

# Church Council Financial Accounts Update

Analysis of Equity, Investments, and Cash at Bank Balances

## Overview

This document provides a comprehensive explanation to Church Council of the financial account balances, focusing on the relationships among our equity, investments, and cash at bank accounts. It also clarifies how these balances are presented within our Xero Balance Sheet, particularly the composition of reserves and accumulated surpluses, and offers a detailed comparison to our actual bank and investment account balances.

## Equity in the Financial Accounts

### Definition of Equity

Equity represents the residual interest in the assets of the Church after deducting all liabilities. In our context, equity includes reserves, accumulated surpluses, and any other comprehensive income recorded over time.

- **Reserves:** These are funds set aside by your Finance Committee for specific purposes such as future projects, building maintenance, or contingency planning. They reflect strategic decisions made by our Finance Committee on behalf of the Church Council and are not available for general expenditure or not usually available for day-to-day operational expenses.
- **Accumulated Surpluses:** This is the cumulative excess of income over expenditures since the inception of the Church, after transfers to reserves. It acts as an indicator of financial sustainability and prudent management.

## Composition of Equity on the Xero Balance Sheet

Our Xero Balance Sheet presents the equity section as follows:

- **Retained Earnings (Accumulated Surpluses):** The ongoing surplus generated by the Church, less any appropriations to reserves.
- **Designated and General Reserves:** These are separated from retained earnings to indicate allocations for particular purposes as determined by the Finance Committee on behalf of Church Council.

This structure ensures transparency and clarity about the Church's financial position and the intended use of available funds. It attempts to separate the operational activities related to the Current year from any Reserves created to assist for Future specific projects or Defined Activities approved by either Church Council and / or Finance Committee

## Investments and Cash at Bank Accounts

**Cash at Bank:** Represents the actual balances held in our operating and transactional bank accounts at reporting date. These are liquid and available for immediate use in association with planned and non-planned GWUC activities.

**Investment Accounts:** Represent longer-term holdings, such as term deposits, managed funds with U Ethical, or other financial instruments. These may be earmarked for specific reserves or held as general investments to support the Church's financial objectives and represent a variety of Products reflecting the requirements of the approved Investment Strategy approved by Finance Committee.

## Comparing Equity to Bank and Investment Balances

The total equity shown on our Xero Balance Sheet should generally "match" the sum of our cash at bank and investment account balances, subject to the following reconciliation considerations:

- **Timing Differences:** Transactions recorded in Xero but not yet processed by the bank (e.g., outstanding cheques, deposits in transit).
- **Other Assets and Liabilities:** Equity also reflects other assets (such as receivables) and liabilities (such as unpaid expenses) which might not be held in cash or investments.
- **Reserve Allocations:** Some reserves are reflected as equity on the balance sheet but may be physically held in investment accounts. The link between specific reserves and investment holdings should be documented.

## Explanation of Balances and Reconciliation

To explain the balances:

- The total equity in Xero (reserves + accumulated surpluses) indicates the Church's net financial position at the reporting date.
- The sum of cash at bank and investment accounts provides evidence of the Church's liquidity and ability to meet obligations or fund future activities.



- A reconciliation is performed monthly to ensure that the equity recorded in Xero is properly supported by actual bank and investment balances, adjusted for any timing differences or outstanding items.
- Any discrepancies are investigated and explained, ensuring that financial statements present a true and fair view of our finances.

## Conclusion

In summary, the Church's equity—comprised of reserves and accumulated surpluses per Xero—is supported by our actual cash and investment balances. Regular reconciliation between these figures confirms sound stewardship. In our case it does, but we provide specific details and matching to define what is available and not committed for specific activities.

Clear documentation and ongoing review enable transparency and accountability, ensuring the Church's resources are well-managed for both current operations and future needs as well as meeting the required Accounting standards and Generally Accepted Accounting Principles (although the Church Accounts represent a Special Purpose product).

The attached Spreadsheet provides a detailed explanation using the 31<sup>st</sup> July 2025 figures.

A handwritten signature in black ink, appearing to read 'K Coutts', is written over a horizontal line.

K Coutts  
Treasurer

|                                     |          |            |    |                   |
|-------------------------------------|----------|------------|----|-------------------|
| <b>Current Assets</b>               |          |            | \$ |                   |
| Cash At Bank Westpac                |          | 60,740.64  |    |                   |
| Westpac Debit Card                  |          | 4,285.28   |    |                   |
|                                     |          |            |    | 65,025.92         |
| <b>Investments</b>                  |          |            |    |                   |
| GWUC Endowment Fund                 |          | 38,890.77  |    |                   |
| U- Ethical Cash Management Trust    |          | 59707.01   |    |                   |
| U-Ethical Growth Portfolio          |          | 103,429.81 |    |                   |
|                                     |          |            |    | 202,027.59        |
| Add Prepayments and Debtors 3#      | 3,466.16 |            |    |                   |
|                                     |          |            |    | 3466.16           |
|                                     |          |            |    | 205,493.75        |
| <b>Committed Funds and Reserves</b> |          |            |    |                   |
| Marriott Bequest                    |          | 4,286.49   |    |                   |
| Prov for LSL                        |          | 4,250.00   |    |                   |
|                                     |          |            |    | 8,536.49          |
|                                     |          |            |    | 270,519.67        |
|                                     |          |            |    | <b>270,519.67</b> |

