



## A. GENERAL COMMENTS

In this, my first Treasurer's Report to BIC it will be clear that there is not as yet a developed standardised format of content or presentation. That will come following BIC comments concerning the information which follows. It is important that every member of BIC has a detailed knowledge of the financial position (refer recent Centro case).

Financial reporting of the Diocese reflects input from 26 Parishes and those unincorporated and incorporated entities set of units in the First and Second Schedules of the Ministry Unit Reports, Accounts and Audit Ordinance of 2012.

For the information of BIC member I have met with the Finance Manager Deborah Bartlett on average for about 1 hour per week and responded to other questions/queries as they arise. I place on record my appreciation for the work that Deborah has undertaken and accomplished. The point is made that while some increased clarity may have been achieved, there is much of the financial operations of the Diocese yet to be understood. An effort has been made to segregate assets and income/expenditure into the four divisions of Mission and Ministry/Professional Standards/Administration/Diocesan Leaders.

## B. BALANCE SHEET

### B.1 Comments

The balance sheet reflects the financial resources (of BIC) at a given point of time. The audited annual financial statements essentially provide only summaries and they do not provide the detail required for decision making. I have reviewed the Trial Balance with the Finance Manager and noted that there were 5 Westpac accounts, 2 accounts at BCU, 16 with GDIF and 19 'financial assets' with the Corporate Trustees (42 in total).

1. Some of the accounts had been established for several years – but have been inactive.
2. Many were not interest bearing.
3. Many were YACC accounts (for control purposes).
4. Some appeared to be duplication of purpose.

Liabilities essentially comprise:-

Trade Creditors		\$ 87,714
Employee Entitlements		\$166,285
GDIF - Line of Credit		\$115,000 (limit \$125,000)
- Term Loan	S-T	\$ 61,456
	L-T	<u>\$288,991</u>
		<u>\$350,447</u>

### B.3 Recommendations

- ✓ 1. That BIC ratify the closure of sundry accounts with balances transferred to other more functional accounts. *after consultation where appropriate*
- ✓ 2. That BIC approve the grouping of bank/financial assets as listed into;
  - Mission and ministry
  - Professional Standards
  - Administration
  - Diocesan Leaders
- ✓ 3. That BIC ratify the making of all GDIF and Corporate Trustee accounts/financial assets interest bearing. ?

## C. INCOME AND EXPENDITURE

### C.1 Comments

The general Income and Expenditure Accounts has been re-formatted into

Consolidated  
Mission and Ministry  
Professional Standards  
Mission Administration  
Diocesan Leaders

[Within each of these groups there are detailed cost centres].

Importantly, all internal transfers – income/expenditure are shown separately so that realistic appraisals may be attempted for each 'Division'. In the past income and expenditure has been distorted by internal transfers.

### C.2 Income/Expenditure – as attached.

### C.3 Recommendations

1. That the Finance Manager work with Parishes/schools/CTS/GDIF to receive expected monthly or planned contributions – thereby improving cash flow controls. Cash control is critical.
2. That the Finance Manager determine whether improved cash control could lead to reduced interest charges, namely:-
  - a) Paying the insurance premium in full in February 2013, thereby saving interest charges of \$18,700 (est).
  - b) Repaying the GDIF term loans of \$350,447 plus LOC of \$115,000. It is estimated interest charges are of the order of \$42,000 pa. The term loans are being currently repaid at the rate of \$5,121 pm (or \$61,452 pa).

## D. BUDGETS

The Diocese budget is difficult principally because of the significant and material variations in contributions from year to year. The 2013 budget reflects this (eg GDIF). It will be necessary to progressively review the budget throughout 2013 if anticipated contributions are not made or are delayed. The attached budget is in accordance with the cost centres and in accordance with the budget presented to SYNOD.

