# The Uniting Church In Australia - Queensland Synod Office
# Annual Report
# For The Financial Year Ended 30 June 2021

# The Uniting Church In Australia - Queensland Synod Office
## Statement of Profit or Loss and other Comprehensive Income
## For The Financial Year Ended 30 June 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Continuing Operations** | | | |
| Revenues | 2a | 43,935,489 | 45,188,168 |
| Other Gains | 2b | 11,580,753 | - |
| **Total Revenues** | | **55,516,242** | **45,188,168** |
| ***Expenditure*** | | | |
| Employee benefits expense | 3a | 13,036,985 | 15,395,795 |
| Depreciation and amortisation expense | 3b | 914,840 | 909,734 |
| Finance costs | 3c | 111,214 | 118,756 |
| Gifts,donations and grants | 3d | 3,460,257 | 3,789,252 |
| Discretionary claims expenditure | 3e | 11,433,411 | 16,628,530 |
| Property expenses | 3f | 275,603 | 294,252 |
| Interest paid | 3h | 1,609,609 | 4,338,691 |
| Other expenses | 3i | 6,915,020 | 5,078,914 |
| | | 37,756,939 | 46,553,924 |
| ***Other Losses*** | | | |
| Loss on disposal of property, plant and equipment | 3j | - | 236,635 |
| Loss on revaluation of investment properties | 3j | - | 5,502,875 |
| Loss on revaluation of financial assets | 3j | - | 1,162,141 |
| | | - | 6,901,651 |
| **Total Expenditure** | | **37,756,939** | **53,455,575** |
| **Surplus/(Deficit) for the year from continuing operations** | | **17,759,303** | **(8,267,407)** |
| ***Other comprehensive income*** | | | |
| Revaluation of land & buildings | 22a | - | 1,913,455 |
| **Total Comprehensive Income for the year** | | **17,759,303** | **(6,353,952)** |

The above Statement of Profit or Loss and other Comprehensive Income should be read in conjuction with the accompanying notes.

# The Uniting Church In Australia - Queensland Synod Office
## Statement of Financial Position
## As at 30 June 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | 5 | 189,097,967 | 177,169,439 |
| Trade and other receivables | 6 | 3,127,309 | 4,502,212 |
| Reimbursement Asset - Redress Scheme | | 4,043,788 | 1,891,573 |
| Loans to congregation and church bodies | 7a | 4,379,779 | 1,400,062 |
| Inventories | 8 | 16,921 | 14,511 |
| Other Assets | 9 | 3,671,386 | 2,991,582 |
| Loans and Advances | 10a | 408,191 | 3,217 |
| Other financial assets | 11 | 121,305,513 | 69,011,401 |
| **Total Current Assets** | | **326,050,854** | **256,983,997** |
| **Non Current Assets** | | | |
| Loans to congregation and church bodies | 7b | 51,278,549 | 85,634,914 |
| Loans and Advances | 10b | 1,479,443 | 2,700,422 |
| Property Plant & Equipment | 12 | 34,364,926 | 34,174,092 |
| Right of Use Asset | 12.5 | 49,949 | 46,158 |
| Intangibles | 13 | 782,637 | 1,026,869 |
| Investment Properties | 14 | 22,469,409 | 21,159,728 |
| **Total Non Current Assets** | | **110,424,913** | **144,742,183** |
| **Total Assets** | | **436,475,767** | **401,726,180** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other Payables | 15a | 8,927,841 | 8,516,700 |
| Lease Liability | 26a | 85,659 | 82,601 |
| Rental received in advance | 16a | 139,601 | 139,601 |
| Customer investments | 17a | 315,996,015 | 296,948,618 |
| Outstanding Claims | 18a | 10,053,148 | 9,669,949 |
| Specific purpose funds | 19 | 1,403,726 | 1,046,741 |
| Provisions | 20a | 3,171,912 | 2,948,774 |
| **Total Current Liabilities** | | **339,777,902** | **319,352,984** |
| **Non Current Liabilites** | | | |
| Trade and other Payables | 15b | 21,438,682 | 22,935,560 |
| Lease Liability | 26b | 52,926 | 96,195 |
| Rental received in Advance | 16b | 3,629,632 | 3,769,233 |
| Customer investments | 17b | - | 1,808,424 |
| Outstanding Claims | 18b | 6,133,102 | 6,131,092 |
| Specific purpose funds | 21 | 8,544,059 | 8,655,033 |
| Provisions | 20b | 692,803 | 704,118 |
| **Total Non Current Liabilities** | | **40,491,204** | **44,099,655** |
| **Total Liabilities** | | **380,269,106** | **363,452,639** |
| **Net Assets** | | **56,206,661** | **38,273,541** |
| **EQUITY** | | | |
| Reserves | 22 | 10,771,054 | 10,597,237 |
| Accumulated Funds | 23 | 45,435,607 | 27,676,304 |
| **Total Equity** | | **56,206,661** | **38,273,541** |

The above Statement of Financial Position should be read in conjuction with the accompanying notes.

# The Uniting Church In Australia - Queensland Synod Office
## Statement of Changes in Equity
## For The Financial Year Ended 30 June 2021

| | | Asset Revaluation Reserve | Accumulated Funds | Common Control Reserve | Total |
|---|---|---|---|---|---|
| **At 1 July 2019** | | **8,974,597** | **35,652,896** | **-** | **44,627,493** |
| Deficit for the year | | - | (8,267,407) | - | (8,267,407) |
| Transfer from Asset Revaluation Reserve from sale of Property | 22a | (290,815) | 290,815 | - | - |
| Revaluation of Land & Buildings | 22a | 1,913,455 | - | - | 1,913,455 |
| **At 30 June 2020** | | **10,597,237** | **27,676,304** | **-** | **38,273,541** |
| **At 1 July 2020** | | **10,597,237** | **27,676,304** | **-** | **38,273,541** |
| Surplus for the year | | - | 17,759,303 | - | 17,759,303 |
| Revaluation of Land & Buildings | 22a | - | - | - | - |
| Transfer from Childcare Acquisition | 22b | | | 173,817 | 173,817 |
| **At 30 June 2021** | | **10,597,237** | **45,435,607** | **173,817** | **56,206,661** |

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

# The Uniting Church In Australia - Queensland Synod Office
## Statement of Cash Flows
## For The Financial Year Ended 30 June 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 44,263,991 | 45,105,999 |
| Payments to suppliers and employees | | (44,271,311) | (38,152,880) |
| Interest paid | | (1,893,664) | (4,916,788) |
| Interest received | | 3,988,919 | 8,279,395 |
| **Net Cash flows from operating activities** | | **2,087,935** | **10,315,726** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of investments | | 35,450,000 | 110,450,000 |
| Payment for financial assets | | (74,742,345) | (35,450,000) |
| Proceeds from sale of property, plant & equipment | | 365,521 | 631,083 |
| Payment for property, plant & equipment | | (865,235) | (905,138) |
| Payment for intangibles | | - | (816,986) |
| Net loans received | | 32,192,651 | 14,542,197 |
| Proceeds from transfer of childcare | | 201,030 | - |
| **Net cash flows (used in)/from investing activities** | | **(7,398,379)** | **88,451,156** |
| **Cash flows from financing activities** | | | |
| Net customer investments | | 17,238,972 | 18,538,321 |
| **Net cash flows from financing activities** | | **17,238,972** | **18,538,321** |
| **Net increase in cash held** | | 11,928,528 | 117,305,203 |
| **Cash at beginning of period** | | 177,169,439 | 59,864,236 |
| **Cash at end of period** | 5 | **189,097,967** | **177,169,439** |

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

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Uniting Church in Australia, Queensland Synod is an unincorporated body established in accordance with the Basis of Union and the Constitution and Regulations of the Uniting Church in Australia. Legal title to all property referred to in this financial report is held in trust for the Queensland Synod Office by The Uniting Church in Australia Property Trust (Q.), a body incorporated by statute and domiciled in Australia.

