

SYDNEY COLLEGE OF DIVINITY LIMITED
(A COMPANY LIMITED BY GUARANTEE)
ACN: 002 653 036

ANNUAL REPORT
31 DECEMBER 2010

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SYDNEY COLLEGE OF DIVINITY LIMITED
(A Company Limited by Guarantee)
ACN: 002 653 036

ANNUAL DIRECTORS' REPORT
31 DECEMBER 2010

Your Directors submit the annual financial report of the company for the year ended 31 December 2010.

The Directors in office during the year, and at the date of this report are:-

<u>Name</u>	<u>Qualifications & Experience</u>	<u>Period as Director</u>
Mr Peter King	BA(Hons) Syd, MA (Oxon) Chair of Council	1 Year and 9 Months
Rev Dr Bruce G ALLDER	BPharm, MDiv, EdD Principal, Nazarene Theological College of Brisbane.	6 Years
Rev. Dr Gerard KELLY	STL, PhD (Theology), STD Principal, Catholic Institute of Sydney.	7 Years
Lt. Col. John HODGE	MBA, BA, DipT, GAICD, Principal, Booth College.	2Years
Rev Stephen HINKS	BA, Grad.Dip.Ed., ThL, Dip.RE, BD (Hons) Principal, Australian College of Ministries <i>Resigned 20 August 2010</i>	3 Year
Richard WHEELER	BBusStud, FCPA Accountant	4 Year
Dr Margaret BEIRNE RSC	BA, MA, MEd, BD, DTheol. Senior Lecturer, St Andrews Greek Orthodox College	7 Years
Alex SCOTT	BA, MEdAdmin, MACE Educator	4 Year
Dr Timothy O'HEARN	BA,DipEd,BEd,MA,PhD Educator	3 Years
Dr Philip KARIATLIS	BTh, BA, MTh, ThD Lecturer St Andrews Greek Orthodox Theological College	1 Year 6 Months
Prof Jack FLANAGAN	B.Com(Hons), MBA, Grad Dip Pract Higher Ed, FCPA, CA Accountant	1 Year 6 Months

Prof Warwick WILSON	BA, MEd, MA(Hons), FRGS, FNGTA, FSCD Chair, Academic Board, SCD	3 Years
Prof Diane SPEED	MA, MTh., PhD Dean, SCD	3 Years
Dr Leonard SMITH	Principal, Emmaus Bible College <i>Appointed 17 February 2010</i>	6 Months
Dr Vivienne KEELY	BA, Dip. Ed., MA, BTh, PhD Researcher, Roman Catholic Parramatta Diocese <i>Appointed 17 March 2010</i>	9 Months

Audit Committee

Meets regularly to discuss financial results, information and policies.

Name	Qualifications	Period as Member	Meetings	Attendances
Richard Wheeler	BBusStud. FCPA Member of Council	5 Years	6	6
Christopher Chandler	B Bus. CPA External Independent Member of Audit Committee <i>Resigned 1 May 2010</i>	1 Year 6 Months	2	1
Prof. J Flanagan	B.Com(Hons), MBA, Grad Dip Pract Higher Ed,FCPA,CA Member of Council <i>Appointed 10 June 2009</i>	1 Year 6 Months	6	6
Mr Ron Young	External Independent Member of Audit Committee. <i>Appointed 1 June 2010</i>	6 Months	4	4

The principal activity of the Company in the course of the financial year was the facilitation of tertiary education for Christian ministry.

The total comprehensive income of the Company for the financial year was (\$51,605) (2009: \$272,351).

As the Company is precluded from distributing its surplus and property as dividends, no dividends were paid during the year.

Review of operations:-

- The Company earned revenue from fees in 2010 of \$726,376 compared to \$1,271,835 in the previous year. Total revenue was \$2,140,663 in 2010 compared to \$3,815,277 earned in 2009 with the Fee-Help program contributing \$1,377,151 (2009: \$2,526,254) of the total revenue.
- Expenditure of \$2,192,318 was incurred during the financial year, compared to \$3,542,926 in 2009.
- The operating result reduced from a surplus of \$272,351 for the year 2009 to a loss of \$51,605 for the current year. This resulted from a greater than anticipated drop in enrolments from one Member Institution and the temporary loss of our Korean Program (re-established at the end of 2010).

