



# **Financial Statements**

**for the year ended 31 December 2015**

## Baptist Union of Victoria

ABN: 67 934 884 236

# Financial Statements 31 December 2015

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The Baptist Union of Victoria is an entity incorporated under the Baptist Union of Victoria Incorporation Act 1930.

This special purpose financial report covers the body corporate of the Baptist Union of Victoria [BUV] as an individual entity and is presented in Australian currency.

The financial report was authorised for issue by the Executive Council on 12<sup>th</sup> April 2016.

### Principal Office

Level 1, 1193 Toorak Road  
Camberwell, Victoria, 3124  
(03) 9880 6123  
[www.buv.com.au](http://www.buv.com.au)

### Council Members as at date of this report

J Bradshaw (Chair), D Bullock, A Demond, F Hall, P Inglis, D Kilker, J Lewis, I Southwood

### Union Secretary

I Southwood

### Auditors

Saward Dawson  
20 Albert Street  
Blackburn, Victoria, 3130

### Banker

Baptist Financial Services Ltd  
Level 1, Cnr Rawson Street & Carlingford Road  
Epping, New South Wales, 2121

## **Councillors' Report**

The Councillors present their report with respect to the results of the Union for the financial year ended 31 December 2015 and the state of the Union's affairs at that date. The Council members in office at the date of this report are:

**Mrs Jo-Anne Bradshaw (Chair)** BA GradDipVET; MEd CAHRI

Independent Human Resources Consultant

Twenty years' experience in Human Resources and Organisational Development roles across a number of industries including telecommunications, health and banking & finance. Provided HR consulting services to BUUV, Whitley College, Global Interaction, Baptist Camping and a number of Baptist churches

Member of Now and Not Yet Baptist Church

Council member since October 2012

Special responsibilities: Council Deputy Chair, Member of Council Development Committee

**Rev Daniel Bullock** Dip Theol, Adv Dip Min, B.Min, MA Church Leadership

Director of Mission & Ministries of the Baptist Union of Victoria

Senior Pastor at Essendon Baptist Church, Senior Associate Pastor at NewHope Baptist Church, Interim Pastor at Berwick Baptist Church

Member of Albert Park/Port Melbourne Baptist Church

Council member since March 2012

Special responsibilities: Member of Advisory Board, member of Ordination Discernment Group, member of Nominations Committee

**Rev Dr Allan Demond** B.A. (Hons), M.Div. (Hons), MTh., Ph.D.

Senior Pastor at NewHope Baptist Church and the Executive Director of NewHope Community Care, former Pastor Highfield Baptist Church (eastern Canada), former Educator at Crandall University (eastern Canada)

Past President of the Baptist Union of Victoria

Member of NewHope Baptist Church (since 1995)

Council member from 2001 to 2004 and since October 2013

Special responsibilities: member of Nominations Committee, Adjunct Faculty Member of Whitley College, conference speaker and, freelance strategy/governance consultant

**Fiona Hall**

Director of Strategic Relationships-Empart Australia

Chaplain Melbourne Rebels Rugby Club

National Training Coordinator Alpha Australia 2007-2012

Member Crossway Baptist Church (Board Member 2010-2016)

Board Member William Wilberforce Foundation

Council Member since October 2015

## **Councillors' Report continued**

**Mr Paul Inglis** B.Ec (Hons), MAICD

Bank Executive

Over twenty five years' experience in the banking industry in payments and economics; five years in government service, including Federal Treasury

Member of Lilydale Baptist Church

Board member of Now and Not Yet Incorporated

Council member since October 2007

Special responsibilities: Chairman of Audit & Risk Committee, member of Council Development Committee

**Rev Darryl Kilker** BA

Senior Pastor, Pakenham Baptist Church since 2008

Prison Fellowship, 1980-1991

Attended Ouachita Baptist University, USA

Pastoring various Baptist Church's since 1982

Lead short mission trips to Mexico and Philippians

Partnered in three church plants

Member of various committees: local government, school and small college boards

Eternal Gold 2000 Olympic Outreach Committee

Special responsibilities: member of Audit and Risk Committee

**Mr Jame Lewis** B.Com, LLB

Lawyer for more than 33 years working in the areas of Mergers and Acquisition, Property, Organizational Governance, Commercial Law and Wills and Estates

