               | \$               |
| Cash on hand                    | 700              | 700              |
| Cash at bank                    | 4,324,520        | 1,355,058        |
| Total cash and cash equivalents | <u>4,325,220</u> | <u>1,355,758</u> |

### 6 Trade and Other Receivables

#### CURRENT

|  |                |                |
|--|----------------|----------------|
| Trade receivables                                  | 167,134        | 78,408         |
| GST receivable                                     | 21,771         | 19,259         |
| Parish loans - interest free                       | 47,673         | 50,764         |
| Inter entity receivables - Other Diocesan entities | 267,199        | -              |
| Total current trade and other receivables          | <u>503,777</u> | <u>148,431</u> |

### 7 Other Assets

#### CURRENT

|                             |              |              |
|-----------------------------|--------------|--------------|
| Prepayments & sundry assets | <u>2,785</u> | <u>1,444</u> |
|-----------------------------|--------------|--------------|

### 8 Financial assets

#### CURRENT

|                                   |          |                  |
|-----------------------------------|----------|------------------|
| Held-to-maturity financial assets | <u>-</u> | <u>1,828,275</u> |
|-----------------------------------|----------|------------------|

#### NON CURRENT

|                        |                        |                   |
|------------------------|------------------------|-------------------|
| Other financial assets | 8(a) <u>23,258,054</u> | <u>23,124,904</u> |
|------------------------|------------------------|-------------------|

#### (a) Other financial assets

All investments are trust accounts and are invested with the Trustees of Church Property for the Diocese of Newcastle. It is not expected that the permanent trusts will be called upon within the following twelve months and the assets have therefore been classified as non-current. As it is the intention not to call on the permanent trusts in the next twelve months, the Diocesan Council acknowledges and supports the past and current practice of the Trustees of Church Property to seek the best possible long term returns on the trusts by investing in a level of non-cash assets which provide for a mixture of growth and income.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 9 Property, Plant and Equipment

|                                  | 2015                  | 2014                  |
|----------------------------------|-----------------------|-----------------------|
|                                  | \$                    | \$                    |
| PLANT AND EQUIPMENT              |                       |                       |
| Plant and equipment              |                       |                       |
| At cost                          | 86,934                | 72,987                |
| Accumulated depreciation         | (56,449)              | (41,150)              |
| Total plant and equipment        | <u>30,485</u>         | <u>31,837</u>         |
| Computer equipment               |                       |                       |
| At cost                          | 107,862               | 107,862               |
| Accumulated depreciation         | (107,862)             | (107,862)             |
| Total computer equipment         | <u>-</u>              | <u>-</u>              |
| Leasehold Improvements           |                       |                       |
| At cost                          | 702,603               | 645,729               |
| Accumulated depreciation         | (520,082)             | (428,472)             |
| Total improvements               | <u>182,521</u>        | <u>217,257</u>        |
| <b>Total plant and equipment</b> | <u><b>213,006</b></u> | <u><b>249,094</b></u> |

#### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

|                                  | Plant and<br>Equipment | Leasehold<br>Improvements | Total          |
|----------------------------------|------------------------|---------------------------|----------------|
|                                  | \$                     | \$                        | \$             |
| <b>2015</b>                      |                        |                           |                |
| Balance at the beginning of year | 31,837                 | 217,258                   | 249,095        |
| Additions                        | 13,947                 | 56,873                    | 70,820         |
| Depreciation expense             | (15,299)               | (91,610)                  | (106,909)      |
| Balance at 31 December 2015      | <u>30,485</u>          | <u>182,521</u>            | <u>213,006</u> |
| <b>2014</b>                      |                        |                           |                |
| Balance at the beginning of year | 26,184                 | 309,210                   | 335,394        |
| Additions                        | 18,181                 | -                         | 18,181         |
| Depreciation expense             | (12,528)               | (91,952)                  | (104,480)      |
| Balance at 31 December 2014      | <u>31,837</u>          | <u>217,258</u>            | <u>249,095</u> |

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 10 Trade and Other Payables

|   | 2015           | 2014           |
|---|----------------|----------------|
|   | \$             | \$             |
| CURRENT   |                |                |
| Unsecured liabilities                           |                |                |
| Trade payables                                  | 215,945        | 276,984        |
| Sundry payables and accrued expenses            | 1,254          | 3,172          |
| Inter entity payables - other Diocesan entities | -              | 8,344          |
|   | <u>217,199</u> | <u>288,500</u> |

### 11 Borrowings

|                          |          |                  |
|--------------------------|----------|------------------|
| NON-CURRENT              |          |                  |
| Unsecured liabilities:   |          |                  |
| Related party borrowings | -        | 1,515,307        |
|                          | <u>-</u> | <u>1,515,307</u> |