**Statement of Compliance and Financial Reporting Framework**

The financial report is a General Purpose Financial Report prepared in accordance with the Australian Accounting Standards Reduced Disclosure Regime, adopted by the Australian Accounting Standards Board (AASB). In some circumstances, where permitted under the the Accounting Standards, the entity has elected to apply certain exemptions available to not-for-profit entities.

The financial statements have been prepared in accordance with the disclosure requirements of 'Tier 2 : Australian Accounting Standards - Reduced Disclosure Requirements' as set out in AASB 1053 '*Application of Tiers of Australian Accounting Standards*' and the associated amendments to all other Australian Accounting Standards. For the purposes of preparing the financial statements the entity is a not-for-profit entity.

The financial statements were authorised for issue by the members of the Synod Standing Committee on the 04 of November 2021.

**Basis Of Preparation**

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Synod in the preparation of the financial report. They are consistent with the financial reporting requirements of the By-Laws and are, in the opinion of the members of the Synod Standing Committee, appropriate to meet the needs of the Synod.

The financial statements have been prepared on the basis of historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

A controlled activity is any activity controlled by the Queensland Synod Office. Control exists where the Queensland Synod Office has the capacity to direct the decision-making in relation to the financial and operating policies of another activity so that the other activity operates with the Queensland Synod Office to achieve the objectives of the Queensland Synod. The report excludes the activities of congregations, presbyteries, schools, hospitals and community services activities which are not considered to be controlled by the Queensland Synod Office. The controlled activities of the Queensland Synod Office which have been included in the financial statements are set out in Note 33.

All inter-activity balances and transactions between activities in the economic entity, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated, unless costs cannot be recovered.

<u>New accounting standards and interpretations adopted</u>

During the year, the Synod Office revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service ("SaaS") arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below.

SaaS arrangements are service contracts providing the entity with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

<u>Standards and Interpretations in issue not yet adopted</u>

AASB *1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* - effective 1 July 2021

AASB1060 introduces a separate disclosure Standard applied in the preparation of general purpose financial statements prepared in accordance with 'Tier 2' of the differential reporting framework in AASB 1053 Application of Tiers of Australian Accounting Standards.

Entities preparing general purpose financial statements in accordance with this Standard are not required to comply with the disclosure requirements of other Australian Accounting Standards.However, the recognition and measurement requirements of all Australian Accounting Standards must be applied.

The disclosure requirements in AASB 1060 replace those required under 'Reduced Disclosure Requirements ' (RDR) which shaded those disclosure requirements of Australian Accounting Standards that were not applicable to Tier 2 entities. The number of disclosures required by this Standard are generally less than RDR.

Management are yet to finalise the impact of the adoption of this standard.

The accounting policies set out below have been consistently applied to all years presented.

**Accounting Policies**

**(b) Frequency of reporting**
The reporting date of the Queensland Synod Office is the financial year commencing 1 July and ending 30 June.

**(c) Revenue Recognition**

The Synod Office recognises revenue from the following major sources:
- Grants & Contributions
- Fees from other Uniting Church bodies
- Income from Indemnity & Insurance
- Treasury Functions
- Rendering of other services such as accommodation

Where an agreement is enforceable and contains sufficiently specific performance obligations for the Synod Office to transfer goods or services to a third-party, the transaction is accounted for under AASB 15. For those contracts within the scope of AASB 15, revenue is recognised when (or as) performance obligations are satisfied, being on the transfer of control of the good or service to the customer. Predominately, the Synod Office's contracts are recorded based on period of service or term of the agreement.

Where the agreement does not contain sufficiently specific performance obligations, the grant or contribution is accounted for under AASB 1058, whereby revenue is recognised upon receipt.

Revenue is measured at the fair value of the consideration received or receivable.

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

***Income from Indemnity & Insurance***
Income from indemnity and insurance has been brought to account as income from the date of attachment of the policy. The earned portion of contribution revenue received and receivable is recognised as revenue from ordinary activities.

Contributions are earned based on the term of the risk, which closely approximates the pattern of the risks underwritten.
Unearned contributions represent contribution revenue attributable to future accounting periods.

Contribution revenue is recognised over-time based on the term of the insurance contract.

***Interest***
Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Loan interest is calculated on the daily loan balance outstanding and is charged in arrears to the customer's loan account on the last day of each month.

***Dividends***
Dividends are recognised when the Synod Office's right to receive payment is established.

***Loan Origination Fees Revenue***
Loan origination fees are deferred and amortised as a component of the calculation of the effective interest rate in relation to originated loans. They therefore reduce the interest recognised in relation to this portfolio of loans.

The average life and interest recognition pattern of loans in the originated loan portfolio is reviewed annually to ensure the amortisation methodology is appropriate

**(d) Income Tax**
No provision for income tax has been made in the financial report as the Synod Office is part of The Uniting Church in Australia Property Trust (Q.). The Trust is exempt from income tax under section 50-5 and section 11-5 of the Income Tax Assessment Act 1997 as it is a religious and charitable institution.

**(e) Cash and Cash Equivalents**
Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with 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.

**(f) Trade and Other Receivables**
The average credit period on sales of goods is between 30 and 90 days. No interest is charged on outstanding trade receivables. The Entity always measures the loss allowance for trade receivables at an amount equal to lifetime "Expected Credit Loss" (ECL).

**(g) Investments and Other Financial Assets**
The Church has created numerous "Funds" for specific purposes. The total of these funds balances are shown in Notes 19 and 21 and are represented by investments with Uniting Church Investment Service.

***Financial instruments***
Financial assets and financial liabilities are recognised in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**
Debt instruments that meet the following conditions are measured subsequently at amortised cost:
o the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
o the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at "Fair Value Through Other Comprehensive Income" (FVTOCI):
o the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
o the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at "Fair Value Through Profit or Loss" (FVTPL). Despite the foregoing, the Entity may make the following irrevocable election/designation at initial recognition of a financial asset:
o the Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
o the Entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The entity has deposits greater than 90 days that are subsequently recorded at amortised cost, and the entity has investments in Listed Unit Trusts that are subsequently measured at FVTPL (refer Note 11).

**(i) Amortised cost and effective interest method**
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Entity recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired. Interest income is recognised in profit or loss and is included in the "finance income" line item.