Principal of Lewis Counsel Lawyers

Honorary Legal Advisor of the Baptist Union of Victoria

Member of Aberfeldie Baptist Church

Council member since October 2014

Special responsibilities: Ex Officio Member of Advisory Board, Chair of Constitutional Review Committee

**Mr Ian Southwood** B.Com, B.Com (Hons), MBA, M.Com, CPA

Director of Finance & Administration and Secretary of the Baptist Union of Victoria

More than 17 years financial management experience. Former Head of Finance at World Vision Australia

Member of NewHope Baptist Church

Council member since December 2010

Special responsibilities: Member of Constitutional Review Committee, ex officio member of Advisory Board

## Councillors' Report continued

Council meeting attendance: January 2015– December 2015

Council Member	Eligible to attend	Attended
Jo-Anne Bradshaw	11	9
Daniel Bullock	11	10
Allan Demond	11	10
David Devine*	3	3
Fiona Hall**	2	1
Simon Holt #	8	7
Paul Inglis	11	11
Darryl Kilker	11	11
Jame Lewis	11	8
Ian Southwood	11	7
Trevor Spicer	11	3

\* Appointed as Acting Secretary 25 August 2015

\*\* Elected as Council member 16 October 2015

# Ceased to be Council members 16 October 2015

### Principal activity

The principal activity of the BUW during the year was to empower leaders of Victorian Baptist churches for mission. Accordingly, the Union does not aim to generate a surplus from its operations, other than that which may be required to enable it to carry out its mission among the churches. No significant change in those activities has occurred during the year.

The Union is trustee under various beneficiary trusts, and holds funds generated from the sale of church properties on behalf of those churches. It invests and disburses funds in accordance with the provisions of the appropriate deed, or trust instruments.

### Results and review of operations

In 2015 our total operating revenue was \$4,430,151 (2014: \$6,853,167) which was a decrease of \$2,423,016 over 2014 revenue. In 2015 we disbursed \$4,657,406 (2014: \$4,357,230) resulting in a deficit of revenue over expenditure for the year of \$227,255 (2014: surplus \$2,495,937).

The decrease in revenue is mainly due to the receipt of \$2,866,000 of trust funds in 2014, of which the majority of this amount related to properties of two churches that dissolved during that year.

A revaluation of land and buildings occurred as at 31<sup>st</sup> December 2015 which resulted in a net gain of \$5,869,157. This gain is reflected in Other Comprehensive Income along with a net gain on the revaluation of Financial Assets totalling \$63,987. The total gain on the revaluation of assets is \$5,933,144 and this has resulted in a total Comprehensive Income for the year of \$5,705,889 (2014: \$2,489,212).

The net asset position of the Union was affected positively by the revaluation of land and buildings which resulted in an increase in net assets (2015: \$51,033,229 compared to 2014: \$45,322,339).

## **Councillors' Report continued**

### **Significant changes in ministry operations or financial position**

There have been no significant changes in the scope or nature of ministry operations or in the vision and purpose of the Baptist Union of Victoria during the year ended 31 December 2015.

### **Events subsequent to 31 December 2015**

We have considered impairment of investments subsequent to year end and noted no significant variances in market values compared to amounts recorded in the financial statements at year end. There have been no other events or circumstances which have arisen since the close of the financial year which would have, or might have, a significant impact on the ministries or operations of the Union as stated in the accompanying financial statements.

### **Indemnification of officer or auditor**

The Union has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Union or any related agency or body:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings, with the exception of premiums paid under its normal Management Liability cover

### **Proceedings on behalf of the Union**

The Union has registered a claim against an external third-party borrower that has gone into liquidation. The claim is to recover overdue funds of \$571,416 secured by residual guarantees, after calling in mortgages.