The only significant changes in the state of affairs of the Company during the financial year were the departure of one member and the dramatic reduction in students from another.

The following circumstances have arisen during the financial year which have or may significantly affect:-

- a) the operations of the Company;
- b) the results of those operations; or
- c) the state of affairs of the Company, in subsequent financial years.
 - (i) Broken Bay Institute has developed a relationship with Newcastle University as explained in last year's Directors' report and has given notice of its intention to withdraw from the SCD at the end of 2011. Provision was made for current students to continue their existing studies as SCD students, and some have done so. However, there was a greater than anticipated loss of students in 2010 and for the future there will be an overall reduction in enrolments.
 - (ii) Alpha Crucis College withdrew its membership during March 2010, before adequate arrangements could be made for SCD students to complete their studies.
 - (iii) The AUQA Review in 2009 identified Risk Management as an area to be developed further in 2010 and work on that is well underway. The Risk Management Plan has been developed and approved by the Council and is currently being implemented.
 - (iv) The College has commenced work on the redevelopment of its Strategic Plan to extend it to 2015.

There are no other likely developments that Directors are aware of that may adversely impact or significantly change the future operations of the Company.

Meetings of Directors

During the financial year, seven meetings of directors were held. Attendances were:-

<u>Meetings of Directors</u>	<u>No. Eligible to Attend</u>	<u>No. Attended</u>
Peter King (President)	7	5
Rev Dr Gerard Kelly (Vice-President)	7	7
Rev. Dr Bruce G. Allder	7	5
Rev Stephen Hinks	4	2
Richard Wheeler	7	6
Dr Margaret Beirne	7	5
Lt. Col. John Hodge	7	6
Alex Scott	7	3
Dr Timothy O’Hearn	7	6
Dr Philip Kariatlis	7	6
Prof Jack Flanagan	7	5
Prof Warwick Wilson	7	7
Prof Diane Speed	7	7
Dr Vivienne Keely	6	5
Dr Leonard Smith	6	2

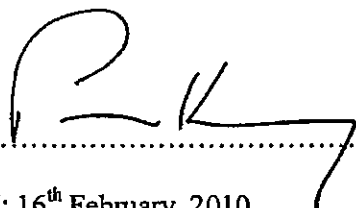
Indemnifying Officer or Auditor

During the financial period, the Company paid a premium of \$3,071 (2009: \$4,531) for Directors and Officers Insurance. Otherwise, the Company has not, during or since the financial period, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Auditor’s Independence Declaration

The auditor’s independence declaration is included on Page 6 of the financial report.

For and on behalf of the Directors:-

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line and a vertical stroke that curves downwards.

.....
Director

SYDNEY: 16th February, 2010

Level 7, 20 Hunter Street
Sydney NSW 2000

GPO Box 473, Sydney NSW 2001

T +61 (0)2 8236 7700

F +61 (0)2 9233 4636

www.moorestephens.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF
SYDNEY COLLEGE OF DIVINITY LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2010 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



MOORE STEPHENS SYDNEY
Chartered Accountants



Martin J. (Joe) Shannon
Partner

Dated this 16th day of February, 2011

SYDNEY COLLEGE OF DIVINITY LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$	2009 \$
Revenue from Fees Received	2	726,426	1,271,835
Fee Help Received	2, 23	1,377,151	2,526,254
Other Revenue	2	37,136	17,188
<u>TOTAL REVENUE</u>	2	<u>2,140,713</u>	<u>3,815,277</u>
Employee Benefits Expenses	3	643,635	688,898
Depreciation, Amortisation and Impairment Expenses	3	(45,987)	43,352
Office Expenses		74,820	74,237
Finance Costs - other	3	23,539	25,335
Fee Help - Member Institutions	23	1,300,835	2,480,480
Student Related Expenses		79,149	80,591
Administrative and Other Expenses		116,327	150,033
<u>TOTAL EXPENSES</u>		<u>2,192,318</u>	<u>3,542,926</u>
<u>NET (LOSS) / SURPLUS FOR THE YEAR</u>		<u>(51,605)</u>	<u>272,351</u>
Other Comprehensive Income		-	-
<u>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</u>		<u>(51,605)</u>	<u>272,351</u>