**(ii) Financial assets at Fair Value Through Profit or Loss (FVTPL)**
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:
o Investments in equity instruments are classified as at FVTPL, unless the Entity designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
o Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Entity has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains' / 'other losses' line item.

**Impairment of financial assets**
The Entity recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Entity recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Entity recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

***Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issuedby the Entity, are measured in accordance with the specific accounting policies set out below.

The entity has customer investments that are recorded at amortised cost using the effective interest method, refer to Note 17.

**Financial liabilities at Fair Value Through Profit or Loss (FVTPL)**
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

**Financial liabilities measured subsequently at amortised cost**
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**Derecognition of financial liabilities**
The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**(h) Property, Plant and Equipment**
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

***Land & Buildings***
Freehold land and buildings are measured at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) in accordance with the Revaluation model in AASB 116 Property, Plant & Equipment. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Synod Office has a policy of engaging external independent valuers on a periodic three to five yearly basis to support the annual assessment performed. Any accumulated depreciation at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated as the revalued amount of the asset.

A revaluation surplus is credited to the asset revaluation reserve included within equity unless it reverses a revaluation decrease on the same asset class previously recognised in the statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income unless it directly offsets a previous revaluation surplus on the same asset class in the asset revaluation reserve.

***Plant & Equipment***
All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments losses.

The carrying amount of plant & equipment is reviewed annually by the Synod Standing Committee to ensure it is not in excess of the recoverable amount from these assets. If an impairment indicator exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the statement of comprehensive income as an impairment expense.

The cost of fixed assets constructed within the Synod Office includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Synod Office and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Where the future economic benefits of an assets are not primarily dependent on the asset's ability to generate net cash inflows and where the Synod Office would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the current replacement cost of the asset.

***Right of Use Asset***
All leased assets are recognised in the balance sheet as right of use asset and lease liability at the net present value in accordance with AASB 16. The asset is depreciated on an strainght line basis whilst the lease liability is reduced by the monthly lease payment less interest expense.

***Depreciation***
Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

| | |
|---|---|
| Buildings | 40 years |
| Vehicles | 5 years |
| Furniture, fittings and equipment | 5 - 15 years |
| Computer hardware | 3 years |

The assets' residual values and useful lives are reviewed annually and are adjusted, if appropriate, at each balance date.

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

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognised.

**(i) Intangibles**

***Computer Software***
All computer software is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less amortisation and any impairments losses.

The carrying amount of computer software is reviewed annually by the Synod Standing Committee to ensure it is not in excess of the recoverable amount from these assets.

***Amortisation***
Amortisation on computer software is calculated on a straight-line basis over the estimated useful life of the asset, being 3 - 10 years. The assets' residual values and useful lives are reviewed annually and are adjusted, if appropriate, at each balance date.

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

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognised.

**(j) Impairment of Non Current Assets**
At each reporting date the Synod Office assesses whether there is any indication that individual non current assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the Statement of Profit or Loss and other Comprehensive Income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where the future economic benefits of an assets are not primarily dependent on the asset's ability to generate net cash inflows and where the Synod Office would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the current replacement cost of the asset.

**(k) Investment Properties**
Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Where an investment property is acquired at no cost or for nominal cost, its cost is deemed to be its fair value as at the date of acquisition. Subsequent to initial recognition, investment properties are measured at fair value.

Property interests held under leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Fair value is determined based on periodic valuations performed by external independent valuers, where possible, and adjusted to reflect current lease arrangements that a market participant would use when pricing the investment property under current market conditions.

Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**(l) Leases**
The Synod Office as Lessee
All leased assets are recognised in the balance sheet as right of use asset and lease liability at the net present value.
The asset is depreciated on an straight line basis whilst the lease liability is reduced by the monthly lease payment less interest expense.

The Synod Office as Lessor
The Synod Office enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Synod Office is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Synod Office's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Synod Office's net investment outstanding in respect of the leases.

**(m) Trade and Other Payables**
Trade and other payables represent liabilities for goods and services provided to the Synod Office prior to the year end and which are unpaid. These amounts are unsecured and have a range of payment terms.

**(n) Employee Benefit Provisions**

***Wages and salaries, and annual leave***
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of balance sheet date are recognised in respect of employees' services rendered up to balance sheet date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries, annual leave and sick leave are included as part of Other Payables.

***Long service leave***
Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the balance sheet date. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at balance sheet date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(o) Borrowing Costs**
Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

**(p) Inventories**
Inventories are measured at the lower of cost and net realisable value.

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

**(r) Outstanding Claims**
Claims are recognised unless the Synod Standing Committee exercise their discretion not to accept a claim. The outstanding claim liability can cover claims incurred but not yet paid, claims incurred but not reported and the anticipated indirect costs of settling those claims.

The outstanding claims for Medical Malpractice and Industrial Special Risks/ Crime are considered current as Medical Malpractice claims are recognised in the year that the claim is reported and Industrial Special Risks / Crime Risk patterns indicate that all claims will be settled within twelve months. The risk patterns for public liability indicate that 80% of claims are non-current whilst 20% are considered current.

The liability for outstanding discretionary claims are measured as the value of the expected future payments. The expected future payments have not been discounted to present value.

**(s) Reimbursement Asset – Redress Scheme**
The entity recognises reimbursement assets when it is virtually certain that the reimbursement will be received if the entity settles the provision. The entity assesses the amounts recoverable from Uniting Church Bodies as a reimbursement asset, disclosed as 'Reimbursement Asset - Redress Scheme'. This is based on the Synod Standing Committee approved policy and procedures and the amounts invoiced for 2021/2022. It is estimated that the amount will be received during the next 12 months.

**(t) Responsible Body**
Legal title to all property utilised by the Queensland Synod Office (as responsible body) and all other activities of the Uniting Church in Australia, Queensland Synod are held in trust by The Uniting Church in Australia Property Trust (Q.).

**(u) Comparative Figures**
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current final year.

**(v) Critical Accounting Estimates and Judgments**
The Synod Standing Committee evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

***Key estimates - Impairment of Non Current Assets***
The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use or fair value less costs to sell calculations are performed in assessing recoverable amounts incorporate a number of key estimates.

***Key judgments - Provision for impairment***
Included in trade and other receivables at 30th June 2021, an allowance for expected credit loss has been made for the following outstanding debts and loans:
Loans to Congregations $991,672 (2020 $1,039,425), Congregational Arrears $100,361 (2020 $100,361)
Trade Debtors $Nil (2020 $Nil).

***Key judgements - Fair value of land & building assets***
Land and buildings referred to in Note 1(i) are accounted for in accordance with AASB 116 ' *Property, Plant and Equipment*' under the Revaluation Model. The fair value adopted in relation to land and buildings assets takes into account a range of judgements associated with the nature of the underlying assets and movements in market values for similar assets.

***Key judgments - Estimate of Redress for Abuse settlements***
The entity assesses the quantum of potential Redress settlements and other related legal claims based upon the Redress Scheme settlements to date and estimated settlement costs for legal claims. An Outstanding Claims amount of $8.4m has been provided for at 30 June 2021.