No other person has applied for leave of Court to bring proceedings on behalf of the Union or intervene in any proceedings to which the Union is a party for the purpose of taking responsibility on behalf of the Union for all or any part of those proceedings.

### **Executive Council members' benefits**

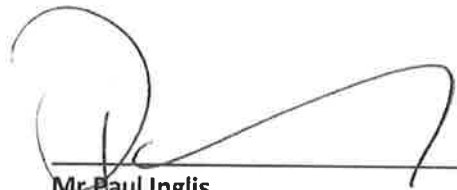
The following Council members are also paid staff of the Union and are compensated according to the guidelines established by the Council:

- Rev Daniel Bullock – Director of Ministries.
- Mr Ian Southwood – Director of Finance & Administration.

Signed in accordance with a resolution of the Council this 26<sup>th</sup> day of April 2016.



**Rev Daniel Bullock**  
Director of Ministries



**Mr Paul Inglis**  
Chair of Audit & Risk Committee

## Auditors Independence Declaration under section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Councillors of Baptist Union of Victoria

- I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015, there have been no contraventions of any applicable code of professional conduct in relation to the audit

Saward Dawson Chartered Accountants



Tim Flowers  
Partner

Dated: 26.4.16

Baptist Union of Victoria

ABN: 67 934 884 236

**Statement of Profit and Loss and Other Comprehensive Income**

**For the year ended 31 December 2015**

	Notes	2015 \$	2014 \$
<b>REVENUE</b>			
Constituent membership contributions		960,126	928,886
Insurance administration fee		819,120	873,133
Grants		247,662	216,858
Investment income		1,816,694	1,803,730
Gain on revaluation of investment		-	-
Donations, bequests and legacies		267,700	17,598
Other	2	318,848	3,012,962
<b>Total revenue</b>		<b>4,430,151</b>	<b>6,853,167</b>
<b>EXPENDITURE</b>			
Remuneration		2,842,204	2,577,358
Grants paid		531,943	566,050
Travel & hospitality		274,966	234,697
Depreciation		381,068	362,628
Occupancy		115,092	170,019
IT & office expenses		179,475	182,345
Doubtful debts		60,932	(26,605)
Impairment on Mortgages		-	-
Professional services		271,727	290,739
<b>Total expenditure</b>		<b>4,657,406</b>	<b>4,357,230</b>
<b>Excess / (shortfall) of revenue over expenditure</b>		<b>(227,255)</b>	<b>2,495,937</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net gain on revaluation of non-current assets	1c	5,869,157	-
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met</b>			
Net gain on revaluation of financial assets to fair value	1b	63,987	(6,725)
<b>Total comprehensive income / (loss) for the year</b>		<b>5,705,889</b>	<b>2,489,212</b>

*The above income statement should be read in conjunction with the accompanying notes.*



**Baptist Union of Victoria**

ABN: 67 934 884 236

**Statement of Financial Position**

As at 31 December 2015

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & cash equivalents	3	1,245,831	529,573
Trade and other receivables	4	1,122,293	1,272,675
Financial assets	5	12,944,947	14,160,526
<b>Total current assets</b>		<b>15,313,071</b>	<b>15,962,775</b>
<b>Non-Current Assets</b>			
Financial assets	5	25,360,253	23,240,303
Property plant & equipment	6	24,979,753	21,464,745
<b>Total non-current assets</b>		<b>50,340,006</b>	<b>44,705,048</b>
<b>Total Assets</b>		<b>65,653,077</b>	<b>60,667,822</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	913,118	922,171
Short term provision	8	280,262	269,816
<b>Total current liabilities</b>		<b>1,193,380</b>	<b>1,191,987</b>
<b>Non-Current Liabilities</b>			
Other non-current liabilities	9	12,378,859	13,200,767
Other long term provisions	10	1,047,609	952,729
<b>Total non-current liabilities</b>		<b>13,426,468</b>	<b>14,153,496</b>
<b>Total Liabilities</b>		<b>14,619,848</b>	<b>15,345,483</b>
<b>NET ASSETS</b>		<b>51,033,229</b>	<b>45,322,339</b>
<b>Equity</b>			
Reserves	11	48,004,941	41,529,110
Unrestricted fund	12	3,028,288	3,793,229
<b>TOTAL EQUITY</b>		<b>51,033,229</b>	<b>45,322,339</b>

