



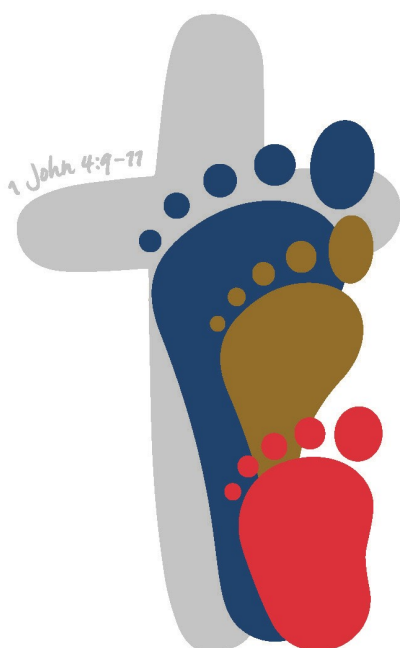
LUTHERAN
CHURCH
OF AUSTRALIA

NEW SOUTH WALES DISTRICT

LCA NSW District 38th Convention of Synod

6-8 March 2020

St Pauls College, Walla Walla



Walking together
IN MISSION

Book of Reports - Appendix 1

Lutheran Church of Australia, NSW District

Financial Statements

For the Year Ended 31 December 2018

Lutheran Church of Australia, NSW District

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For the Year Ended 31 December 2018

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Other revenue	4	653,151	537,569
Other income	4	21,093,458	226,100
Investment income	8	145,613	2,217,556
Total revenue and other income		21,892,222	2,981,225
Concord House expenses		(215,817)	(136,857)
Camp expenses		(131,206)	(81,466)
Employee benefits expense		(384,060)	(382,095)
Depreciation and amortisation expense		(86,745)	(167,095)
Lutheran Church of Australia		(202,356)	(106,497)
Mission development	5(b)	(2,656,689)	(2,116,629)
Other expenses		(414,239)	(283,809)
(Loss) for the year		17,801,110	(293,223)
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year		17,801,110	(293,223)

Statement of Financial Position

31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	24,388,115	3,981,650
Trade and other receivables	7	198,818	105,205
Other assets		257,888	-
TOTAL CURRENT ASSETS		<u>24,844,821</u>	<u>4,086,855</u>
NON-CURRENT ASSETS			
Trade and other receivables	7	183,674	219,575
Investment in Warrambui	8	4,187,531	4,041,918
Property, plant and equipment	9	33,414	3,166,671
TOTAL NON-CURRENT ASSETS		<u>4,404,619</u>	<u>7,428,164</u>
TOTAL ASSETS		<u>29,249,440</u>	<u>11,515,019</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	52,790	131,221
Employee benefits		72,235	62,530
TOTAL CURRENT LIABILITIES		<u>125,025</u>	<u>193,751</u>
NON-CURRENT LIABILITIES			
Employee benefits		11,681	9,644
TOTAL NON-CURRENT LIABILITIES		<u>11,681</u>	<u>9,644</u>
TOTAL LIABILITIES		<u>136,706</u>	<u>203,395</u>
NET ASSETS	11	<u>29,112,734</u>	<u>11,311,624</u>
MEMBERS' EQUITY			
Initial contribution and retained earnings	11	29,112,734	11,311,624
TOTAL EQUITY		<u>29,112,734</u>	<u>11,311,624</u>

Lutheran Church of Australia, NSW District

Statement of Changes in Members' Equity
For the Year Ended 31 December 2018

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2018	11,311,624	11,311,624
Loss for the year	17,801,110	17,801,110
Balance at 31 December 2018	29,112,734	29,112,734

2017

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2017	11,604,847	11,604,847
Loss for the year	(293,223)	(293,223)
Balance at 31 December 2017	11,311,624	11,311,624

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from district parishes	1,530,376	565,067
Payments to suppliers and employees	(1,668,417)	(886,492)
Interest received	183,491	169,096
Net cash (used in) operating activities	14 45,450	(152,329)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	23,053,605	990
Payment for property, plant and equipment	-	(42,785)
Loans to related parties - proceeds from repayments	35,901	48,721
Net cash used by investing activities	23,089,506	6,926
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	-	-
MISSION AND DEVELOPMENT ACTIVITIES		
Payments for mission and development	(2,656,689)	(2,116,620)
Net cash used by other activities	(2,656,689)	(2,116,620)
Net (decrease)/increase in cash and cash equivalents held	20,478,267	(2,262,023)
Cash and cash equivalents at beginning of year	3,981,650	6,243,673
Cash and cash equivalents at end of financial year	6 24,459,917	3,981,650

Lutheran Church of Australia, NSW District

Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial statements cover Lutheran Church of Australia, NSW District as an individual entity. The Lutheran Church of Australia, NSW District is a not-for-profit entity.