## E. OTHER ISSUES

### E1. AUDIT

- 1.1 The timing of the audit and presentation of audited financial to BIC needs to be improved in 2013. [In 2012 audited financial statements were presented to BIC as on the day they were to be signed].
- 1.2 In discussion with the Auditor a more timely completion of the audit and of the Management Letter. This will enable prompt corrective action to be taken. The Registrar/Finance Manager should formally respond to all comments in Management Letter.
- 1.3 Recommendations
  - I. That the Auditor be requested to undertake quarterly or 6 monthly audits (no increase in fees).
  - II. That the audit and management letter be respectively completed and issued in a timely manner.

### E2. FINANCE/ACCOUNTING DEPARTMENT

From observations and discussions impressions suggest that there is potential for refinements in the operation of the Finance/Accounting Department (Please note that I am happy to be corrected on any of the following).

- 2.1 The role of the Finance Manager and the Accounting Dept appears to be limited to historical recording. It is suggested that with the experience/knowledge/ information available the importance of the Finance Dept should be enhanced. Some steps would include:-
  - a) a formal costing of the financial impact of all decisions being considered.
  - b) the use of pro-forma 'Request for Payment' for Finance Dept approval before commitments are made (for say any expense in excess of \$200). Reference would be made to allocated budgets and cumulative spending would be monitored.

2.2 A refinement of the nature of the Department to be a "servicing bureau". This would entail a review of how 'clients' are serviced, the reports which are issued and appropriate commentary which could assist the end user.

2.3 A review of staff structures/responsibilities so that 2.2 above could be effected.

- E3. Consideration be given to incorporating the Parishes/schools/Anglicare etc. into the Balance Sheet of the Diocese. This does not impact on the independence/autonomy of each entity. Annually net assets would be recorded in the Balance Sheet of the Diocese as:-

Non-Current Assets

Parishes  
Schools  
Anglicare

Equity

Parishes  
Schools  
Anglicare

Changes from year to year are accounted for by a simple journal entry. There is no impact on income. One advantage is that the Diocese is better recording the assets which it ultimately owns and each Parish is recording its net assets on an annual basis.

- E4. Sale of Property since 1 January 2012
- |           |  |
|-----------|--|
| Tumbulgum | \$385,000 in Diocese to cover Synod Plan |
| Federal   | \$199,000 in Corporate Trustees          |

Currently for Sale - as per Agenda Item in BiC – Bishop's Appeal Update

**DEREK W ALDEN**

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## Balance Sheet

### ANGLICAN DIOCESE OF GRAFTON

31 OCTOBER 2012

## ASSETS

MISSION and MINISTRY	108,181
GDIF 3945 Resourcing Ministry	24,438
2-4501 Loan - CTS MinistryDevt	35,861
2-4800 NON Int- CTS BishClergy	47,882
MISSION ADMINISTRATION	1,144,466
INSURANCE & RISK	247,478
GDIF 3837 - Insurance Reserve	17,664
GDIF 3839 - Minor Insurance	228,932
GDIF 4275 Risk Management	882
SINKING FUND	75,895
GDIF 3840 - Sinking Fund	75,895
UNTIED CASH	469,136
Combined Bank	469,136
TRUSTEES UNTIED Deposits	40,188
2-4301 Loan - CTS ParishSuppor	236
2-4808 NON IntCTS DioSpecPurpo	225
2-4827 NON intCTS DroughtRelie	38,386
2-4839 Loan - CTS DioArchives	763
2-4901 Loan - CTS Dio Capital2	41
2-4900 NON Int - CTS OCF	228
2-4911 Loan - CTS Env Commissn	311
TIED CASH	184,354
Undeposited Funds	315
Cash on Hand	391
GDIF 842 S2 - Access Account	165,721
GDIF 3084 Schools Commission	7,891
GDIF 3838- University Chaplain	9,973
GDIF 1791 - Gaol Chaplains Exp	63
TRUSTS - TIED	127,415
2-4824 NON int-CTS Longhurst	1,275
2-4829 Loan - CTS WoorabCapita	104,268
2-4799 priv - G&M Endowment	11,037
2-5405 BiC Gunundi Trust Accou	10,835
YACC	82,439
032537 125934 Youth Committee	22,675
032537 125942 Camp Ichthus	25,671
DYCMP Banana Coast S1	6,785
DYCMP Banana Coast S98	40
DYCMP Cash Drawer	10,500
GDIF 0081 - Youth C'tee Icthus	3,836
GDIF 2757 Camp Ichthus Equipmt	7,443
GDIF 1805 - Youth Worker	5,488
DIOCESAN LEADERS	2,023,768
032537 207171 Natural Disaster	1,082
GDIF 219 - BDF - Mens Ministry	2,698
GDIF 3524 - Jerusalem Scholars	38
GDIF 3853 Jerusalem Partici	1,438
2-4606 Loan - CTS BishopEndowC	1,971,772
2-4802 NON Int-CTS Bish of PNG	8,909
2-4812 Loan - CTS Bishops Disc	7,430
2-4922 Bishops Appeal Trust	30,402
TRADE & OTHER RECEIVABLES	103,445