The accompanying notes form part of these financial statements

SYDNEY COLLEGE OF DIVINITY LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	2010 \$	2009 \$
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	4	380,287	1,207,022
Receivables	5	147,981	403,504
Inventories	6	8,784	8,715
Intangible Asset - Accreditation Expenses 2008 - 2012	7	44,218	24,750
<u>TOTAL CURRENT ASSETS</u>		<u>581,270</u>	<u>1,643,991</u>
<u>NON-CURRENT ASSETS</u>			
Property, Plant & Equipment	8	854,555	702,509
Intangible Asset - Accreditation Expenses 2008 - 2012	7	44,240	49,527
<u>TOTAL NON-CURRENT ASSETS</u>		<u>898,795</u>	<u>752,036</u>
<u>TOTAL ASSETS</u>		<u>1,480,065</u>	<u>2,396,027</u>
<u>CURRENT LIABILITIES</u>			
Payables	9	120,358	427,483
Borrowings	10	24,845	24,845
Employee Benefits	11	61,102	38,304
Other Liabilities	12	49,737	592,993
<u>TOTAL CURRENT LIABILITIES</u>		<u>256,042</u>	<u>1,083,625</u>
<u>NON-CURRENT LIABILITIES</u>			
Borrowings	10	294,663	321,448
Employee Benefits	11	-	9,989
<u>TOTAL NON-CURRENT LIABILITIES</u>		<u>294,663</u>	<u>331,437</u>
<u>TOTAL LIABILITIES</u>		<u>550,705</u>	<u>1,415,062</u>
<u>NET ASSETS</u>		<u>929,360</u>	<u>980,965</u>
<u>EQUITY</u>			
Reserves	13	290,705	290,461
Accumulated Surplus		638,655	690,504
<u>TOTAL EQUITY</u>		<u>929,360</u>	<u>980,965</u>

The accompanying notes form part of these financial statements

SYDNEY COLLEGE OF DIVINITY LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Reserves			Accumulated Surplus	Total Equity
		Accreditation Reserves	Future Accreditation & AUQA Reserves	Future Sinking Fund		
		\$	\$		\$	
At 31 December 2008	1 (n)	99,053	86,184	-	523,377	708,614
Surplus for the year		-	-	-	272,351	272,351
Transfer to / from Reserves	1 (m)	(24,776)	-	-	24,776	-
Transfer to / from Reserves	1 (n)	-	30,000	-	(30,000)	-
Transfer to / from Reserves	1 (n)	-	-	100,000	(100,000)	-
At 31 December 2009		74,277	116,184	100,000	690,504	980,965
(Loss) / Surplus for the year		-	-	-	(51,605)	(51,605)
Transfer to / from Reserves	1 (m)	(24,756)	-	-	24,756	-
Transfer to / from Reserves	1 (n)	-	25,000	-	(25,000)	-
Transfer to / from Reserves	1 (o)	-	-	-	-	-
At 31 December 2010		49,521	141,184	100,000	638,655	929,360

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SYDNEY COLLEGE OF DIVINITY LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$	2009 \$
<u>Cash Flow from Operating Activities</u>			
Receipts from Fees & Other Income		986,545	1,009,960
Receipts from Fee-Help Government Assistance		833,895	3,297,165
Fee-Help Payments to Member Institutions		(1,300,835)	(2,480,480)
Payments to suppliers and employees		(1,241,859)	(904,650)
Net Payments to Government for GST		35,849	(263,391)
Interest received		34,443	18,643
Finance Costs		(23,539)	(25,335)
Net Cash Provided by Operating Activities	14 (b)	<u>(675,501)</u>	<u>651,912</u>
<u>Cash Flow from Investment Activities</u>			
Payments for intangible assets		(38,937)	-
Proceeds from Sale of Property, Plant & Equipment		-	1,000
Purchase of Property, Plant & Equipment		(85,511)	(29,507)
Net Cash Used by Investment Activities		<u>(124,448)</u>	<u>(28,507)</u>
<u>Cash Flow from Financing Activities</u>			
Proceeds from Borrowings		-	-
Repayment of Borrowings		(26,785)	(24,987)
Net Cash Provided by Financing Activities		<u>(26,785)</u>	<u>(24,987)</u>
<u>Net Increase/(Decrease) in Cash held</u>		(826,734)	598,418
<u>Cash at the beginning of the financial year</u>		1,207,022	608,604
<u>Cash at the end of the financial year</u>	14 (a)	<u><u>380,288</u></u>	<u><u>1,207,022</u></u>

The accompanying notes form part of these financial statements

SYDNEY COLLEGE OF DIVINITY LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements are for Sydney College of Divinity Limited as an individual entity, incorporated and domiciled in Australia. Sydney College of Divinity Limited is a company limited by guarantee.

a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Sydney College of Divinity Limited has elected to early adopt the pronouncements AASB1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting year beginning 1 January 2010.

