



Section 11

Reports to 2013 Synod

LCAQD Audited Financials (2012)

Lutheran Church of Australia Queensland District

Financial Statements

For the Year Ended 31 December 2012

Lutheran Church of Australia Queensland District

For the Year Ended 31 December 2012

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Lutheran Church of Australia Queensland District

Statement of Comprehensive Income

For the Year Ended 31 December 2012

		2012	2011
	Note	\$	\$
Revenue	2(a)	3,048,824	2,860,032
Capital income	2(b)	1,918,000	1,138,911
Employee benefits expense	3	(1,461,477)	(1,448,165)
Depreciation, amortisation and impairments	3	(98,047)	(123,410)
LLL - 90th Anniversary expenses	3	(48,037)	-
Subsidies	3	(513,848)	(495,666)
Other expenses	3	(674,752)	(521,442)
Interest expense	3	(51,603)	(51,130)
Surplus before income tax		2,119,060	1,359,130
Income tax expense		-	-
Surplus for the year		2,119,060	1,359,130
Other comprehensive income			
Net gain/(loss) on revaluation of land and buildings		30,000	-
Other comprehensive income for the year		30,000	-
Total comprehensive income for the year		2,149,060	1,359,130

Lutheran Church of Australia Queensland District

Statement of Financial Position

31 December 2012

	Note	2012 \$	2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	3,574,680	2,677,356
Trade and other receivables	5	398,903	412,262
Other assets	6	7,052	17,360
Total current assets		3,980,635	3,106,978
Non-current assets			
Property, plant and equipment	7	8,835,930	7,285,732
Total non-current assets		8,835,930	7,285,732
TOTAL ASSETS		12,816,565	10,392,710
LIABILITIES			
Current liabilities			
Trade and other payables	8	595,913	261,513
Borrowings	10	123,048	118,845
Employee benefits	11	100,114	89,762
Other liabilities	9	148,510	154,731
Total current liabilities		967,585	624,851
Non-current liabilities			
Borrowings	10	807,849	878,631
Employee benefits	11	10,211	7,370
Total non-current liabilities		818,060	886,001
TOTAL LIABILITIES		1,785,645	1,510,852
NET ASSETS		11,030,920	8,881,858
EQUITY			
Reserves		1,806,054	1,776,054
Retained earnings		9,224,866	7,105,804
TOTAL EQUITY		11,030,920	8,881,858

Lutheran Church of Australia Queensland District

Statement of Changes in Equity

For the Year Ended 31 December 2012

2012	Retained Earnings	Capital Replacement Reserve	Total
	\$	\$	\$
Balance at 1 January 2012	7,105,804	1,776,054	8,881,858
Net surplus	2,119,060	-	2,119,060
Revaluation increment (decrement)	-	30,000	30,000
Balance at 31 December 2012	9,224,866	1,806,054	11,030,920
2011	Retained Earnings	Capital Replacement Reserve	Total
	\$	\$	\$
Balance at 1 January 2011	5,746,674	1,776,054	7,522,728
Net surplus	1,359,130	-	1,359,130
Balance at 31 December 2011	7,105,804	1,776,054	8,881,858

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the District Council. The Council have determined that the District is not a reporting entity, and therefore has no requirement to comply with Australian Accounting Standards in the preparation and presentation of the financial report.

The financial report only includes the Head Office function of the District, and does not consolidate financial information from parishes, Lutheran Education Queensland, Lutheran Youth Queensland, Lutheran Community Care or Queensland Lutheran Early Childhood Services.

(a) Basis of preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the District in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income taxes

The District is an exempt entity for income tax purposes.

(c) Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

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

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies continued

(d) Property, plant and equipment continued

Freehold land

Freehold land is shown at its fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by the District Church Council.

Increases in the carrying amount arising on revaluation of land are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Buildings, improvements, plant and equipment

Buildings, improvements, plant and equipment are measured on the cost basis.

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

Class of Fixed Asset

Buildings	0.5% - 5%
Plant and Equipment	10% - 33.33%
Furniture, Fixtures and Fittings	6.66% - 33.33%
Motor Vehicles	8.33% - 12.5%

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

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the District commencing from the time the asset is held ready for use.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

1 Summary of Significant Accounting Policies continued

(g) Employee benefits

Provision is made for the District's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(h) Provisions

Provisions are recognised when the District 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.

(i) Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(j) Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

(l) Rounding of Amounts

Amounts in the financial report have been rounded off to the nearest \$ 1.