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

**Baptist Union of Victoria**

ABN: 67 934 884 236

**Statement of Changes in Equity**

**As at 31 December 2015**

<b>2015</b>	<b>Unrestricted Fund</b>	<b>Asset Revaluation Reserve</b>	<b>Financial Asset Revaluation Reserve</b>	<b>Specific Ministry Reserves</b>	<b>Restricted Funds</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Balance at 1st Jan 2015</b>	3,793,229	12,735,134	2,064,003	1,807,162	24,922,811	45,322,339
Deficit for the year	(227,255)					(227,255)
Revaluation of Land and Buildings		5,869,158				5,869,158
Revaluation of Financial Assets			68,987			68,987
Transfer to (from) Reserves	(537,686)			4,918	532,768	0
<b>Balance at 31st December 2015</b>	<u>3,028,288</u>	<u>18,604,291</u>	<u>2,132,990</u>	<u>1,812,081</u>	<u>25,455,579</u>	<u>51,033,229</u>
<b>2014</b>						
<b>Balance at 1st Jan 2014</b>	4,733,085	12,735,134	2,070,727	1,764,598	21,529,584	42,833,128
Surplus for the year	2,495,937					2,495,937
Revaluation of Land and Buildings						0
Revaluation of Financial Assets			(6,724)			(6,724)
Transfer to (from) Reserves	(3,435,793)			42,565	3,393,228	0
<b>Balance at 31st December 2014</b>	<u>3,793,229</u>	<u>12,735,134</u>	<u>2,064,003</u>	<u>1,807,162</u>	<u>24,922,811</u>	<u>45,322,339</u>

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

## Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating surplus/ (shortfall)		(227,255)	2,495,937
<i>Adjusted for Non-cash items in profit:</i>			
Depreciation		381,068	362,628
Increase in provision for impairment of Investments		40,932	-
Loss (Profit) on disposal of non-current assets		2,087	(2,936)
Loss (Profit) on disposal of investments		22,510	(120,338)
Movement in asset revaluation		4,999	56,888
Properties received	2	-	(2,483,000)
(Increase) / Decrease in trade receivables		450,894	652,458
Increase / (Decrease) in trade payables		96,337	(273,837)
<b>Net cash from operating activities</b>		<b>771,572</b>	<b>687,800</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(143,618)	(746,803)
Purchase of investments		(275,694)	(1,622,174)
Proceeds from disposal of investments		1,185,970	(113,042)
<b>Net cash used in investing activities</b>		<b>766,658</b>	<b>(2,482,019)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase / (Decrease) in trust funds		(821,972)	(878,982)
<b>Net cash from financing activities</b>		<b>(821,972)</b>	<b>(878,982)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>		<b>716,258</b>	<b>(2,673,201)</b>
<b>Cash and cash equivalents at start of the year</b>		<b>529,573</b>	<b>3,202,774</b>
<b>Cash and cash equivalents at end of the year</b>	3	<b>1,245,831</b>	<b>529,573</b>

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

## **Notes to the Financial Statements**

**As at 31 December 2015**

### **1. Statement of significant accounting policies**

This financial report is a special purpose financial report prepared for use by the Council and for distribution to the member churches of the Baptist Union of Victoria in order to satisfy the financial reporting requirements of The Baptist Union of Victoria Incorporation Act 1930, the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulations 2013. The Council has determined that the Union is not a reporting entity.

The report has been prepared in accordance with the following applicable Accounting Standards and Accounting Interpretations:

- AASB 101, Presentation of Financial Statements
- AASB 107, Statement of Cash Flows
- AASB 108, Accounting Policies, Changes in accounting Estimates and Errors
- AASB 1031, Materiality
- AASB 1048, Interpretation of Standards
- AASB 1054, Australian Additional Disclosures

No other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report excludes the financial data relating to the financial information of the BUV Agencies (refer note 13).