## Balance Sheet

### ANGLICAN DIOCESE OF GRAFTON

31 OCTOBER 2012

DEBTORS	86,704
Combined Debtor	86,703
OTHER RECEIVABLES	16,741
FBT Instalment Deposits paid	1,882
Accrued Income <sup>*</sup>	1,214
Woorabinda Youth Trust - Incom	12,499
Prepaid expenses	1,146
FINANCIAL ASSETS	1,609,000
CVAS SUBORDINATED LOAN	0
CVAS Subordinated Loan	4,963,282
CVAS Subordinated loan impairm	-4,963,282
OTHER TRUSTS	1,609,000
2-5403 BiC McWilliam Lodge	644,000
2-5404 BiC Bishopsholme	965,000
PROPERTY PLANT & EQUIPMENT	26,937
Combined Accumulated Depreciation	-28,305
Plant and Equipment - at cost	8,972
Motor Vehicles - at cost	32,725
Computer Software -at cost	4,494
Property & Equipment DYCMP	7,029
Library	2,023
Unallocated	108,235
CTS Assets Non-Current____(6)	108,235
2-4929 dio-SustainableMinistry	108,235
<b>Total ASSETS</b>	<b>5,206,470</b>
LIABILITIES	
CURRENT LIABILITIES	587,618
TRADE & OTHER PAYABLE	87,714
Combined Creditor	69,349
GST LIABILITIES	-5,923
Other Payroll Liabilities	24,288
CURRENT FINANCIAL LIABILITIES	176,456
GDIF 4009 - Line of Credit	115,000
GDIF 4080 10yrLongTermLoan-Cur	61,456
Provisions Current_____(12)	158,018
Provision for Annual Leave	76,461
Provision for Unpaid Overtime	61,557
Provision for Audit fees	20,000
Other Current Liabilities_(10)	157,643
Income in Advance	157,143
Bonds to be refunded (Nimbin)	500
Clearing Accounts	7,787
Unknown Deposit	5,425
Non-Parish Clearing Account	2,728
PAYROLL CLEARING - ALL	-366
NON CURRENT LIABILITIES	295,999
NON CURRENT FINANCIAL LIABILITIES	288,991
GDIF 4080 10yrLongTermLoan-N/C	288,991
NON CURRENT PROVISIONS	7,008
Provision for Long Serv Leave	7,008
<b>Total LIABILITIES</b>	<b>883,617</b>
<b>Net Assets</b>	<b>4,322,853</b>

## Balance Sheet

### ANGLICAN DIOCESE OF GRAFTON

31 OCTOBER 2012

ACCUMULATED FUNDS & RESERVES	
RESERVES	4,062,989
TRUST RESERVES	3,987,093
Trust Reserve _____ (4b)	3,987,093
SINKING FUND RESERVE	75,895
Sinking fund reserve	75,895
RETAINED EARNINGS	-240,062
Retained Earnings	-240,062
CURRENT EARNINGS	499,926
Current Earnings	499,926
<b>Total ACCUMULATED FUNDS &amp; RESERVES</b>	<b><u>4,322,853</u></b>