### 12 Provisions

|                   |          |                |
|-------------------|----------|----------------|
| CURRENT           |          |                |
| Legal proceedings | -        | 350,000        |
|                   | <u>-</u> | <u>350,000</u> |

### 13 Employee benefits

|                    |                |                |
|--------------------|----------------|----------------|
| CURRENT            |                |                |
| Annual leave       | 57,084         | 92,212         |
|                    | <u>57,084</u>  | <u>92,212</u>  |
| NON-CURRENT        |                |                |
| Long service leave | 118,932        | 109,711        |
|                    | <u>118,932</u> | <u>109,711</u> |

### 14 Reserves

|                                    |                |                |
|------------------------------------|----------------|----------------|
| Stipend advance scheme reserve     | 63,604         | 63,604         |
| Parish aid and development reserve | 26,082         | 26,082         |
| Chaplaincy reserve                 | 12,000         | 12,000         |
| CEY Ministries                     | 65,343         | 65,343         |
| Total reserves                     | <u>167,029</u> | <u>167,029</u> |



# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 15 Financial Risk Management

The main risks The Anglican Diocese of Newcastle General Fund and Budget Account is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The entity's financial instruments consist mainly of cash deposits, local money market instruments, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

|   | 2015              | 2014              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>Financial Assets</b>                                 |                   |                   |
| Cash and cash equivalents                               | 4,325,220         | 1,355,758         |
| Trade and other receivables                             | 503,777           | 148,431           |
| Diocesan Temporary Trust Funds and Permanent Endowments | 23,258,054        | 24,953,179        |
| <b>Total financial assets</b>                           | <b>28,087,051</b> | <b>26,457,368</b> |
| <b>Financial Liabilities</b>                            |                   |                   |
| Trade and other payables                                | 217,199           | 288,500           |
| Borrowings  | -                 | 1,515,307         |
| <b>Total financial liabilities</b>                      | <b>217,199</b>    | <b>1,803,807</b>  |

The Diocesan Council Members have overall responsibility for the establishment of The Anglican Diocese of Newcastle General Fund and Budget Account's financial risk management framework. This includes the development of policies covering specific areas such as credit risk, liquidity risk and market risk relating to interest rate risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Anglican Diocese of Newcastle General Fund and Budget Account's activities.

The day-to-day risk management is carried out by The Anglican Diocese of Newcastle General Fund and Budget Account's finance function under policies and objectives which have been approved by the Diocesan Council Members. The Diocesan Business Manager has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rate movements.

The Diocesan Council Members receive bi-monthly reports which provide details of the effectiveness of the processes and policies in place.

The Anglican Diocese of Newcastle General Fund and Budget Account does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 15 Financial Risk Management continued

Mitigation strategies for specific risks faced are described below:

#### Interest Rate Risk

The Anglican Diocese of Newcastle General Fund and Budget Account is exposed to interest rate risk fluctuations on its cash at bank and cash on deposit.

#### Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk is managed through a collection policy based on the amount, ageing and circumstances related to the outstanding amounts. The level of debt and the doubtful debts provision is reviewed regularly by the Council Members. Any debts required to be formally recovered by legal action by management are done so in accordance with the collection policy.

The Anglican Diocese of Newcastle General Fund and Budget Account does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into apart from inter entity and other Diocesan entity loans.

#### Liquidity risk

Liquidity risk arises from the possibility that The Anglican Diocese of Newcastle General Fund and Budget Account might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The fund manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, The Anglican Diocese of Newcastle General Fund and Budget Account ensures that it has sufficient cash on demand to meet expected operational expenses as required.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

# **The Anglican Diocese of Newcastle General Fund and Budget Account**

ABN 66 773 701 473

## **Notes to the Financial Statements For the Year Ended 31 December 2015**

### **15 Financial Risk Management continued**

#### **Net fair values**

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values, as determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

### **16 Contingent Liabilities and Contingent Assets**

At the date of this report, the Diocese of Newcastle may have potential liabilities for legal claims. It is not possible to determine the amount or exact nature of potential claims, nor whether potential claims may be covered by insurance.

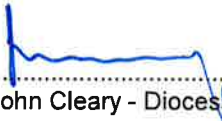
The Diocesan Council continues to ensure adequate funding will be made available for settlement of any potential liability arising from legal claims.

# The Anglican Diocese of Newcastle General Fund and Budget Account

ABN 66 773 701 473

## Statement by the Diocesan Business Manager 31 December 2015

The accounting records have been properly maintained, and in my opinion, the financial statements as presented give a true and fair view of the operations of the Anglican Diocese of Newcastle General Fund and Budget Account for the year ended 31 December 2015, and of the state of its affairs at that date, in compliance with applicable Australian Accounting Standards, the *Australian Charities and Not-For-Profits Commission Act 2012*, and other mandatory professional requirements as set out in Note 1 of the financial statements.



.....  
John Cleary - Diocesan Business Manager

Dated 23 June 2016