Although the Baptist Union of Victoria has the right to appoint the majority of directors on the boards of these Agencies, the Executive Council is of the opinion that to consolidate the accounts of the entities with those of the Baptist Union of Victoria would not be of practical value to users of these special purpose financial statements.

The financial report, except for cash flow information, has been prepared on an accrual basis and is based on historical costs otherwise stated in the notes. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Following is a summary of the material accounting policies adopted in the preparation of the financial report. Unless otherwise stated, accounting policies have been consistently applied.

#### **(a) Income tax**

The Baptist Union of Victoria is a non-profit entity registered as a religious charitable organisation and, as such, is exempt from income tax under Section 50-5 of the Income Tax Assessment Act, 1997.

#### **(b) Investments**

Investments (including loans) are valued at cost except for the following:

- Real estate properties, held for investment purposes, at the Executive Council's valuation.
- Equity investments in public companies and managed equity funds are valued at current market values.

The carrying value of investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the estimated current market value of investments.

## **Notes to the Financial Statements**

**As at 31 December 2015**

### **Impairment**

Where there is objective evidence that an investment has been impaired, impairment losses are recognised in the Statement of Profit and Loss and Other Comprehensive Income. Where investments have current market values below cost as at year end and it is probable that the market values will recover above cost in the future, the carrying value of the investments is reduced to the market value and the decrease in market values below cost is recorded as a negative reserve in the financial statements. If at a subsequent year end the market value for an investment previously written down is more than the carrying value, the carrying value is reinstated to that market value and the reserve is adjusted.

Properties held for investment purposes are not subject to depreciation.

### **(c) Property, plant, and equipment**

Property, plant, and equipment are included at cost or at Executive Council's valuation less, where applicable, accumulated depreciation or amortisation. Depreciation is calculated based on the estimated useful life of the asset to the Union. The carrying value of property, plant and equipment is reviewed annually by Council to ensure it is not in excess of the probable recoverable amounts.

Where BUV Agencies erected buildings on freehold land, the costs of the buildings and any associated accumulated depreciation are recorded in the accounts of the Agency.

Independent market valuations are obtained every two years. The latest independent valuations were obtained at the end of 2015.

Real Property (note 5) is not subject to depreciation and was revalued at the end of 2015.

### **(d) Employee entitlements**

Provision is made for the Union's liability for employee entitlements arising from services rendered by employees to balance date. Annual leave is measured at its nominal amount and disclosed as a current provision. Long service leave is provided for employees from inception of employment using a probability factor based on past experience. Long Service Leave payable later than one year has been measured at the present value of the estimated future cash outflows to be made for those benefits and is disclosed as a non-current provision.

### **(e) Cash**

Cash includes cash on hand and that on deposit in the current operating accounts of the Union. Cash balances in Term deposits with banks or financial institutions, and investments in money market instruments are classified as investments (Note 5) where maturity is longer than 3 months.

### **(f) Revenue**

Interest and other investment revenues are recognised on a proportional basis taking into account the investment rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenues from the rendering of a service are recognised upon the delivery of the service provided. All revenue is stated net of the amount of goods and services tax (GST).

## **Notes to the Financial Statements**

**As at 31 December 2015**

**(f) Revenue (cont'd)**

Revenue is recognised and recorded in the accounts on an accrual basis except for donations, which are accounted for on a cash basis. Bequests are recognised when the right to receive the bequest is established. This is generally during the time of receipt.

Revenue includes the net profit (loss) on sale of assets.

**(g) Other Provisions**

**i) Provision for self-funded claims losses**

The Baptist Union of Victoria participates in the Australian Baptist Insurance (National scheme), purchasing insurance cover for Baptist churches and agencies in Victoria. The cost of this cover is passed on to those churches and agencies. A feature of the National scheme is that each state Baptist Union bears a portion of the potential loss claims; that portion is limited and set annually by the Scheme's national board.