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**Anglican Diocese of Grafton  
Operational Financial Report (\$'000)  
for the period Ended 31/10/2012**

YEAR TO DATE		
Actual	[A]	474
Forecast Budget	[FB]	93
Variance	[V]	381

Mission & Ministry	
Units	
A	104
FB	(60)
V	164

Professional Standards	
A	(3)
FB	(3)
V	

Mission Administration	
A	589
FB	328
V	261

Diocesan Leaders	
A	(216)
FB	(172)
V	(44)

c2 (1)

**Actual Performance against Budget (\$'000)**  
**by Diocesan Structural Grouping**

MISSION AND MINISTRY	Year to Date			Where we expect to be at years' end			
	Actual	Forecast Budget	Variance	Estimate	Original Budget	Variance	
4-0000 · Income							
4-0001 · Revenue from related parties	1	54	80	(26)	61	87	(26)
4-2000 · Revenue from Government	2	62	96	(34)	72	180	(108)
4-3000 · Interest income			1	(1)	1	1	(0)
4-3100 · Other income	3	146	212	(66)	917	2531	(1614)
<b>Total Income</b>		<b>262</b>	<b>389</b>	<b>(127)</b>	<b>1051</b>	<b>2799</b>	<b>(1748)</b>
<b>Gross Profit</b>		<b>262</b>	<b>389</b>	<b>(127)</b>	<b>1051</b>	<b>2799</b>	<b>(1748)</b>
6-0000 · Expenses							
6-0300 · Depreciation & Amortisation					2	2	
6-1000 · Administration Expenses	4	91	177	86	107	193	86
6-1850 · Entity Support	5	970	902	(68)	970	1877	907
6-2000 · Contrib to Religious Function		45	43	(2)	49	52	3
6-3500 · Finance Costs							
6-4000 · Employment Costs		89	107	18	107	219	2
6-6600 · Diocesan Meetings			2	2		2	2
<b>Total Expenses</b>		<b>1195</b>	<b>1231</b>	<b>36</b>	<b>1236</b>	<b>2345</b>	<b>1109</b>
<b>Operating Profit</b>		<b>(933)</b>	<b>(842)</b>	<b>(91)</b>	<b>(186)</b>	<b>454</b>	<b>(640)</b>
8-0000 · Other Income							
8-1500 · Transfers from		1151	912	(239)	1151	10	(1141)
<b>Total Other Income</b>		<b>1151</b>	<b>912</b>	<b>(239)</b>	<b>1151</b>	<b>10</b>	<b>(1141)</b>
9-0000 · Other Expenses							
9-0010 · Other Expenses		114	130	16	884	400	(484)
<b>Total Other Expenses</b>		<b>114</b>	<b>130</b>	<b>16</b>	<b>884</b>	<b>400</b>	<b>(484)</b>
<b>Net Profit</b>		<b>104</b>	<b>(60)</b>	<b>164</b>	<b>81</b>	<b>64</b>	<b>17</b>

**VARIANCE COMMENTARY**

- 1 The Revenue from Related parties variance relates to:  
(\$ 10K) Parish contribution reduction  
(\$15K) reduction in grant to UNI chaplain. Will be actioned by year end
- 2 The Revenue from Government variance relates to:  
(\$ 7K) reduction in Chaplaincy income due cessation of Kempsey chaplaincy  
(\$27K) University chaplaincy income yet to be received
- 3 Other income revenue variance relates to:  
(50K) timing YACC Income not yet recorded  
(16K) Donation receipt estimate lower than anticipated
- 4 Administration expense variance relates to:  
\$28K lower than anticipated Meeting costs  
\$51K YACC expenses not yet recorded  
\$ 2K reduced postage
- 5 Entity Support expense variance relates to:  
\$68K additional support