The principal activities of Lutheran Church of Australia, NSW District for the year ended 31 December 2018 were to fulfil the Objects of the Lutheran Church of Australia. (see LCA NSW District Constitution Article III.)

The functional and presentation currency of Lutheran Church of Australia, NSW District is Australian dollars.

The financial statements cover the business of Lutheran Church of Australia, NSW District and have been prepared to meet the needs of stakeholders.

The financial report was authorised for issue by the District Church Council on 30/05/2019.

Where necessary, comparative information has been reclassified to enhance comparability in respect to changes in presentation in the current year.

1 Basis of Preparation

The entity is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements.

The special purpose financial statements have been prepared in accordance with the significant accounting policies described below and do not comply with any Australian Accounting Standards unless otherwise stated.

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

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

Lutheran Church of Australia, NSW District has three associated entities, Warrambui Retreat and Conference Centre ("Warrambui"), St Paul's College Walla Walla, and Lutheran Aged Care in Albury. The Committee has decided that the three entities operate independently with entirely separate boards and therefore will not be consolidated. However because of the reliance on funding and support by Warrambui Retreat and Conference Centre on Lutheran Church of Australia, NSW District, that the investment in Warrambui will be recorded as an equity investment.

The real property and certain other assets of Warrambui remain vested in the Trustee of the Lutheran Church of Australia, NSW District Property Trust, however the Lutheran Church of Australia, NSW District considers that should Warrambui cease to operate, the net assets would be transferred to Lutheran Church of Australia, NSW District subject to approval by the Synod.

(b) Income Tax

The entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

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).

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Rental income

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

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(d) Revenue and other income (continued)

Other income

Other income is recognised on an accruals basis when the entity is entitled to it.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(f) 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.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the entity, commencing when the asset is ready for use.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	4 - 10%
Motor Vehicles	20%
Office Equipment	4%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position.

(h) Financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The entity's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the entity renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the entity does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The entity's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Impairment of financial assets

At the end of the reporting period the entity assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Impairment of non-financial assets

At the end of each reporting period the entity determines whether there is an evidence of an impairment indicator for non-financial assets.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(k) Employee benefits

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

(l) Provisions

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

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(m) New or Amended Accounting Standards and Interpretations Adopted

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit and loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instrument, that are not held-for-trading, in other comprehensive income. For financial liabilities, the standard requires the portion of the change in fair value that related to the entity's own credit risk to be presented in other comprehensive income, unless it would create an accounting mismatch. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an expected credit loss model to recognise an allowance. Impairment will be measured under a 12-month expected credit loss method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss method is adopted. The standard introduced additional new disclosures. The entity adopted this standard from 1 January 2018 and the impact of its adoption is nil.

3 Critical Accounting Estimates and Judgments

The Committee makes estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements

For the Year Ended 31 December 2018

4 Revenue and Other Income

Revenue from continuing operations

	2018	2017
	\$	\$
- Member subscriptions	192,125	186,842
- Camp income	139,129	84,288
Other operating revenue		
- Rental revenue from Concord House	321,897	266,439
Total Revenue	653,151	537,569

Other Income

- Fees	27,438	30,137
- Other income	748,782	6,880
- Donations	122,818	19,987
- Net gain on disposal of property, plant and equipment	20,010,929	-
- Interest income	183,491	169,096
Total other income	21,093,458	226,100

5 Result for the Year

(a) Expenses

Remuneration of auditor		
Auditing or reviewing the financial report	9,000	9,000

(b) Other Mission development expenses

Mission development expenses in 2018 consisted of a tithe of \$2,298,178 to the LCA from proceeds of the sale of Concord House. Also included are donations of \$72,000 to the LCA for NSW website development activities, \$66,710 to Lifeway Lutheran Church to support a layworker, \$60,000 to LCA Archives to provide an overhead scanner, \$52,000 to Woden Lutheran Church to support a Church Planter, \$25,000 to Belconnen Lutheran Church and \$20,000 to Gilgandra Dubbo Lutheran Parish to provide pastoral support. Donations totalling \$62,801 were also provided to support initiatives of St Pauls College, Turning Point Ministries, NSW District Review, NSW District Pastoral Support, Luther 500 Celebrations, Albury Lutheran Church Asbestos Removal and LCA Board for Mission.