The self-insurance claim limit is recorded annually as an insurance claims provision, with eventual claims being charged against the provision of the applicable year. Claims in excess of the provision are recoverable from either the National Scheme or its insurance underwriters, while residual credits in the provision are carried forward until, in the opinion of the Executive Council, they are recognized in the Statement of Comprehensive Income.

**ii) Provision for unreported liability claims**

Provision is made for unreported claims against the Baptist Union of Victoria, where the self-funded claims loss provision has been closed off by the Scheme's national board.

**iii) Provision for unknown litigation costs**

Provision is made for unknown future claims against the Baptist Union of Victoria.

**iv) Provision for exempt benefit gap cover**

Provision is made for claims against the Exempt Benefit Gap Cover. From 1 October 2004, a level of cover has been provided for Churches in the event of a Pastor's WorkCover claim where the WorkCover insurer does not cover the exempt benefits portion of the Pastor's remuneration.

**(h) Investment pool**

All investments are formally held in the name of the Baptist Union of Victoria. The carrying value of these assets is allocated in the accompanying accounts to the various trust and other funds administered by the Union based on the capital of the particular fund.

Income earned by the fund is credited to individual trust funds on the basis of their identified investments or the overall pool rate, whichever is applicable.

**(i) Capacity as trustee**

The Baptist Union of Victoria acts in the capacity as trustee, holding assets, in the following situations:

1. Wills and trusts where the Baptist Union of Victoria is the recipient
2. Proceeds where a member church sells property (land and buildings)

The Union, acting as trustee, also holds properties, where these are land and buildings, on behalf of its member churches and various other associated entities.

## Notes to the Financial Statements

As at 31 December 2015

(j) **Comparative Figures**

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

**2. Properties received from dissolved churches**

In 2014 the BUV received two properties, from two churches that dissolved, in accordance with "Schedule B" trust deeds. The properties were valued at \$2,483,000.

	2015 \$	2014 \$
<b>3. Cash &amp; cash equivalents</b>		
Cash on hand	300	300
Operating cash at bank	1,089,138	368,594
Short term deposits	156,393	160,678
	<u>1,245,831</u>	<u>529,573</u>
<b>4. Trade and other receivables</b>		
Due from members	818,456	881,086
Other debtors and prepayments	243,088	198,750
Interest and imputation credits receivable	80,750	192,729
Doubtful debts	(20,000)	0
	<u>1,122,293</u>	<u>1,272,565</u>
<b>5. Financial assets</b>		
<b>Loans</b>		
<b>Current</b>		
Secured		
• Interest bearing	3,578	6,987
Unsecured		
• Interest bearing	23,149	29,821
• Non-interest bearing	3,962	4,639
Total current loans	<u>30,689</u>	<u>41,447</u>
<b>Non-current</b>		
Secured		
• Interest bearing	67,988	132,759
Unsecured		
• Interest bearing	324,089	417,493
• Non-interest bearing	75,272	88,149
Total non-current loans	<u>467,348</u>	<u>638,401</u>
Total loans	<u>498,037</u>	<u>679,848</u>

**Baptist Union of Victoria**

ABN: 67 934 884 236

*Secured loans* are secured by first mortgages over properties.