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

The financial report was authorised by the Directors on 16 February, 2011.

b) Taxation

The Company is exempt from income tax under the current provisions of the Income Tax Assessment Act. Accordingly, there is no income tax expense or income tax payable.

c) Revenue

Fee revenue from the rendering of services is recognised upon delivery of service to the customers.

Fee-Help Government Assistance revenue is recognised when the company becomes entitled to receive this amount.

Interest revenue is recognised taking into account the interest rates applicable to the financial assets.

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

d) Goods and Services Tax

Revenues, 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). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Inventories

Inventories are recorded at the lower of cost and net realisable value.

f) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Property

Freehold buildings are shown at their fair value based on periodic, but at least triennial, valuations by independent valuers. Buildings are not depreciated.

In periods when the freehold buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

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

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

Office Equipment & Furniture	20 - 40%
Motor Vehicles	18.75%
Office Fit-outs	20%

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment

At each reporting date the College assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the College makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

h) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade data accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial Instruments cont.

(iii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-For-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

i) Intangibles

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

Costs incurred for accreditation purposes are recognised as an intangible asset and amortised on a straight line basis over the period to which the accreditation relates.

j) Borrowings

Borrowings are recognised at their principal amount. Interest expense is accrued at the contracted rate. Borrowings not due for repayment in the next twelve months are classified as non-current.

k) Employee benefits

Provision has been made for employee benefits, based on current award entitlements for all staff employed by the Company. All provisions are measured using the remuneration rates expected to apply at time of settlement, while those expected to be settled beyond 12 months, including long service leave, being measured at the remuneration rates applying at balance date. In determining these provisions it is expected that at the date of this report future increases in remuneration rates and the relevant discount factors which would be required to be applied to amounts expected to be settled beyond 12 months would be approximately equal with no material impact arising from any difference that may exist between these two aspects.

The provision for long service leave is recognised for all employees who have a service period of seven or more years, in accordance with relevant awards and other agreed terms of employment, at their rate of pay applicable as at balance date.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Fee-Help Funding

Advances received from the Department of Education, Science and Training in respect of Fee-Help Government Assistance are recognised as a liability until such time as an amount is paid to a Member Institution in respect to tuition fees. To the extent that these amounts are income to the company they are recognised as revenue on entitlement.

m) Accreditation Reserve 2008 - 2012

This reserve records the costs incurred in respect of registration, accreditation and approval to enable the ongoing offers of awards and degrees by the Company that are carried forward to future periods. The actual costs of accreditation are initially recorded as an Intangible Asset and amortised over the life of the accreditation, at which time a corresponding amount is transferred from this reserve to Accumulated Surplus.

n) Reserve for future Accreditation and AUQA requirements

The Company transfers directly through equity on an annual basis amounts into a special purpose reserve representing the amount expected to be required for reaccreditation purposes at the end of the five year period, to which the current accreditation currently applies being 31 December 2012.

o) Sinking Fund

The company has set aside an amount to a reserve to provide for the risk of future revenue stream losses.

p) Comparatives

Where necessary, comparative information has been reclassified in order to comply with the current years presentation of financial information.

q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Impairment

At 31 December 2010 the directors have performed a further directors' valuation on the freehold land and buildings. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in the previous impairment of \$95,000 being reversed for the year ended 31 December 2010. The directors believe the carrying value of the land correctly reflects the fair value less cost to sell at 31 December 2010.

r) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
<u>2. REVENUE</u>		
<i>From Operations</i>		
Fees Received	669,126	1,219,935
Membership Fees	57,300	51,900
Australian Government Financial Assistance - Fee-Help Received	1,377,151	2,526,254
	<u>2,103,577</u>	<u>3,798,089</u>
<i>From Non - Operating Activities</i>		
Interest Received	34,443	18,643
Other	2,693	(1,455)
	<u>37,136</u>	<u>17,188</u>
TOTAL REVENUE	<u><u>2,140,713</u></u>	<u><u>3,815,277</u></u>
 <u>3. EXPENSES</u>		
<i>Auditors Remuneration for</i>		
Audit of the Annual Financial Report	15,000	14,000
Audit of the Annual Financial Report - Prior Year	1,000	120
Other Services	2,500	-
 <i>Depreciation and Amortisation</i>	 24,257	 18,576
Accreditation Amortisation	24,756	24,776
Impairment of Buildings	(95,000)	-
Total Depreciation, Amortisation and Impairment	<u>(45,987)</u>	<u>43,352</u>
 <i>Finance Costs - Loan Interest Expense</i>	 23,539	 25,335
 <i>Loss on sale of Plant and Equipment</i>	 -	 131
 <i>Scholarships</i>	 1,394	 -
 <i>Employee Benefits Expenses</i>	 	
Salaries	489,378	517,776
Superannuation	44,044	46,494
Leave entitlement expense	12,809	16,986
Other	97,404	107,642
	<u>643,635</u>	<u>688,898</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
<u>4. CASH AND CASH EQUIVALENTS</u>		
Cash at Bank - General Account	4,892	4,259
Cash at Bank - Korean Program	37,447	-
Cash at Bank - Fee Help Account	253	451,474
Cash on Deposit - General Account	107,421	102,194
Cash on Deposit - at Call - Cash Management Account	128,875	176,565
Cash on Deposit - at Call - Accreditation Account	92,595	88,681
Cash on Deposit - at Call - Fee Help Holding Account	8,604	383,649
Petty Cash	200	200
	380,287	1,207,022
 <u>5. RECEIVABLES</u>		
CURRENT		
Commonwealth Fee Help Receivable	-	-
Other Debtors	138,101	392,643
Deposits Paid	(800)	1,000
Prepayments	10,680	9,861
	147,981	403,504
 <u>6. INVENTORIES</u>		
Regalia, at cost	8,784	8,715
 <u>7. INTANGIBLE ASSET</u>		
<i>(a) Accreditation</i>		
Accreditation Expenses 2008 - 2012, at cost	123,816	123,816
Less Accumulated Amortisation	(74,295)	(49,539)
Other Accreditation and Registration Expenses, at cost	25,555	-
Korean Program Accreditation Expenses, at cost	13,382	-
	88,458	74,277
Represented by;		
CURRENT	44,218	24,750
NON-CURRENT	44,240	49,527
	88,458	74,277
 <i>(b) eMinerva Licences</i>		
Computer Software, at cost	53,840	53,840
Less Accumulated Amortisation	(53,840)	(53,840)
	-	-

SYDNEY COLLEGE OF DIVINITY LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
<u>8. PROPERTY, PLANT & EQUIPMENT</u>		
Land & Buildings, at cost (refer Note 10)	735,000	735,000
Less: Impairment of Land & Buildings (i)	-	(95,000)
	735,000	640,000
Office Fit Outs, at cost	67,137	67,137
Less: Accumulated Depreciation	(67,137)	(62,590)
	-	4,547
Furniture & Fixtures, at cost	121,314	52,760
Less: Accumulated Depreciation	(51,936)	(36,642)
	69,378	16,118
Office Equipment, at cost	20,851	20,416
Less: Accumulated Depreciation	(5,147)	(1,021)
	15,704	19,395
Korean Library, at cost	11,768	-
Less: Accumulated Depreciation	(289)	-
	11,479	-
Web site, at cost	4,754	-
Less: Accumulated Depreciation	-	-
	4,754	-
Motor Vehicles, at cost	36,419	36,419
Less: Accumulated Depreciation	(18,179)	(13,970)
	18,240	22,449
	854,555	702,509

(a) Movement Summary

	Buildings	Other Assets	Motor Vehicles	Total
WDV, at beginning of the year	640,000	40,060	22,449	702,509
Additions	-	85,511	-	85,511
Disposals	-	-	-	-
Loan Forgiveness	-	-	(4,209)	(4,209)
Depreciation write back	-	-	-	-
Impairment of Buildings	95,000	-	-	95,000
Depreciation charge for the year	-	(24,256)	-	(24,256)
	735,000	101,315	18,240	854,555