***(w) Going Concern***
The entity is in a net working capital deficit position as at 30 June 2021 of $13.7m (2020 $62.4m) as customer investments on call of $316.0m (2020 $296.9m) are recognised as current liabilities. The significant majority of the investments held and loans issued are with other Uniting Church bodies and liquidity is managed to meet the needs of the Uniting Church across Queensland. An external loan facility of $34.5m ($34.5m undrawn) is also available to manage liquidity requirements.

| | | Note | 2021 $ | 2020 $ |
|---|---|---|---|---|
| NOTE 2 | **REVENUE** | | | |
| a. | **Other operating activities** | | | |
| | Grants received - Congregation contributions | | 3,187,764 | 3,388,746 |
| | Grants received - Other | | 2,639,166 | 1,318,863 |
| | Fees received - UnitingCare Queensland | | 9,176,520 | 9,176,520 |
| | Income from Indemnity & Insurance | | 15,921,096 | 15,121,400 |
| | Finance & Interest income | | 3,635,861 | 7,200,946 |
| | Workcover premiums received | | 132,483 | 137,051 |
| | Accommodation | | 4,347,828 | 3,942,812 |
| | Fees & commissions | | 749,326 | 653,386 |
| | Bequests, gifts & donations | | 587,929 | 77,190 |
| | Bad debts recovered | | - | 89,444 |
| | Dividends | | 1,920,016 | 2,798,645 |
| | Revenue from business operations | | 517,621 | 52,711 |
| | Recoveries | | 188,196 | 205,584 |
| | Rental income | | 931,683 | 1,024,870 |
| | | | 43,935,489 | 45,188,168 |
| b. | **Other Gains** | | | |
| | Profit on disposal of property, plant and equipment | | 365,521 | - |
| | Profit on revaluation of financial assets | | 9,905,551 | - |
| | Profit on revaluation of investment properties | | 1,309,681 | - |
| | | | 11,580,753 | - |
| | **Total revenue** | | 55,516,242 | 45,188,168 |
| NOTE 3 | **EXPENDITURE** | | | |
| a. | **Employee benefits expense** | | | |
| | Salaries, wages & stipends | | 10,362,516 | 10,149,576 |
| | Personnel oncosts | | 2,674,469 | 5,246,219 |
| | **Total employee benefits expense** | | 13,036,985 | 15,395,795 |
| b. | **Depreciation / Amortisation of non-current assets** | | | |
| | Buildings | 12c | 276,830 | 315,502 |
| | Plant and equipment | 12c & 12.5b | 393,779 | 393,973 |
| | Computer software | 13b | 244,231 | 200,259 |
| | **Total depreciation / amortisation** | | 914,840 | 909,734 |
| c. | **Finance costs expense** | | | |
| | Finance charges | | 111,214 | 118,756 |
| | **Total Finance costs expense** | | 111,214 | 118,756 |
| d. | **Gifts, donations and grants** | | | |
| | Grants to Assembly, Presbyteries and Congregations | | 2,982,646 | 3,493,009 |
| | General grants & donations | | 101,757 | 132,553 |
| | Transfer to specific purpose funds | | 375,854 | 163,690 |
| | **Total Gifts, donations and grants** | | 3,460,257 | 3,789,252 |
| e. | **Discretionary claims expenditure - Indemnity** | | | |
| | Indemnity | | 12,533,984 | 14,218,045 |
| | Redress For Abuse claims | | 2,943,215 | 4,302,060 |
| | Less: Redress for Abuse recoveries | | (4,043,788) | (1,891,575) |
| | **Total Discretionary claims expenditure - Indemnity** | | 11,433,411 | 16,628,530 |
| f. | **Property expenses** | | | |
| | Property expenses | | 275,603 | 294,252 |
| | **Total Property expenses** | | 275,603 | 294,252 |
| h. | **Interest Paid** | | | |
| | Interest paid - Lease | | 6,755 | 7,198 |
| | Interest paid - Customer investments | | 1,602,854 | 4,331,493 |
| | | | 1,609,609 | 4,338,691 |

# The Uniting Church In Australia - Queensland Synod Office
## Notes to Financial Statements
## For The Financial Year Ended 30 June 2021

| | | Note | 2021 $ | 2020 $ |
|---|---|---|---|---|
| **NOTE 3** | **EXPENDITURE** | | | |
| i. | **Other expenses** | | | |
| | **Operating activities** | | | |
| | Administration & office expenses | | 558,685 | 509,804 |
| | Advertising & promotion | | 240,615 | 199,760 |
| | Computer expenses | | 701,794 | 655,414 |
| | Cleaning & kitchen supplies | | 1,017,079 | 893,966 |
| | Fees & charges | | 2,701,646 | 1,197,752 |
| | Remuneration of auditor - Deloitte Touche Tohmatsu | | 115,008 | 110,500 |
| | Hire costs | | 5,439 | 13,411 |
| | Insurance | | 9,200 | 9,779 |
| | Legal Expenses | | 584,335 | 540,955 |
| | Library & reference material | | 21,498 | 26,038 |
| | Motor vehicle expenses | | 45,998 | 43,796 |
| | Cost of sales from business operations | | 104,689 | 84,047 |
| | Repairs & maintenance | | 496,813 | 322,946 |
| | Student expenses | | 63,167 | 85,369 |
| | Training | | 120,310 | 203,842 |
| | Travel | | 128,291 | 181,535 |
| | Other expenditure | | 453 | - |
| | | | 6,915,020 | 5,078,914 |
| | **Total expenses from operating activities** | | 37,756,939 | 46,553,924 |
| j. | **Other Losses** | | | |
| | Loss on disposal of property, plant and equipment | | - | 236,635 |
| | Loss on revaluation of investment properties | | - | 5,502,875 |
| | Loss on revaluation of financial assets | | - | 1,162,141 |
| | | | - | 6,901,651 |
| | **Total expenditure** | | 37,756,939 | 53,455,575 |
| **NOTE 4** | **OPERATING RESULT** | | | |
| | Operating result has been determined after: | | | |
| a. | **Revenue and Net Gains / (Losses):** | | | |
| | Profit on disposal of property, plant and equipment | 2b | 365,521 | - |
| | Loss on disposal of property, plant and equipment | 3j | - | (236,635) |
| | Net gain | | 365,521 | (236,635) |
| b. | Gain/(Loss) on revaluation of financial assets and investment properties | 2b & 3j | 11,215,232 | (6,665,016) |
| | Net (loss) / gain | | 11,580,753 | (6,901,651) |
| **NOTE 5** | **CASH AND CASH EQUIVALENTS** | | | |
| | Cash at bank and in hand | | 616,885 | 3,552,457 |
| | Deposits at call | | 188,481,082 | 173,616,982 |
| | | | 189,097,967 | 177,169,439 |