6 Cash and Cash Equivalents

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	24,388,115	3,981,650
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Notes to the Financial Statements

For the Year Ended 31 December 2018

7 Trade and Other Receivables

	2018 \$	2017 \$
CURRENT		
Trade receivables	148,516	61,587
Provision for impairment	(120,617)	(31,587)
	<u>27,899</u>	<u>30,000</u>
Congregational receivables	46,000	46,000
Other receivables	124,919	29,205
Total current trade and other receivables	<u><u>198,818</u></u>	<u><u>105,205</u></u>
NON-CURRENT		
Congregational receivables	183,674	219,575
Total non-current trade and other receivables	<u><u>183,674</u></u>	<u><u>219,575</u></u>
(a) Congregational receivables		
Current related party receivables	46,000	46,000
Non-current congregational receivables	183,674	219,575
Total congregational receivables	<u><u>229,674</u></u>	<u><u>265,575</u></u>
(b) Reconciliation of congregational receivables		
Beginning of the year	265,575	337,896
Loans repayment received	(35,901)	(48,721)
Loan written off (Warrambui)	-	(23,600)
End of year	<u><u>229,674</u></u>	<u><u>265,575</u></u>

The loans to congregations are interest free and unsecured. The loans are repayable over periods of up to 10 years.

(c) Fair value of congregational receivables

No interest is charged on the loans, and therefore the notional interest subsidy shown below are subsidies provided to the congregations.

Fair value adjustments arise due to changes interest rates and represent the cost to Lutheran Church of Australia, NSW District of providing loans which are not linked to current market interest rates.

Reconciliation of changes in the fair value of congregational receivables is as follows:

Balance at beginning of the year	256,339	297,957
Loans repayment received	(35,901)	(48,721)
Notional interest subsidy	4,672	7,926
Loan written off (Warrambui)	-	(23,600)
Fair value adjustments	<u>(23,876)</u>	<u>22,777</u>
Balance at end of the year	<u><u>201,234</u></u>	<u><u>256,339</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

8 Investment in Warrambui

Warrambui has the same year end as Lutheran Church of Australia, NSW District.

For the reasons set out in Note 2a, the Committee considers that Lutheran Church of Australia, NSW District has an investment in Warrambui. The annual surplus or deficit of Warrambui is shown as an income or expense of Lutheran Church of Australia, NSW District, such that the investment Warrambui is equal to the net assets of Warrambui.

No adjustments are made for differences in accounting policies between Lutheran Church of Australia, NSW District and Warrambui.

Reconciliation of investment in Warrambui

	2018 \$	2017 \$
Balance of investment at beginning of year	4,041,918	1,824,362
Net profit for the year	145,613	2,217,556
Balance of investment at end of year	4,187,531	4,041,918

9 Property, plant and equipment

Movements in carrying amounts of property, plant and equipment

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

2018

	Land \$	Buildings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Year ended 31 December 2018					
Balance at the beginning of year	3,026,678	77,591	57,830	4,572	3,166,671
Disposals - written down value	(3,026,678)	-	(19,836)	-	(3,046,514)
Disposals	(3,026,678)	-	(19,836)	-	(3,046,514)
Depreciation expense	-	(77,591)	(7,599)	(1,553)	(86,743)
Balance at the end of the year	-	-	30,395	3,019	33,414

2017

	Land \$	Buildings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Year ended 31 December 2017					
Balance at the beginning of year	3,026,678	236,246	26,724	2,324	3,291,972
Additions	-	-	37,995	4,791	42,786
Disposals - written down value	-	-	-	(990)	(990)
Depreciation expense	-	(158,655)	(6,889)	(1,553)	(167,097)
Balance at the end of the year	3,026,678	77,591	57,830	4,572	3,166,671

Notes to the Financial Statements

For the Year Ended 31 December 2018

10 Trade and other payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	52,790	114,888
Rent received in advance	-	16,333
	<u>52,790</u>	<u>131,221</u>

11 Members' Equity

Retained earnings at the beginning of the financial year	11,311,624	11,604,847
Net (loss) / profit for the year	17,801,110	(293,223)
Retained earnings at end of the financial year	<u>29,112,734</u>	<u>11,311,624</u>

12 Commitments

Operating lease commitments receivable - entity as lessor

Lutheran Church of Australia, NSW District leases out its investment property under commercial leases. These non-cancellable leases had original terms between 3 and 10 years, however the leases have all been varied to ensure the property can be sold with vacant possession on or about 30 June 2018. All leases include an option for Lutheran Church of Australia, NSW District to increase rent to current market rental on an annual basis.