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

2 Revenue

(a) Revenue

	2012	2011
	\$	\$
Operating income		
Congregation contributions	788,845	832,459
Parish payroll services	162,574	132,439
Interest received	132,347	158,636
	<u>1,083,766</u>	<u>1,123,534</u>
Rental income		
McDougall Street, Milton	624,160	649,738
Car parking	35,112	24,498
Outgoings	197,507	107,424
Third party rental income	61,121	20,779
Storage income	235	-
	<u>918,135</u>	<u>802,439</u>
Other income		
College chaplains - LEQ contribution	662,485	696,261
Grants received	30,517	-
Graduate Pastor program - contributions	4,807	8,416
Gifts and donations	-	4,708
Governance contributions	66,005	99,970
Recovered expenses	167,205	1,718
Events income	90,200	69,356
Other revenue	25,704	53,630
	<u>1,046,923</u>	<u>934,059</u>
Total Revenue	<u>3,048,824</u>	<u>2,860,032</u>

(b) Capital Income

	2012	2011
	\$	\$
Capital Income		
Profit/(loss) on disposal of fixed assets	-	(35)
Insurance recoveries	68,483	-
Other donations and contributions	1,849,517	1,138,946
	<u>1,918,000</u>	<u>1,138,911</u>
Total Capital Income	<u>1,918,000</u>	<u>1,138,911</u>

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

3 Expenses

	2012	2011
	\$	\$
Employee benefits expense		
Salaries and wages	696,499	668,508
College/School Chaplains	662,485	690,259
WorkCover expense	1,309	4,168
Employee provisions expense	18,686	24,113
LCA pension levy	13,120	785
Staff training	11,380	19,479
Superannuation contributions	57,998	40,853
Total employee benefits expenses	1,461,477	1,448,165
Subsidies		
Subsidy - Lutheran Church of Australia	430,032	431,000
Subsidies - other	83,816	64,666
	513,848	495,666
Other expenses		
<i>Property expenses</i>		
Body corporate outgoings	63,250	86,328
Cleaning	38,854	37,211
Electricity	3,917	-
Insurance	5,776	-
Legal expenses	25,326	-
Management fees	5,276	-
Rates and taxes	24,598	21,437
Repairs and maintenance	73,528	1,307
Security	364	7,368
Sundry expenses	4,623	6,342
Waste management	-	1,307
Water	17,447	-
Total property expenses	262,959	161,300

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

3 Expenses continued

	2012	2011
	\$	\$
<i>General expenses</i>		
Advertising	10,126	-
Auditors remuneration	14,000	20,725
Bad debts	33,750	24,256
Bank charges	5,818	9,754
Computer expenses	7,418	-
Consulting and professional fees	93,975	-
Depreciation, amortisation and impairments	98,047	123,410
Ecumenical expenses	3,958	-
Electricity expenses	4,080	6,632
Entertainment and hospitality	5,697	-
Event expenditure	61,016	38,377
Insurance	4,415	12,599
Interest expense	51,603	51,130
Land tax	-	(42,811)
Lease and rental expenses	21,275	85,648
Legal costs	13,779	27,349
LLL - 90th Anniversary Gift Expenses	48,037	-
Meeting expenses	16,870	14,211
Ministry and mission projects	1,741	41,460
Motor vehicle expenses	775	10,882
Postage, printing and stationery	10,687	21,621
QLD churches together	5,469	5,370
Subscriptions	12,111	1,068
Sundry expenses	5,497	35,005
Telephone and fax	32,073	21,721
Travel expenses	47,263	26,275
<i>Total general expenses</i>	<u>609,480</u>	<u>534,682</u>
Total other expenses	<u>872,439</u>	<u>695,982</u>
Total Expenses	<u>2,847,764</u>	<u>2,639,813</u>

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

4 Cash and cash equivalents

	2012	2011
	\$	\$
Cash on hand	200	200
Cash at bank - Westpac	456,397	261,626
Cash at bank - Lutheran Laypeoples League	3,118,083	2,415,530
	<u>3,574,680</u>	<u>2,677,356</u>

5 Trade and other receivables

	2012	2011
	\$	\$
CURRENT		
Trade receivables	192,549	317,400
Receivable from LCAQD Disaster and Relief Fund	22,261	-
Receivable from Far North Queensland Lutheran Mission	58,836	20,000
Accrued interest receivable	73,199	59,051
Other receivables	52,058	15,811
	<u>398,903</u>	<u>412,262</u>