## The Uniting Church In Australia - Queensland Synod Office
## Notes to Financial Statements
## For The Financial Year Ended 30 June 2021

| | | 2021 $ | 2020 $ |
|---|---|---|---|
| **NOTE 6** | **TRADE AND OTHER RECEIVABLES** | | |
| | **Current** | | |
| | Trade receivables | 1,232,101 | 483,261 |
| | Less allowance for expected credit loss | (100,361) | (100,361) |
| | Net trade receivables | 1,131,740 | 382,900 |
| | Interest receivable | 45,590 | 398,648 |
| | Other receivables | 1,949,979 | 3,720,664 |
| | | 3,127,309 | 4,502,212 |
| | **Movement in the allowance for expected credit loss** | | |
| | Balance at beginning of the year | 100,361 | 100,361 |
| | Impairment losses (reversed)/recognised on receivables | - | - |
| | Balance at end of the year | 100,361 | 100,361 |
| **NOTE 7** | **LOANS TO CONGREGATIONS AND CHURCH BODIES** | | |
| a. | **Current** | | |
| | Overdraft to Congregations & Church bodies | 5,371,451 | 2,439,487 |
| | Less Allowance for Expected Credit Loss | (991,672) | (1,039,425) |
| | | 4,379,779 | 1,400,062 |
| b. | **Non Current** | | |
| | Secured loans to Congregations & Church bodies | 51,278,549 | 85,634,914 |
| | | 51,278,549 | 85,634,914 |
| **NOTE 8** | **INVENTORIES** | | |
| | Inventories at cost | 16,921 | 14,511 |
| **NOTE 9** | **OTHER ASSETS** | | |
| | Prepayments | 3,660,206 | 2,979,762 |
| | Security Deposits | 11,180 | 11,820 |
| | | 3,671,386 | 2,991,582 |
| **NOTE 10** | **LOANS & ADVANCES** | | |
| a. | **Current** | | |
| | Term Loans | 408,191 | 3,643 |
| | | 408,191 | 3,643 |
| | Unamortised loan fees | - | (426) |
| | | 408,191 | 3,217 |
| | Provision for impairment | - | - |
| | | 408,191 | 3,217 |
| b. | **Non Current** | | |
| | Term Loans | 1,479,443 | 2,700,422 |
| | | 1,479,443 | 2,700,422 |
| **NOTE 11** | **OTHER FINANCIAL ASSETS** | | |
| a. | Financial assets subsequently measured at amortised cost | | |
| | Deposits held greater than 90 days | 75,450,000 | 35,450,000 |
| b. | Financial assets subsequently measured at fair value through profit or loss | | |
| | Listed Unit Trusts | 45,855,513 | 33,561,401 |
| | | 121,305,513 | 69,011,401 |

## NOTE 12 PROPERTY, PLANT & EQUIPMENT

### a. LAND & BUILDINGS

| | 2021 $ | 2020 $ |
|---|---|---|
| Fair value | 32,216,213 | 32,026,868 |
| Less accumulated depreciation | (279,667) | (2,837) |
| | 31,936,546 | 32,024,031 |
| Capital work in progress | 524,257 | 257,549 |
| | 32,460,803 | 32,281,580 |

The Synod Office's land and buildings, were revalued at 30 March 2020. Valuations were made by independent valuers, Savills Australia to provide a fair valuation of these assets as defined by AASB 13 Fair Value Measurement.

### b. PLANT & EQUIPMENT

| | 2021 $ | 2020 $ |
|---|---|---|
| Plant and equipment at cost | 3,416,859 | 3,040,879 |
| Less accumulated depreciation | (1,512,736) | (1,148,367) |
| **Total Plant and Equipment** | 1,904,123 | 1,892,512 |
| **Total Property, Plant and Equipment** | 34,364,926 | 34,174,092 |

### c. PROPERTY, PLANT & EQUIPMENT

**Movements in Carrying Amounts**
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

| | Freehold Land and Buildings at fair value $ | Plant and Equipment at cost $ | Total $ |
|---|---|---|---|
| Balance at 1 July 2019 | 31,121,045 | 1,811,647 | 32,932,692 |
| Capital Work in Progress transfers | (270,481) | - | (270,481) |
| Additions | 215,579 | 689,559 | 905,138 |
| Revaluations | 1,913,455 | - | 1,913,455 |
| Disposals | (382,517) | (248,161) | (630,678) |
| Depreciation expense | (315,502) | (360,533) | (676,035) |
| Balance at 30 June 2020 | 32,281,580 | 1,892,512 | 34,174,092 |
| Balance at 1 July 2020 | 32,281,580 | 1,892,512 | 34,174,092 |
| Capital Work in Progress transfers | 266,708 | - | 266,708 |
| Additions | 189,345 | 375,980 | 565,325 |
| Depreciation expense | (276,830) | (364,369) | (641,199) |
| Balance at 30 June 2021 | 32,460,803 | 1,904,123 | 34,364,926 |

## NOTE 12.5 RIGHT OF USE ASSETS

### a.

| | 2021 $ | 2020 $ |
|---|---|---|
| Plant & Equipment | 112,799 | 79,597 |
| Less Depreciation | (62,850) | (33,439) |
| Total Plant & Equipment | 49,949 | 46,158 |

### b. Movements in Carrying Amounts

Movement in the carrying amounts for right of use assets between the beginning and end of the current financial year.

| | Total $ |
|---|---|
| **Balance at 1 July 2019** | - |
| Additions | 93,634 |
| Disposals | (14,037) |
| Depreciation expense | (33,439) |
| Balance at 30 June 2020 | 46,158 |
| **Balance at 1 July 2020** | 46,158 |
| Additions | 33,201 |
| Disposals | |
| Amortisation expense | (29,410) |
| Balance at 30 June 2021 | 49,949 |

| | | 2021 $ | 2020 $ |
|---|---|---|---|
| **NOTE 13** | **INTANGIBLES** | | |
| a. | **Computer Software** | | |
| | Computer Software at cost | 1,649,937 | 1,649,937 |
| | Less accumulated amortisation | (867,299) | (623,068) |
| | Total Computer Software | 782,637 | 1,026,869 |

b. **Movements in Carrying Amounts**

Movement in the carrying amounts for computer software between the beginning and end of the current financial year.

| | Total $ |
|---|---|
| **Balance at 1 July 2019** | 410,142 |
| Additions | 816,986 |
| Amortisation expense | (200,259) |
| Balance at 30 June 2020 | 1,026,869 |
| | |
| **Balance at 1 July 2020** | 1,026,869 |
| Amortisation expense | (244,231) |
| Balance at 30 June 2021 | 782,637 |

**NOTE 14 INVESTMENT PROPERTIES**

| | 2021 $ | 2020 $ |
|---|---|---|
| Investment properties measured at fair value | 22,469,409 | 21,159,728 |
| **Total Investment Properties** | 22,469,409 | 21,159,728 |

In March 2018, the Synod Standing Committee approved a Debt for Asset swap agreement for the Lakes College. This resulted in the transfer of assets to the value of $25.7m determined based on fair market value less the differential between market rent indexed by 2% CPI and the rental income expected under the lease agreement. A rental in advance liability has been recognised reflective of the lease agreement, refer to note 16.
No gain or loss was recorded on this non-cash transaction.