The future minimum lease payments under non-cancellable leases are:

- No later than 1 year	-	60,000
Total minimum lease payments	<u>-</u>	<u>60,000</u>

Capital commitments

During the year ended 31 December 2018 The Lutheran Church of Australia, NSW district paid a deposit of \$257,887 for the purchase of a property at Suit 215 Level 2, Building B, 20 Texington Drive, Bella Vista. The remaining amount payable for settlement to occur in 2019 is \$1,461,363.

Notes to the Financial Statements

For the Year Ended 31 December 2018

13 Contingencies

The Lutheran Church of Australia, NSW District guaranteed the loans of various member congregations. The loans guaranteed at year end were:

	2018	2017
	\$	\$
Epping St Marks Lutheran Church	-	26,672
Jindera Bethlehem Lutheran Church	8,129	16,469
Jindera St Johns Lutheran School	1,696,738	1,676,415
Wagga Wagga Lutheran School	951,735	859,983
Walla Walla St Pauls College Ltd	1,698,105	1,851,355
Lifeway Lutheran Church	18,136	-
Woden Valley Immanuel Lutheran Church	287,081	317,748
Pastors Car Loans	43,694	42,594
Total	4,703,618	4,791,236

14 Cash Flow Information

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	24,388,115	3,981,650
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(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Net (loss) / profit for the year	17,801,110	(293,223)
Cash flows excluded from profit attributable to operating activities		
- Loan written off	-	23,600
- Mission and development payments	2,656,689	2,116,620
Non-cash flows in profit:		
- Depreciation	86,745	167,095
- Net gain on disposal of property, plant and equipment	(20,007,093)	-
Share of net profits of Warrambui	(145,613)	(2,217,556)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(21,811)	(29,509)
- (Increase)/decrease in other assets	(257,888)	-
- Increase/(decrease) in trade and other payables	(78,431)	51,870
- Increase/(decrease) in employee benefits	11,742	28,774
Cashflow from operations	45,450	(152,329)

Notes to the Financial Statements
For the Year Ended 31 December 2018

15 Events Occurring After the Reporting Date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in future financial years.

16 Entity Details

The registered office of and principal place of business is:

Lutheran Church of Australia, NSW District
15-17 Blaxland Road,
Rhodes NSW 2138

Statement by Members of the NSW District Church Council

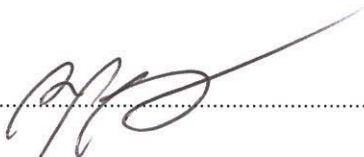
The members of the District Church Council have determined that the entity is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

The members of the District Church Council declare that:

1. The financial statements and notes, as set out on pages 1 to 16, present fairly the entity's financial position as at 31 December 2018 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
2. In the members' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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

Chairman



Robert Bartholomaeu

Treasurer



Bruce Arnold

Dated this

30/5/19.

R E MAYBERRY
CHARTERED ACCOUNTANT AND BUSINESS ADVISOR

Principal: Robert Mayberry FCA

ABN 56 211 539 109



4th June 2019

Dr Bruce Arnold
Treasurer
Lutheran Church of Australia, NSW District
Concord House, 15-17 Blaxland Road
RHODES NSW 2138

Dear Bruce,

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Members of the NSW District Church Council of the Lutheran Church of Australia, NSW District.

As auditor for the audit of the financial statements of the Lutheran Church of Australia, NSW District for the financial year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Mayberry', with a long horizontal flourish extending to the right.

Robert Mayberry
Chartered Accountant
Registered Company Auditor No. 185903

R E MAYBERRY
CHARTERED ACCOUNTANT AND BUSINESS ADVISOR

Principal: Robert Mayberry FCA

ABN 56 211 539 109



Independent Auditor's Report to the Members of Lutheran Church of Australia, NSW District

Opinion

We have audited the financial report, being a special purpose financial report, of Lutheran Church of Australia, NSW District (the Entity), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the NSW District Church Council.

In our opinion, the accompanying financial report of the Entity is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i) giving a true and fair view of the Entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards to the extent described in Note 2, 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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the members of the NSW District Church Council, would be in the same terms if given to the members as at the time of this auditor's report.

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

Emphasis of matter regarding basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the NSW District Church Council's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

NSW District Church Council's responsibility for the financial report

The members of NSW District Church Council are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The members of the NSW District Church Council are also responsible for such internal control as the NSW District Church Council 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 members of the NSW District Church Council are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the NSW District Church Council either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

We also provide the NSW District Church Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink, appearing to read 'R Mayberry', with a long horizontal stroke extending to the right.

Robert Mayberry

Registered Company Auditor No. 185903

Chartered Accountant

Level 16, 1 Market Street

Sydney NSW 2000

4th June 2019