(i) *Impairment of Buildings*

The Land and Buildings of the College were assessed for impairment by the Directors at 31 December 2008. Based on market value by reference to market research and current rates achieved per square metre for similar strata title properties in the same area an impairment loss of \$95,000 was recorded in 2008. Based on the same criteria, the directors have reassessed the value of the property and now believe the carrying value of the land has increased to the extent that the impairment should be reversed. The Directors believe this correctly reflects the fair value less cost

SYDNEY COLLEGE OF DIVINITY LIMITED
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	2010	2009
	\$	\$
<u>9. PAYABLES</u>		
CURRENT		
Trade Creditors	6,546	19,737
Accruals and other creditors	15,000	14,000
Fee-Help Held on behalf of Member Institutions	18,500	191,141
GST, PAYG, Superannuation & Payroll Tax Payable	35,338	152,422
Unsecured Loans	18,241	22,450
Scholarship Funds		
Dianne Feeney Memorial Graduate	7,996	7,996
Beth Blackall	864	1,364
Brian Murray	17,873	18,373
	120,358	427,483

10. BORROWINGS

CURRENT		
Loan, secured	24,845	24,845
NON-CURRENT		
Loan, secured	294,663	321,448

The loans, totalling \$319,508, are secured by way of first registered mortgages over the land and buildings of the company with a carrying value of \$735,000. The company has no undrawn finance facilities available. The loans commenced on 30 June 2004 and 27 July 2005 and are repayable over 15 year periods. Payments are currently up to date.

11. EMPLOYEE BENEFITS

CURRENT		
Provision for Annual Leave	61,102	38,304
NON-CURRENT		
Provision for Long Service Leave	-	9,989

(a) Movement Summary

	Annual Leave	Long Service Leave	Total Employee Benefits
Opening Balance	38,304	9,989	48,293
Additional provisions raised during the year	22,798	(9,989)	12,809
Balance at 31 December 2010	61,102	-	61,102

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2010	2009
	\$	\$
<u>12. OTHER LIABILITIES</u>		
Fees Received in advance	7,550	6,582
Fee-Help Government Assistance Advance	42,187	586,411
	49,737	592,993

13. RESERVES

Reserves for Future Accreditation and AUQA Reviews	(a), 1 (n)	141,184	116,184
Reserve for Accreditation Expenses 2008 - 2012	1 (m)	49,521	74,277
Reserve for Sinking Fund	1 (o)	100,000	100,000
		290,705	290,461

Nature and Purpose of Reserves

(a) Costs are incurred for registration, accreditation and approval, every five years to enable the ongoing offers of awards and degrees. A reserve is maintained in respect to such costs on an annual basis so as to enable the company to ensure funds required are separately identifiable to meet these ongoing requirements. Adequate funds are maintained in a bank account to match this accumulating reserve.

14. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in the bank, net of outstanding bank overdraft. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Income Statement as follows:

Cash at Bank	42,592	455,733
Cash on Deposit - at call or maturity	337,495	751,089
Petty Cash	200	200
	380,287	1,207,022

(b) Reconciliation of Net Cash used in Operating Activities to Operating Surplus / (Deficit):

Operating Surplus / (Deficit)	(51,605)	272,351
<i>Add / (Less) Non Cash Flows in Surplus / (deficit):</i>		
Reversal of Previous Impairment	(95,000)	-
Depreciation and Amortisation	49,013	43,352
(Profit) / Loss on sale of Assets	-	131

Changes in assets and liabilities during the year:

Decrease / (Increase) in Debtors	256,342	(262,534)
Decrease / (Increase) in Fee-Help Debtors	-	-
Decrease / (Increase) in Prepayments	(819)	(4,381)
Decrease / (Increase) in Inventories	(69)	258
(Decrease) / Increase in Payables	(302,916)	114,227
(Decrease) / Increase in Employee Benefits	12,809	16,987
(Decrease) / Increase in Other Liabilities	(543,256)	471,521
	(675,501)	651,912

Net Cash Provided/(Used) by Operating Activities

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

15. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and loans.

The main purpose of non-derivative financial instruments is to raise finance for the operations.

The entity does not have any derivative instruments at 31 December 2010.

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies, liquidity risk policies and future cash flow requirements.