| | | Note | 2021 $ | 2020 $ |
|---|---|---|---|---|
| **NOTE 15** | **TRADE AND OTHER PAYABLES** | | | |
| a. | **Current** | | | |
| | Trade payables | | 1,986,033 | 2,952,805 |
| | Deferred income | | 5,150,084 | 4,163,572 |
| | Deposits in advance | | 925,900 | 216,036 |
| | Interest payable | | 51,456 | 335,511 |
| | Sundry payables & accrued expenses | | 814,368 | 848,776 |
| | **Total Current** | | 8,927,841 | 8,516,700 |
| b. | **Non Current** | | | |
| | Investors' funds from sale of congregational property | | 21,438,682 | 22,935,560 |

| | | | 2021 $ | 2020 $ |
|---|---|---|---|---|
| **NOTE 16** | **RENTAL RECEIVED IN ADVANCE** | | | |
| a. | **Current** | | | |
| | Rental received in advance | | 139,601 | 139,601 |
| b. | **Non Current** | | | |
| | Rental received in advance | | 3,629,632 | 3,769,233 |
| | | | 3,769,233 | 3,908,834 |

Refer to Note 14 regarding the Debt for Asset swap for the Lakes College and the rental in advance to be reflected.

| | | | 2021 $ | 2020 $ |
|---|---|---|---|---|
| **NOTE 17** | **CUSTOMER INVESTMENTS** | | | |
| a. | **Current** | | | |
| | Term investments | | 315,996,015 | 296,948,618 |
| | | | 315,996,015 | 296,948,618 |
| b. | **Non Current** | | | |
| | Term investments | | - | 1,808,424 |
| **NOTE 18** | **OUTSTANDING CLAIMS** | | | |
| a. | **Current** | | | |
| | Redress for Abuse | | 8,423,067 | 8,132,919 |
| | Outstanding loss reserves | | 855,867 | 897,454 |
| | Incurred but not reported reserve | | 774,214 | 639,576 |
| | | | 10,053,148 | 9,669,949 |
| b. | **Non Current** | | | |
| | Outstanding loss reserves | | 3,062,487 | 3,523,420 |
| | Incurred but not reported reserve | | 3,070,615 | 2,607,672 |
| | | | 6,133,102 | 6,131,092 |
| **NOTE 19** | **SPECIFIC PURPOSE FUNDS** | | | |
| | **Current** | | | |
| | The following funds have been contributed for specific purposes. | | | |
| | Applicable to QLD Synod Office | | 1,403,726 | 1,046,741 |
| | Total Specified purpose funds | | 1,403,726 | 1,046,741 |
| **NOTE 20** | **PROVISIONS** | | | |
| a. | **Current** | | | |
| | Annual leave entitlements | | 805,041 | 684,186 |
| | Provision for long service leave - lay staff | | 35,795 | 111,720 |
| | Provision for long service leave -ministers | | 2,331,076 | 2,152,868 |
| | | | 3,171,912 | 2,948,774 |
| b. | **Non Current** | | | |
| | Provision for long service leave - lay staff | | 173,160 | 155,335 |
| | Provision for long service leave -ministers | | 519,643 | 548,783 |
| | | | 692,803 | 704,118 |
| c. | **Aggregate employee entitlement liability** | | 3,864,715 | 3,652,892 |

The Synod Office implemented long service leave arrangement for Ministers as at 30 June 2020 which resulted in a one off provision of $2,701,651.

d. **Reconciliation of provisions**

| | | 2021 $ | 2020 $ |
|---|---|---|---|
| **Reconciliation of Annual Leave Entitlements** | | | |
| Provision carried forward | | 684,186 | 569,614 |
| Annual leave entitlements accrued during year | | 620,910 | 538,214 |
| Annual leave paid during year | | (500,055) | (423,641) |
| Current Provision for holiday pay held | 20a | 805,041 | 684,186 |
| **Provision for Long Service Leave** | | | |
| Provision carried forward | | 2,968,706 | 314,297 |
| LSL entitlements accrued during year including oncosts | | 480,196 | 2,732,747 |
| LSL paid during year | | (389,228) | (78,338) |
| Current Provision for Long service leave | | 3,059,674 | 2,968,706 |

## NOTE 21 SPECIFIC PURPOSE FUNDS

**Non Current**

| | 2021 $ | 2020 $ |
|---|---|---|
| **Bequest and Specific Funds Managed:** | | |
| WR Black Endowment Fund | 580,873 | 577,946 |
| DC Smith-McPherson | 537,849 | 535,139 |
| Millard-Smith Bequest | 388,599 | 409,496 |
| Estate GM Elver | 56,933 | 56,889 |
| The Vic Davis Memorial Fund | 3,310 | 3,307 |
| Estate of AF Brooks | 2,033 | 2,023 |
| Estate GH Nelson | 16,041 | 16,029 |
| Yeronga Uniting Church Fund | - | 7,460 |
| Ethel and John Richardson Fund | 262,471 | 261,706 |
| Arthur Preston Memorial Fund BNS Brisbane Central No 1 Account | 86,594 | 86,158 |
| Arthur Preston Memorial Fund BNS Brisbane Central No 2 Account | 1,181,163 | 1,175,209 |
| Ivan and Iris Alcorn Benefit Fund | 147,864 | 147,109 |
| Estate - Beth Myrta Nathan | 297,335 | 295,836 |
| Barnabas Community -Jane & Steven Fox Memorial Fund | 210,658 | 209,596 |
| The Home Mission Support Fund | 3,036 | 3,021 |
| Calvary Presbytery - Foundation | 5,468 | 5,441 |
| Uniting Church Foundation Hospital and Prison Chaplaincy | 39,167 | 39,136 |
| Sir Douglas Forbes Foundation Fund | 650,957 | 650,449 |
| UnitingCare Foundation | 69,164 | 68,815 |
| Jim Smallbone Remembrance Fund | 183 | 178 |
| J A Hulme Trust Fund - Agency | 76,854 | 76,703 |
| Burnett Trust | 42,035 | 42,002 |
| Norm & Mary Millar Memorial Trust | 75,631 | 75,249 |
| Margaret Kerr Fund | 52,720 | 52,679 |
| Friends of the Redland Bay UC Bequest Society | 20,967 | 20,862 |
| Albert Street Uniting Church Heritage Foundation | 574,048 | 571,155 |
| John & Dorothy Brooks Family Fund | 102,482 | 102,402 |
| McKay Patrol Aircraft Engine Fund | 86,908 | 44,609 |
| Caboolture Regional UC Permanent Future Fund | 93,906 | 93,432 |
| Victoria Point UC Permanent Future Fund | 49,754 | 49,504 |
| The DR Supple Memorial Fund | 322,242 | 323,612 |
| Ministerial Assistance Fund | 324,459 | 324,564 |
| EF Patterson - Trinity Ministerial Education | 316,629 | 315,033 |
| Etta Joyce White Bequest Fund | 77,727 | 77,667 |
| Disaster Relief Fund | 221,331 | 217,429 |
| DM & LB Reid Fund – Albert St UC | 30,696 | 30,672 |
| Calico Creek - Beattie Estate | 237,063 | 235,868 |
| Jocelyn Baillie Bursary Fund | 2,054 | 2,044 |
| Ex-Services Hospital Fund | 47,782 | 47,745 |
| Trinity Theological College - The Rollie Busch Lecture Fund | 5,428 | 5,401 |
| Indigenous Education Fundraising | 9,598 | 9,549 |
| Coorparoo Uniting Church Development Fund | 17,342 | 17,329 |
| Faith and Families Fundraising | 1,080 | 21,078 |
| Estate Sheila Waldock - Community Welfare | 40,828 | 40,622 |
| Estate Reginald Eric Schuster | 52,966 | 52,699 |
| Estate of Rev Douglas Fredrick Kirkup | 43,037 | 42,821 |
| Aurukun Manse Project | - | 410,360 |
| The Lynn and Wayne James Memorial Fund | 800,625 | 800,000 |
| The Alan and Wendy Grummitt Fund | 1,004 | 1,000 |
| Glasshouse Country UCA Parish | 226,928 | - |
| Tracona Bequest | 50,237 | - |
| Total Bequest Funds Managed | 8,544,059 | 8,655,033 |