6 Other Assets

	2012	2011
	\$	\$
CURRENT		
Prepayments	7,052	17,360
	<u>7,052</u>	<u>17,360</u>

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

7 Property, plant and equipment

	2012	2011
	\$	\$
Freehold land		
24 McDougall street - at Council's valuation	1,666,667	1,666,667
Other land - at Council's valuation	2,923,038	40,309
Total freehold land	4,589,705	1,706,976
Buildings		
24 McDougall street - at cost	4,326,316	4,326,316
Other buildings at cost	228,402	1,529,168
Less accumulated depreciation	(390,924)	(306,881)
Total buildings	4,163,794	5,548,603
Plant and equipment		
At cost	104,635	104,635
Less accumulated depreciation	(86,352)	(74,482)
Total plant and equipment	18,283	30,153
Furniture, fixture and fittings		
At cost	216,041	200,000
Less accumulated depreciation	(200,866)	(200,000)
Total furniture, fixture and fittings	15,175	-
Motor vehicles		
At cost	50,241	-
Less accumulated depreciation	(1,268)	-
Total motor vehicles	48,973	-
Total property, plant and equipment	8,835,930	7,285,732

Freehold land is carried at the District Council's valuation, determined on 31 December 2008. All other property, plant and equipment is carried at cost.

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

7 Property, plant and equipment continued

(a) Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Current Year						
Balance at the beginning of year	1,706,976	5,548,603	30,153	-	-	7,285,732
Additions	1,543,561	8,402	-	16,041	50,241	1,618,245
Transfers	1,324,168	(1,324,168)	-	-	-	-
Depreciation expense	-	(84,043)	(11,870)	(866)	(1,268)	(98,047)
Revaluation increment/(decrement)	15,000	15,000	-	-	-	30,000
Carrying amount at the end of year	<u>4,589,705</u>	<u>4,163,794</u>	<u>18,283</u>	<u>15,175</u>	<u>48,973</u>	<u>8,835,930</u>
Prior Year						
Balance at the beginning of year	1,706,976	4,947,428	27,296	33,500	-	6,715,200
Additions	-	680,000	13,942	-	-	693,942
Depreciation expense	-	(78,825)	(11,085)	(33,500)	-	(123,410)
Carrying amount at the end of year	<u>1,706,976</u>	<u>5,548,603</u>	<u>30,153</u>	<u>-</u>	<u>-</u>	<u>7,285,732</u>

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

8 Trade and other payables

	2012	2011
	\$	\$
CURRENT		
Trade payables	35,802	8,412
Resource grant payable	50,000	-
Monies held - Wandoan property sale	387,290	-
PAYG tax payable	77,089	55,876
Bequest holding account	9,669	-
Sundry payables and accrued expenses	36,064	197,226
	<u>595,913</u>	<u>261,513</u>

9 Other Liabilities

	2012	2011
	\$	\$
CURRENT		
LCA transfer fund	132,166	105,499
Loan - body corporate	16,344	49,232
	<u>148,510</u>	<u>154,731</u>

10 Borrowings

	2012	2011
	\$	\$
CURRENT		
Loan - Lutheran Laypeoples League	118,845	118,845
Corporate credit cards	4,203	-
	<u>123,048</u>	<u>118,845</u>

	2012	2011
	\$	\$
NON-CURRENT		
Loan - Lutheran Laypeoples League	807,849	878,631
	<u>807,849</u>	<u>878,631</u>

The loan with the Lutheran Laypeoples League is not secured over the freehold land and buildings of the District.

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

11 Employee Benefits

	2012	2011
	\$	\$
CURRENT		
Annual leave	64,868	56,545
Long service leave	35,246	33,217
	<u>100,114</u>	<u>89,762</u>
NON-CURRENT		
Long service leave	10,211	7,370
	<u>10,211</u>	<u>7,370</u>

12 Reserves

(a) Capital Replacement Reserve

The capital replacement reserve records funds set aside from asset revaluation and capital profits.

13 Contingent Liabilities and Contingent Assets

The following contingencies exist at 31 December 2012:

Loans to Pastors

The LCA provides a top up benefit in the form of loans to pastors who were working before 1987 if their retirement savings or superannuation is not sufficient. This loan is provided at 3% p.a. with no repayment required.

Although this is recorded in LCA's accounts, LCAQD administers this on LCA's behalf by taking a mortgage on the pastors' land and buildings and acquitting the loans from LCA as these loans are to be repaid from the estate of the pastors. Currently, no agreement exists for this arrangement.