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are;

	Note	2010 \$	2009 \$
<i>Financial assets</i>			
Cash	4	380,287	1,207,022
Receivables	5	147,981	403,504
<i>Total Financial assets</i>		528,268	1,610,526
<i>Financial liabilities, at amortised cost</i>			
Payables	9	120,358	427,483
Borrowings	10	319,508	346,293
Other liabilities	12	49,737	592,993
<i>Total Financial liabilities</i>		489,603	1,366,769

16. CAPITAL COMMITMENTS

There are no capital expenditure commitments contracted for at 31 December 2010.

17. SUBSEQUENT EVENTS

There were no material events between the year end and the date of this report.

18. CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed in this financial report.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

19. ECONOMIC DEPENDENCY

The Company depends on grants received from the Commonwealth Government to fund its operation with 64.3% (2009: 66.2%) of the total revenue from operations derived from this source.

20. RELATED PARTY TRANSACTIONS

The directors of the company during the financial year were Rev. Dr. Gerard Kelly, Rev Dr Bruce G. Alder, Rev Stephen W. Hinks (Resigned 28.10.2010), Dr Margaret Beirne, Alex Scott, Richard Wheeler, Dr. Timothy O'Hearn, Prof Warwick Wilson, Dr Diane Speed, Mr Peter King, Lt. Col. John Hodge, Dr Philip Kariatlis, Prof Jack Flanagan, Dr Leonard Smith (Appointed 17/02/2010), and Dr Vivienne Keely (Appointed 17/03/10).

With the exception of the Dean, Dr Diane Speed in her capacity as Dean, no remuneration was paid or payable to directors in respect to or during the financial year.

All members of the board acted in an honorary capacity throughout the year and there were no related party transactions with any of the honorary directors during this period. Transactions have occurred during the financial year of a fee revenue and expense nature, including Fee-Help payments, on normal commercial terms and conditions with Member Institutions of which the directors are involved in the management thereof. Total fees received from these Member Institutions during the year was \$726,426 and Fee-Help payments made to such Member Institutions during the year was \$1,300,835.

The compensation of the key management personnel for the financial year was \$116,395 (2009: \$107,883). The whole of this compensation was in respect to wages, salaries and superannuation contributions, all short-term employment benefits.

21. ADDITIONAL COMPANY INFORMATION

Sydney College of Divinity Limited is a company limited by guarantee, incorporated and operating in Australia.

Its registered office and principal place of business is 64 Talavera Road, North Ryde, Sydney, NSW 2113.

22. LIABILITIES OF MEMBERS

As a company limited by guarantee if it is wound up, the Articles of Association state that each member, or within one year after the member ceases to be a member, is required to contribute a maximum of \$50 towards meeting any outstanding obligations of the company.

At 31 December, 2010 there were 8 members (2009: 9).

SYDNEY COLLEGE OF DIVINITY LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

23. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

	FEE-HELP	
	2010	2009
	\$	\$
Financial Assistance Received in Cash during the year	1,596,391	2,993,902
Financial Assistance Repaid relating to prior year adjustments	(721,229)	-
Financial Assistance Repaid Prior to year end	(42,635)	-
	<u>832,527</u>	<u>2,993,902</u>
Financial Assistance Received relating to prior year	-	-
Member Institution refunds relating to prior year	400	6,675
Net Accrual adjustments	544,224	(474,323)
	<u>1,377,151</u>	<u>2,526,254</u>
Total revenue for year	1,377,151	2,526,254
Less: Expenses including accrued expenses		
- payments to member institutions	1,300,835	2,480,480
- payment of tuition fees of company students	76,316	45,774
	<u>1,377,151</u>	<u>2,526,254</u>
Fee-Help surplus / (deficit) for the year	<u>-</u>	<u>-</u>

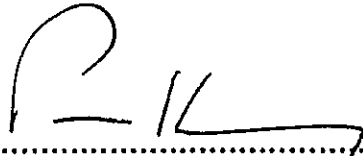
**SYDNEY COLLEGE OF DIVINITY LIMITED
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DIRECTORS' DECLARATION

The Directors of the Company declare that;

1. The financial statements and notes, as set out on pages 7 – 25, are in accordance with the *Corporations Acts 2001*:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position of the Company as at 31 December, 2010 and its performance for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The amount of Australian Government financial assistance expended during the year was for the purposes for which it was intended and the company has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
DIRECTOR

SYDNEY: dated this 16th day of February, 2010.