| | | 2021 $ | 2020 $ |
|---|---|---|---|
| **NOTE 22** | **RESERVES** | | |
| | **Asset revaluation reserve** | 10,597,237 | 10,597,237 |
| | *(This reserve is for the revaluation of Land & Buildings)* | | |
| a. | **Asset revaluation reserve** | | |
| | Movements during the year: | | |
| | Opening balance | 10,597,237 | 8,974,597 |
| | Sale of revalued Land and Buildings | - | (290,815) |
| | Revaluation of Land and Buildings | - | 1,913,455 |
| | Closing balance | 10,597,237 | 10,597,237 |
| b. | **Common Control Reserve** | | |
| | From Childcare Acquisition | 173,817 | - |
| | **Total Reserve Balance** | 10,771,054 | 10,597,237 |
| **NOTE 23** | **ACCUMULATED FUNDS** | | |
| | Accumulated surplus at the beginning of the year | 27,676,304 | 35,652,896 |
| | Surplus/(Deficit) for the period | 17,759,303 | (8,267,407) |
| | Transfer from Asset Revaluation Reserve from sale of Property | - | 290,815 |
| | Accumulated surplus at the end of the year | 45,435,607 | 27,676,304 |

## NOTE 24 COMMITMENTS

| | 2021 $ | 2020 $ |
|---|---|---|
| **Outstanding Loan Commitments** | | |
| Loan in advance and available for redraw | 5,117,702 | 2,020,345 |
| | 5,117,702 | 2,020,345 |

## NOTE 25 STANDBY BORROWING FACILITIES

The Queensland Synod Office accounts reflect the gross borrowing facility between The Uniting Church in Australia Property Trust (Q.) and the ANZ Bank of:

| | Approved Facility $ | Current Borrowing $ | Net Available $ |
|---|---|---|---|
| 2020 | | | |
| Pre-approved loan facility - ANZ | 5,000,000 | - | 5,000,000 |
| Bank guarantee facility - ANZ | 11,000,000 | 171,050 | 10,828,950 |
| | 16,000,000 | 171,050 | 15,828,950 |
| 2021 | | | |
| Pre-approved loan facility - ANZ | 34,500,000 | - | 34,500,000 |
| Bank guarantee facility - ANZ | 11,000,000 | 6,171,050 | 4,828,950 |
| | 45,500,000 | 6,171,050 | 39,328,950 |

The bank debt is secured by a real property mortgage over certain freehold properties owned by The Uniting Church in Australia Property Trust (Q.). The beneficial use of these assets are held by UnitingCare Queensland.

If the Facility is drawn on at 31 December or 30 June, a financial report of these activities is required by the ANZ Bank to satisfy the facility agreement and to calculate convenants imposed by the bank.

The loan facility has not been drawn down at any time during the year, whereas the bank guarantee facility was partially drawn down in May 2018 and further drawn by $6.0m in September 2020. The facility expires 31 October 2023.

## NOTE 26 LEASE LIABILITY

| | | 2021 | 2020 |
|---|---|---|---|
| a. | Not later than 1 year- Lease | 85,659 | 82,601 |
| b. | Later than 1 year but not later than 5 years | 52,926 | 96,195 |
| | | 138,585 | 178,796 |

**NOTE 27 FINANCIAL INSTRUMENTS**
**Categories of Financial Instruments**

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| ***Financial Assets*** | | | |
| Cash and bank balances | 5 | 189,097,967 | 177,169,439 |
| Loans and receivables | 6, 7, 10 | 60,673,272 | 94,240,826 |
| Financial assets subsequently measured at amortised cost | 11 | 75,450,000 | 35,450,000 |
| Financial assets subsequently measured at fair value through profit or loss | 11 | 45,855,513 | 33,561,401 |
| ***Financial Liabilities*** | | | |
| Customer investments | 17 | 315,996,015 | 298,757,042 |
| Financial guarantee contracts | 25 | 11,000,000 | 11,000,000 |
| Trade and other payables | 15, 20 | 34,231,238 | 35,105,151 |
| Specific purpose funds | 19, 21 | 9,947,785 | 9,701,774 |

**NOTE 28 (a) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at 30 June 2021 to recognised financial assets is the carrying amount of those assets, net of any provisions for impairment, as disclosed in the Balance Sheet and in the notes to the financial statements.

**(b) Net Fair Values**

At 30 June 2021 there were no financial assets where the carrying amount exceeded net fair values.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

**NOTE 29 CONTINGENT LIABILITIES**

The entity has potential future exposure to claims and costs associated with its response to abuse claims and the Royal Commission into Institutional Responses to Child Sex Abuse.

Following the closure of the Queensland Synod Interim Redress Scheme effective 30 June 2018, the Uniting Church in Australia has established a new public company limited by guarantee, UCA Redress Ltd. The purpose of the company, of which the Queensland Synod is a member, is "to be the national body for the Uniting Church in Australia to respond and provide support for children and vulnerable persons who have suffered abuse at the hand of the Church, including by participation in a nationally consistent equitable redress scheme".

In response to the costs associated with redress and civil litigation relating to the various Royal Commissions, the Queensland Synod has issued a policy which provides the framework by which all responsible bodies within the Uniting Church in Australia Property Trust (Q.) will contribute. The responsible bodies include: UCQ, WMQ, Schools, Congregations, Faith Communities, Child Care Entities, Presbyteries, Synod Office (including Alexandra Park Conference Centre, Trinity Theological College and Raymont Residential College).

A redress for abuse reserve has been established and administered by the Synod Office for all payments (net of insurance cover) relating to redress and civil litigation. Each responsible body will contribute annually to the redress for abuse reserve. The methodology used by the Synod Office in determining the annual contributions may include but is not limited to factors such as the insured value of building and contents and revenue from responsible bodies.

**NOTE 29 CONTINGENT LIABILITIES (continued)**

The nature and extent of any claims in any period are not predictable and therefore any amounts levied across various responsible bodies may vary from year to year. It is not possible at the date of this report to reliably estimate all additional costs of this nature which might emerge in the future. The entity remains committed to redressing past abuse and responding by offering genuine and effective redress.

During the financial year Redress settlements and other related legal claims amounted to $2,653,066. A further estimate of likely known claims to settle under Redress is $3,558,674 and other legal claims amounting to $4,864,393 have been recognised in the financial statements. Please refer to note 18 above.