## Notes to the Financial Statements

As at 31 December 2015

	2015	2014
	\$	\$
<b>Current</b>		
• Bank bills and term deposits	12,702,276	13,747,467
• First mortgages	783,397	902,094
• Provision for impairment of first mortgages	(571,415)	(530,483)
	<u>12,914,258</u>	<u>14,119,078</u>
<b>Non-Current</b>		
• Equity investments in public companies	10,408,905	10,225,902
• Capital contribution – Baptist Financial Services	3,250,000	3,250,000
• Real property	11,234,000	9,126,000
	<u>24,892,905</u>	<u>22,601,902</u>
 Total investments	 <u>37,807,163</u>	 <u>36,720,981</u>
 <b>Total financial assets</b>		
Current	12,944,947	14,160,526
Non-current	25,360,253	23,240,303
	<u>38,305,200</u>	<u>37,400,829</u>
 <b>6. Property, Plant &amp; Equipment</b>		
Freehold land		
• At Executive Council valuation	16,816,546	13,340,000
Building on freehold land		
• At Executive Council valuation	8,006,307	7,721,696
• Less depreciation	(726,121)	(533,051)
Total buildings	<u>7,280,186</u>	<u>7,188,645</u>
Motor vehicles		
• At cost	347,794	327,253
• Less depreciation	(142,726)	(108,546)
Total motor vehicles	<u>205,068</u>	<u>218,707</u>
Plant and equipment		
• At cost	1,655,760	1,646,423
• Less depreciation	(977,807)	(929,011)
Plant and equipment	<u>677,953</u>	<u>717,412</u>
 Total	 <u>24,979,753</u>	 <u>21,464,765</u>
 <b>7. Trade and other payables</b>		
Trade creditors and accruals	207,834	225,588
Unearned income	705,284	696,583
	<u>913,118</u>	<u>922,171</u>



## Notes to the Financial Statements

As at 31 December 2015

	2015 \$	2014 \$
<b>8. Short term provisions</b>		
Insurance claims	-	-
Annual leave	214,954	198,010
Long Service Leave	65,308	71,806
	<u>280,262</u>	<u>269,816</u>
<b>9. Other non-current liabilities</b>		
Ministerial long service leave fund	2,173,505	2,137,914
Funds held in trust for churches	10,138,576	10,681,043
Other	66,779	381,810
	<u>12,378,859</u>	<u>13,200,767</u>
<b>10. Other long term provisions</b>		
<b>Provision for insurance claims</b>		
For claims which are self-funded, relating to the years:		
2014	-	-
2015	329,305	236,306
Total provision for self-funded claim losses	<u>329,305</u>	<u>236,306</u>
Provision for unreported liability claims	60,000	60,000
Provision for exempt benefit gap cover	139,321	139,321
	<u>199,321</u>	<u>199,321</u>
Total provisions for insurance claims	<u>528,626</u>	<u>435,627</u>
Represented by:		
Current	-	-
Non-current	528,626	435,627
Total	<u>528,626</u>	<u>435,627</u>
<b>Provision for unknown litigation costs</b>	500,000	500,000
Represented by:		
Current	-	-
Non-current	500,000	500,000
Total	<u>500,000</u>	<u>500,000</u>
<b>Provision for employee entitlements</b>		
Long service leave liability	84,291	88,908
Represented by:		
Current	65,308	71,806
Non-current	18,982	17,102
	<u>84,291</u>	<u>88,908</u>
<b>Total provisions</b>		
Current	65,308	71,806
Non-current	1,047,609	952,729
	<u>1,112,917</u>	<u>1,024,535</u>

## Baptist Union of Victoria

ABN: 67 934 884 236

### Notes to the Financial Statements

As at 31 December 2015

	2015 \$	2014 \$
<b>11. Reserves</b>		
Asset valuation reserve	18,604,291	12,735,134
Financial assets revaluation reserve	2,132,990	2,064,003
Funds earmarked for specific ministry purposes	1,812,081	1,807,162
Funds restricted by internal rules and charters:		
• Advancement fund	21,211,129	20,643,303
• Church development fund	2,784,188	2,893,254
• Mark Pollard fund	1,328,890	1,261,043
• Victorian Baptist Gospel Communications fund	131,372	125,211
	<u>48,004,941</u>	<u>41,529,110</u>
<b>12. Unrestricted Fund</b>		
Balance of fund at beginning of year	3,793,229	4,733,085
Total comprehensive income/(loss) for the year	(227,255)	2,495,937
Less Transfers to reserves:		
• Earmarked reserves	(4,918)	(42,565)
• Advancement fund	(567,826)	(3,420,073)
• Church development fund	109,066	111,217
• Mark Pollard fund	(67,847)	(77,909)
• Victorian Baptist Gospel Communications fund	(6,162)	(6,463)
	<u>3,028,288</u>	<u>3,793,229</u>

### 13. Related Parties

Related parties of the Baptist Union of Victoria, whose accounts are not included in these financial statements, include:

#### Baptist Churches:

- The Union provides resources and advice to its member churches, pastors and lay leaders. The Union also holds property and funds on trust for its member churches.