**Actual Performance against Budget (\$'000)  
by Diocesan Structural Grouping**

**PROFESSIONAL STANDARDS**

	Year to Date			Where we expect to be at years end		
	Actual	Forecast Budget	Variance	Estimate	Original Budget	Variance
4-0000 · Income						
4-0001 · Revenue from related parties						
4-2000 · Revenue from Government						
4-3000 · Interest income						
4-3100 · Other income						
<b>Total Income</b>						
<b>Gross Profit</b>						
6-0000 · Expenses						
6-0300 · Depreciation & Amortisation						
6-1000 · Administration Expenses						
6-1850 · Entity Support						
6-2000 · Contrib to Religious Function	3	3		3		(3)
6-3500 · Finance Costs						
6-4000 · Employment Costs						
6-6600 · Diocesan Meetings						
<b>Total Expenses</b>	3	3		3		(3)
<b>Operating Profit</b>	(3)	(3)		(3)		(3)
8-0000 · Other Income						
8-1500 · Transfers from						
<b>Total Other Income</b>						
9-0000 · Other Expenses						
9-0010 · Other Expenses						
<b>Total Other Expenses</b>						
<b>Net Profit</b>	(3)	(3)		(3)		(3)

v

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Operating as per budget

**Actual Performance against Budget (\$'000)**  
**by Diocesan Structural Grouping**

MISSION ADMINISTRATION	Year to Date			Where we expect to be at years' end			
	Actual	Forecast Budget	Variance	Estimate	Original Budget	Variance	
4-0000 · Income							
4-0001 · Revenue from related parties	6	4240	4260	(20)	4975	4819	156
4-2000 · Revenue from Government		13		13	13	25	(12)
4-3000 · Interest Income		2	1	1	7	5	2
4-3100 · Other income	7	215	103	112	232	165	67
<b>Total Income</b>		<b>4470</b>	<b>4364</b>	<b>106</b>	<b>5226</b>	<b>5014</b>	<b>212</b>
<b>Gross Profit</b>		<b>4470</b>	<b>4364</b>	<b>106</b>	<b>5226</b>	<b>5014</b>	<b>212</b>
6-0000 · Expenses							
6-0300 · Depreciation & Amortisation					1	1	( )
6-1000 · Administration Expenses	8	862	887	25	1206	1014	(192)
6-1850 · Entity Support							
6-2000 · Contrib to Religious Function		44	34	(10)	48	94	46
6-3500 · Finance Costs		55	59	4	64	64	
6-4000 · Employment Costs	9	3189	3249	60	3811	3833	22
6-6600 · Diocesan Meetings		9	7	(2)	9	8	(1)
<b>Total Expenses</b>		<b>4159</b>	<b>4236</b>	<b>77</b>	<b>5139</b>	<b>5014</b>	<b>(125)</b>
<b>Operating Profit</b>		<b>311</b>	<b>128</b>	<b>183</b>	<b>87</b>		<b>87</b>
8-0000 · Other Income							
8-1500 · Transfers from / (to) Corporate Trustees	10	283	200	(83)	410	457	47
<b>Total Other Income</b>		<b>283</b>	<b>200</b>	<b>(83)</b>	<b>410</b>	<b>457</b>	<b>47</b>
9-0000 · Other Expenses							
9-0010 · Other Expenses		5		(5)	224	132	(92)
<b>Total Other Expenses</b>		<b>5</b>		<b>(5)</b>	<b>224</b>	<b>132</b>	<b>(92)</b>
<b>Net Profit</b>		<b>589</b>	<b>328</b>	<b>261</b>	<b>273</b>	<b>325</b>	<b>(52)</b>

**6** The Revenue from Related parties variance relates to:

- (\$28K) reduced Parish Super and Parish pledge
- \$ 5K increased insurance receipts
- \$ 3K various unders and overs

**7** Other Income variance relates to:

- \$91K Synod Plan cost recovery
- \$22K additional photocopier charge back received
- \$ 5K GST refund on Gunundi Sale