There are no other known contingent liabilities at the date of this report.

**NOTE 30 EVENTS AFTER THE BALANCE DATE**

By 30th September 2021, the Uniting Church in Australia Property Trust (Q.)(UCAPTQ) represented by Uniting Education Early Learning (a division of the Synod Office) assumed management and control of all its early learning associated entities, in accordance with statutory requirements. For accounting purposes, this transaction has been deemed a business combination of entities under common control and as such, is outside the scope of AASB 3 Business Combinations. The company is currently in the process of finalising the treatment of the transactions including the acquisition date accounting. As such, further disclosure in relation to the transactions is currently impracticable.

**NOTE 31 TRUST DETAILS**

The registered office of the Queensland Synod Office is:

Uniting Church in Australia, Queensland Synod
60 Bayliss Street
Auchenflower QLD 4066

**NOTE 32 RELATED PARTY DISCLOSURES**

**(a) Related Parties**
The Queensland Synod Office operates as an activity of the legal entity, The Uniting Church in Australia Property Trust (Q.) ("the Trust"). Other activities operating under the Trust include UnitingCare Queensland Wesley Mission Queensland, congregations, presbyteries and schools.

In light of the Church governance and reporting structures applicable to those activities of the Uniting Church in Australia which operate under the Trust, and the definition of 'Related Party' in AASB 124 Related Party Disclosures, management and the Synod Standing Committee have assessed that UnitingCare Queensland and Wesley Mission Queensland , being the other activities of the Uniting Church in Australia operating under the Trust which are controlled under the same Church governance and reporting structures as the Queensland Synod Office, are the only activities operating under the Trust which are Related Party of the Queensland Synod Office.

Other activities operating under the Trust which are not 'controlled' under the same Church governance and reporting structures as the Queensland Synod Office, are not considered to meet the definition of Related Party under AASB 124.

As noted above, The Uniting Church in Australia Property Trust (Q.) (the Trust), is the legal entity under which all activities of the Queensland Synod Office are conducted. Certain transactions of activities/entities operating under the Trust require the designated authority of the Trust to be completed.

For UnitingCare Queensland, these services are covered by the Stewardship fee. Insurance, investment and financing services are also provided to activities/entities operating under the Trust and are provided through the Queensland Synod Office. As noted above, other than UnitingCare Queensland and Wesley Mission Queensland, these activities/entities are not considered Related Parties of the Queensland Synod Office.

## NOTE 32 RELATED PARTY DISCLOSURES (continued)

**(b) Transactions and Balances with Related Parties**

Transactions with related parties are priced on an arms length basis. Related party transactions and balances are:

| | 2021 | 2020 |
|---|---|---|
| **UnitingCare Queensland** | $ | $ |
| Profit & Loss related | | |
| Interest Expenses | (1,504,001) | (3,481,889) |
| Stewardship Fees | 9,146,520 | 9,146,520 |
| Insurance premiums received | 10,665,839 | 9,158,046 |
| Redress For Abuse Recovery Received | 2,589,125 | 2,305,155 |
| Chaplains Fee Received | 3,058,199 | 3,045,000 |
| Other Fees Received | 149,305 | 155,000 |
| Balance Sheet related | | |
| Cash held on deposit as at balance date | (291,881,322) | (277,337,653) |
| Funds Held in Trust | (2,305,481) | (2,229,226) |
| Other Net receivable as at balance date | (283,000) | (214,991) |

| | | |
|---|---|---|
| **Wesley Mission Queensland** | $ | $ |
| Profit & Loss related | | |
| Interest paid | (7,170) | (35,391) |
| Interest received | 1,615,592 | 3,286,281 |
| Insurance premiums received | 2,016,469 | 1,659,606 |
| Chaplains Fee Received | 867,985 | 840,531 |
| Mission and Service contributions received | 43,111 | 52,076 |
| Other Fees Received | 1,083,615 | 335,711 |
| Balance Sheet related | | |
| Cash held on deposit as at balance date | (5,267,928) | (4,629,499) |
| Current interest bearing loan receivable | 1,110,681 | 1,070,492 |
| Non current interest bearing loan receivable | 34,016,304 | 67,128,225 |
| Loan Disbursed During the Year | (32,000,000) | - |
| Principal Repayments Received | 65,071,733 | 17,514,197 |

## NOTE 33 CONTROLLED ACTIVITIES

The Financial Statements of the Queensland Synod include:
Synod Support Services
Ministerial Support
Raymont Residential College
Alexandra Park Conference Centre
Chaplaincy Commission
Combined Presbyteries Mission Pool
The Board for Christian Formation / Trinty College Queensland
The Synod Reserve Fund including The Future Development Fund
The Mission Development Fund
The Uniting Church Foundation
The Uniting Church Investment Service

**THE UNITING CHURCH IN AUSTRALIA, QUEENSLAND SYNOD OFFICE**
**MEMBERS' DECLARATION**

The members of the Synod Standing Committee declare that:

1. In the members' opinion, the attached financial statements and notes thereto, as set out on pages 1 to 22, comply with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations), the Australian Charities and Not-for-profits Commission Act 2012 (C'th) and are consistent with the financial reporting requirements of the Constitution and appropriate to meet the needs of the Queensland Synod Office; and give a true and fair view of the financial position at 30 June 2021 and performance of the entity for the year thus ended.

2. In the members' opinion, there are reasonable grounds to believe that the Queensland Synod Office 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 Synod Standing Committee.

Chair ..................................................................

**Rev Andrew Gunton**

Member ..................................................................

**Rev Heather den Houting**

Dated this 04 of November 2021

Deloitte.

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Australia

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Synod Standing Committee
Uniting Church in Australia – Queensland Synod Office
GPO Box 675
Brisbane QLD 4001

4 November 2021

Dear Standing Committee Members,

**Auditor's Independence Declaration to The Uniting Church in Australia – Queensland Synod Office**

In accordance with Subdivision 60C of the Australian Charities and Not-for profits Commission Act 2012, I am pleased to provide the following declaration of independence to the Synod Standing Committee of The Uniting Church in Australia – Queensland Synod Office.

As lead audit partner for the audit of the financial statements of The Uniting Church in Australia – Queensland Synod Office for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountants

Deloitte.

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# Independent Auditor's Report to the Synod Standing Committee of The Uniting Church in Australia – Queensland Synod Office

*Opinion*

We have audited the financial report of The Uniting Church in Australia – Queensland Synod Office (the "Synod Office") (the "Entity") which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the Synod Standing Committee as set out on pages 1 to 23.

In our opinion, the accompanying financial report of the Synod Office is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

(i) giving a true and fair view of the Synod Office's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

*Basis for Opinion*

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

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

*Responsibilities of the Synod Standing Committee for the Financial Report*

The Synod Standing Committee is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act and for such internal control as the Synod Standing Committee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Deloitte.

*Auditor's Responsibilities for the Audit of the Financial Report*

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Synod Standing Committee.

- Conclude on the appropriateness of the Synod Standing Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountants
Brisbane, 4 November 2021