#### Agencies:

- Baptcare Ltd - a company limited by guarantee
- Whitley College - The Baptist College of Victoria - an unincorporated entity
- Carey Baptist Grammar School Ltd - a company limited by guarantee
- Strathcona Baptist Girls' Grammar School Ltd - a company limited by guarantee
- Kilvington Grammar School Ltd - a company limited by guarantee
- Baptist Camping Victoria - an unincorporated entity

The Baptist Union of Victoria is affiliated with Australian Baptist Ministries.

## **Notes to the Financial Statements**

**As at 31 December 2015**

### **14. Contingent liabilities**

The Union has signed a letter of acknowledgement in relation to the borrowing facilities provided by the Commonwealth Bank of Australia to Kilvington Grammar School Ltd. The Union's maximum exposure is capped at \$4,020,000.

The Union has also provided a guarantee in relation to borrowing facilities provided by the National Australia Bank [NAB] to Strathcona Baptist Girls Grammar School Ltd. The Union's maximum exposure is capped at \$11,000,000 and is further limited to the amount recovered by NAB on enforcement of any security granted to NAB in respect of the property. A number of Strathcona properties have been provided as security for the facility.

The Union has also provided a guarantee in relation to a loan of \$100,000 provided by Baptist Financial Services Australia Ltd to Now And Not Yet Inc.

### **15. Events subsequent to 31 December 2015**

There have been no other events or circumstances which have arisen since the close of the financial year which would have, or might have, a significant impact on the ministries or operations of the Union as stated in the accompanying financial statements.

**Baptist Union of Victoria**

ABN: 67 934 884 236

**Responsible Entity Declaration**

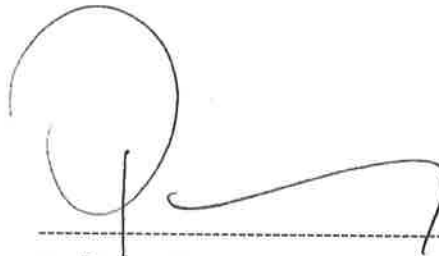
The councillors of the Union declare that:

1. The financial report and notes as set out on pages 7 to 18, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012; and
2. As the date of this statement, there are reasonable grounds to believe that the Baptist Union of Victoria will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the councillors and is signed for and on behalf of the councillors by:



Rev Daniel Bullock  
Director of Ministries



Mr Paul Inglis  
Chair of Audit & Risk Committee

Dated: 26<sup>th</sup> April 2016

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
BAPTIST UNION OF VICTORIA**

ABN: 67 934 884 236

**Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of the Baptist Union of Victoria, which comprises the statement of financial position as at 31 December 2015, and the statement of profit and loss and other comprehensive income, a summary of significant accounting policies, other explanatory notes and the responsible entity declaration.

**Responsible Entities' responsibility for the Financial Report**

The responsible entities is responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Baptist Union Incorporation Act 1930, the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view, 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the responsible entities, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
BAPTIST UNION OF VICTORIA**

ABN: 67 934 884 236

**Auditor's Opinion**

In our opinion, the financial statements of Baptist Union of Victoria has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) giving a true and fair view of the registered entity's financial position as at 31 December 2015 and of its financial performance and cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the Australian Charities and Not-for profits Commission Regulations 2013

**Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist Baptist Union of Victoria for the purpose of fulfilling the responsible entities' financial reporting responsibilities under the ACNC Act, and the needs of members. As a result, the financial report may not be suitable for another purpose.

**Saward Dawson Chartered Accountant**

**Tim Flowers**  
Partner

Date: 26.4.16  
Blackburn