**8** Administration expense variance relates to:

- \$67K in Contract accounting staff not in the original budget
- \$62K in increase insurance cost
- (\$104)K reduction in General expenses

**9** Employment expense variance relates to:

- (\$60)K reduced Registry payroll employees - see contractor costs above

**10** Transfers Inwards relates to:

- \$73K increase in SYNOD Plan receipt from sale proceeds brought forward from 2013
- \$10K brought in from Gunundi Trust to support YACC accommodation costs

**Actual Performance against Budget (\$'000)**  
**by Diocesan Structural Grouping**

DIOCESAN LEADERS	Year to Date			Where we expect to be at years' end			
	Actual	Forecast Budget	Variance	Estimate	Original Budget	Variance	
4-0000 · Income							
4-0001 · Revenue from related parties							
4-2000 · Revenue from Government							
4-3000 · Interest income	11	54	100	(46)	67	120	(53)
4-3100 · Other income		4	4	5	4		
<b>Total Income</b>		<b>58</b>	<b>100</b>	<b>(42)</b>	<b>72</b>	<b>124</b>	<b>(52)</b>
<b>Gross Profit</b>		<b>58</b>	<b>100</b>	<b>(42)</b>	<b>72</b>	<b>124</b>	<b>(52)</b>
6-0000 · Expenses							
6-0300 · Depreciation & Amortisation			5	5	2	7	5
6-1000 · Administration Expenses	12	102	115	13	113	128	15
6-1850 · Entity Support							
6-2000 · Contrib to Religious Function							
6-3500 · Finance Costs							
6-4000 · Employment Costs	13	225	190	(35)	266	237	(29)
6-6600 · Diocesan Meetings		1	(1)	(1)	1	(1)	
<b>Total Expenses</b>		<b>328</b>	<b>310</b>	<b>(18)</b>	<b>381</b>	<b>371</b>	<b>(10)</b>
<b>Operating Profit</b>		<b>(270)</b>	<b>(210)</b>	<b>24</b>	<b>(309)</b>	<b>(247)</b>	<b>(62)</b>
8-0000 · Other Income							
8-1500 · Transfers (to) / from Corporate Trustees		60	38	(22)	60	38	(22)
<b>Total Other Income</b>		<b>60</b>	<b>38</b>	<b>(22)</b>	<b>60</b>	<b>38</b>	<b>(22)</b>
9-0000 · Other Expenses							
9-0010 · Other Expenses		6	(6)	(6)	6	(6)	
<b>Total Other Expenses</b>		<b>6</b>	<b>(6)</b>	<b>(6)</b>	<b>6</b>	<b>(6)</b>	
<b>Net Profit</b>		<b>(216)</b>	<b>(172)</b>	<b>(44)</b>	<b>(255)</b>	<b>(209)</b>	<b>(46)</b>

**11** Interest income variance relates to:

(\$59)K reduction in Interest earned in Bishopric that was included in error in 2011 as Bishopric Endowment earns its own income and is not part of the general merged trusts income.

**12** Administration expense variance relates to:

(\$38)K reduced Repairs and Maintenance as Bishopsholme Repairs have been deferral to a later time  
\$13K increased motor vehicle costs ?

**13** Employment costs expense variance relates to:

\$35K increased employment costs of the Archdeacon due to additional time at the Diocese

**Anglican Diocese of Grafton**  
**Operational Financial Report (\$'000)**  
**for the period Ended 31/10/2012**

ANNUAL ESTIMATE		
Year End		
Estimate	[YE]	96
Original Budget	[OB]	180
Variance	[V]	(84)

Mission & Ministry	
Units	
YE	81
OB	64
V	17

Professional Standards	
YE	(3)
OB	(3)
V	(3)

Mission Administration	
YE	273
OB	325
V	(52)

Diocesan Leaders	
YE	(255)
OB	(209)
V	(46)