Level 7, 20 Hunter Street
Sydney NSW 2000
GPO Box 473, Sydney NSW 2001

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SYDNEY COLLEGE OF DIVINITY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Sydney College of Divinity Limited. (the company), which comprises the statement of financial position as at 31 December 2010, and the comprehensive statement of income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. The directors' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Sydney College of Divinity Limited on 16 February 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of Sydney College of Divinity Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and complying with the *Corporations Regulations 2001*.



MOORE STEPHENS SYDNEY
Chartered Accountants



Martin J. (Joe) Shannon
Partner

Dated in Sydney this 25th day of February 2011

SYDNEY COLLEGE OF DIVINITY LIMITED
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DETAILED STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
<u>INCOME</u>		
Student Fees	550,726	1,170,022
Membership Fees	57,300	51,900
Post Graduate Fees - Gross	119,794	
Less: Scholarships	<u>(1,394)</u>	49,913
Fee Help Received	1,377,151	2,526,254
Graduation Surplus/(Deficit)	(2,205)	(2,371)
Interest	34,443	18,643
Surplus on Disposal of Assets / Loan Reduction	-	(131)
Sundry	<u>4,898</u>	<u>1,047</u>
<u>TOTAL INCOME</u>	<u>2,140,713</u>	<u>3,815,277</u>
<u>EXPENDITURE</u>		
Staff Costs		
Salaries	489,378	517,776
On-costs	44,044	46,494
Contractors	84,323	88,447
Professional Development	9,295	5,645
Provision for Leave	12,809	16,986
Payroll Tax	(2,712)	7,200
Recruitment	-	290
Staff Amenities	1,147	901
Workers Compensation	<u>5,351</u>	<u>5,159</u>
	<u>643,635</u>	<u>688,898</u>
Office Expenses		
Freight	(14)	10
Filing Fees	-	1,291
General Expenses	463	765
IT & Computer Costs	30,860	23,195
Office Expenses	519	176
Photocopier	-	1,847
Postage	2,170	2,169
Printing & Stationery	7,375	9,317
Publications	336	1,549
Telephone & Internet	8,724	9,970
Cleaning	3,570	3,640
Electricity	4,881	4,148
Insurance	5,732	5,319
Maintenance Levies	7,290	7,784
Rates	2,294	2,332
Security	<u>620</u>	<u>725</u>
	<u>74,820</u>	<u>74,237</u>
Carried forward	718,455	763,135

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DETAILED STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
Expenditure cont'd		
Carried forward balance	<u>718,455</u>	<u>763,135</u>
Finance Costs		
Interest Paid on Property Loan	23,539	25,335
Other Interest	-	-
	<u>23,539</u>	<u>25,335</u>
Depreciation and Amortisation		
Depreciation	24,257	18,576
Amortisation	24,756	24,776
Impairment of Buildings	(95,000)	-
	<u>(45,987)</u>	<u>43,352</u>
Student Related Expenses		
Advertising and Marketing	2,484	775
Committees	3,314	1,596
Conference & Seminars	1,343	1,861
ESOS	3,479	6,877
Memberships	18,665	16,270
Professional Development - Teaching	942	-
Pacifica Subscription	1,020	650
Postgraduate Supervisors & Examiners	29,490	31,174
Research & Surveys	18,188	19,981
Training / Sundries	224	348
Travel	-	1,059
	<u>79,149</u>	<u>80,591</u>
Administrative and Other Expenses		
Audit & Accountancy	18,500	14,120
Bank Charges	1,491	1,217
Entertainment	60	293
Motor Vehicle Expenses	904	1,075
Fares & Travel	14,037	11,400
General Fees	-	-
Legal Expenses	18,436	40,294
Council Expenses	8,194	22,356
Compliance Expenses	23,026	59,278
	<u>84,648</u>	<u>150,033</u>
Korean Program		
Rent	29,541	-
Other Expenses	2,138	-
	<u>31,679</u>	<u>-</u>
Fee Help - Member Institutions		
Fee Help Distributed	1,300,835	2,480,480
	<u>1,300,835</u>	<u>2,480,480</u>
<u>TOTAL EXPENSES</u>	<u>2,192,318</u>	<u>3,542,926</u>
<u>NET SURPLUS FOR THE YEAR</u>	<u>(51,605)</u>	<u>272,351</u>