Associated Entities

As disclosed in Note 1 to the financial statements the financial statements relate to the Head Office function of the District, and does not consolidate the financial information from parishes, Lutheran Education Queensland, Lutheran Youth Queensland, Lutheran Community Care or Queensland Lutheran Early Childhood Services.

The District provides guarantees to the Lutheran Laypeoples League in respect of other associate and departmental loans, as well as borrowings with Westpac on behalf of Lutheran Education Queensland (LEQ). The liabilities of the District and its associated entities are supported by the assets of the District and its associated entities. In some instances fixed assets have been revalued to market value, whilst some remain to be valued at historical cost. No value is placed on bed licenses for aged care facilities.

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

13 Contingent Liabilities and Contingent Assets continued

Associated Entities continued

A summary of the financial position of Lutheran Education Queensland, Lutheran Community Care and Lutheran Youth Queensland is included below:

	Lutheran Education Queensland	Lutheran Education Queensland	Lutheran Community Care	Lutheran Community Care	Lutheran Youth Queensland	Lutheran Youth Queensland
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Assets						
Current Assets	45,798,234	36,260,653	221,461,257	213,864,644	656,781	667,417
Non-Current Assets	546,811,093	507,490,697	95,229,167	92,220,575	2,844,828	2,799,527
Total Assets	592,609,327	543,751,350	316,690,424	306,085,219	3,501,609	3,466,944
Liabilities						
Loans - LLL	72,815,752	76,021,190	2,734,942	3,072,370	-	-
Loans - Other	109,891,368	102,768,283	357,172	384,234	-	-
Accommodation bonds and licenses to reside	-	-	87,211,163	85,292,108	-	-
Other payables	46,434,486	39,511,832	68,671,924	66,101,950	272,238	209,464
Total Liabilities	229,141,606	218,301,305	158,975,201	154,850,662	272,238	209,464
Net Assets	363,467,721	325,450,045	157,715,223	151,234,557	3,229,371	3,257,480

No information is provided in relation to the assets and liabilities of individual parishes, which is expected to be of significant value. The District provides guarantees to the Lutheran Laypeople's League for congregational and parish loans (including pastor car loans) estimated to be \$2,313,475 (2011: \$4,406,978).

Capital government grants - all schools and colleges

Pursuant to the conditions attached to Commonwealth and State Government capital grants, the Lutheran Education Queensland schools and colleges are contingently liable to repay, based on a formula, all or part of the grants received if the project to which the funds are applied ceases to be used for the purpose approved or is sold or otherwise disposed of within 20 years of the completion of the project. The balance of the contingent liability at 31 December 2012 is \$121,385,277 (2011: \$116,497,963).

Lutheran Church of Australia Queensland District

Notes to the Financial Statements

For the Year Ended 31 December 2012

14 Litigation

At the time of the report, no material legal issues remain outstanding for the District, including Lutheran Education Queensland, Lutheran Youth Queensland, Lutheran Community Care or Queensland Lutheran Early Childhood Services.

15 Entity Details

The registered office of the entity is:

Lutheran Church of Australia Queensland District

Level 1

24 McDougall Street

Milton QLD 4064

Lutheran Church of Australia Queensland District

Statement by District Council

The District Council have determined that the District is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The District Council declare that:

1. The financial statements and notes, as set out on pages 2 to 16:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements; and
 - (b) give a true and fair view of the financial position as at 31 December 2012 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the District Council's opinion, there are reasonable grounds to believe that the District will be able to pay its debts as and when they become due and payable.

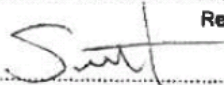
This declaration is made in accordance with a resolution of the District Council.

Bishop



Rev Noel Noack

Assistant Bishop



Rev Paul Smith

Dated 9 May 2013

Lutheran Church of Australia Queensland District

Independent Audit Report to the District Council of Lutheran Church of Australia Queensland District

Report on the Financial Report

We have audited the accompanying financial report being a special purpose financial report, of Lutheran Church of Australia Queensland District, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by district council.

District Council's Responsibility for the Financial Report

The members of the District Council are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of Lutheran Church of Australia Queensland District. The District Council members' responsibility also includes such internal control as the District Council 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 conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 District Council 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.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Lutheran Church of Australia Queensland District as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Lutheran Church of Australia Queensland District.

Basis of Accounting and Restriction on Distribution

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 to assist Lutheran Church of Australia Queensland District to meet the requirements of the members. As a result, the financial report may not be suitable for another purpose.

Mark Allan Liesch
Partner
Audit Solutions Queensland

9 May 2013