|  |                   |            |            |
|--|-------------------|------------|------------|
| Deferred Maintenance Reserve                                       | 33,865.11         |            |            |
| Endowment Fund Reserve   | 34,002.96         |            |            |
| Families & Youth Reserve   | 11,093.04         |            |            |
| The Future Fund  | 36,000            |            |            |
| Leisure Time Reserve   | 4,000.00          |            |            |
|  |                   | 118,961.11 |            |
| Total Committed Reserves and Funds                                 |                   | 127,497.60 | 127,497.60 |
| Uncommitted Funds / For Use in Operations                          |                   |            | 143,022.07 |
| Retained Earnings  | 145,778.81        |            |            |
| Less Likely Deficit 2025   | 35,000            |            |            |
| <b>Available Funds to Cover OP Deficits<br/>2026,2027 and 2028</b> | <b>112,778.81</b> |            |            |

Balance Sheet

UCA - GLEN WAVERLEY  
As at 31 July 2025

31 July 2025

Assets

Bank

|  |            |
|--|------------|
| Bank Account - Westpac                                 | 60,740.64  |
| Bank Account - Westpac Debit Card                      | 4,285.28   |
| GWUC Endowment Fund                                    | 38,890.77  |
| Investment - U Ethical Cash Management Trust Wholesale | 59,707.01  |
| Investment - U Ethical Growth                          | 103,429.81 |
| Petty Cash Float                                       | 38.35      |
| Total Bank   | 267,091.86 |

Current Assets

|                      |            |
|----------------------|------------|
| Debtors              | 670.00     |
| Prepayments          | 2,796.16   |
| Total Current Assets | 3,466.16   |
| Total Assets         | 270,558.02 |

Liabilities

Current Liabilities

|                           |            |
|---------------------------|------------|
| Bequest - Irene Marriot   | 4,286.49   |
| Creditors                 | 3,625.57   |
| GST                       | (3,865.27) |
| Prov for LSL              | 4,250.00   |
| Rental Bonds              | 200.00     |
| Total Current Liabilities | 8,496.79   |
| Total Liabilities         | 8,496.79   |
| Net Assets                | 262,061.23 |

Equity

|                                |            |
|--------------------------------|------------|
| Current Year Earnings          | (2,678.69) |
| Deferred Maintenance Reserve   | 33,885.11  |
| Endowment Fund Reserve         | 34,002.96  |
| Families & Youth Reserve       | 11,093.04  |
| GWUC - The Future Fund Reserve | 36,000.00  |
| Leisure Time Reserve           | 4,000.00   |
| Retained Earnings              | 145,778.81 |
| Total Equity                   | 262,061.23 |

GWUC - The Future Fund Reserve Transactions

UCA - GLEN WAVERLEY

For the period 1 January 2025 to 31 July 2025

| Date                                 | Source         | Description  | Reference | Debit | Credit    | Running Balance | Gross     | GST |
|--------------------------------------|----------------|--|-----------|-------|-----------|-----------------|-----------|-----|
| GWUC - The Future Fund Reserve       |                |  |           |       |           |                 |           |     |
| Opening Balance                      |                |  |           |       |           |                 |           |     |
| 30 Apr 2025                          | Manual Journal | Transfer Bequest received from Warren Bartlett estate to GWUC Future Fund - Transfer | #13214    | -     | 11,000.00 | 11,000.00       | -         | -   |
|                                      |                | Bequest received from Warren Bartlett estate to GWUC Future Fund                     |           | -     | 25,000.00 | 36,000.00       | 25,000.00 | -   |
| Total GWUC - The Future Fund Reserve |                |  |           |       |           |                 |           |     |
| Closing Balance                      |                |  |           | -     | 25,000.00 | 36,000.00       | 25,000.00 | -   |
| Total                                |                |  |           | -     | 36,000.00 | 36,000.00       | -         | -   |
|                                      |                |  |           | -     | 25,000.00 | (25,000.00)     | 25,000.00 | -   |

Balance Sheet

UCA - GLEN WAVERLEY  
As at 31 July 2025

31 July 2025

|  |            |  |
|--|------------|--|
| <b>Assets</b>  |            |  |
| <b>Bank</b>  |            |  |
| Bank Account - Westpac                                 | 60,740.64  |  |
| Bank Account - Westpac Debit Card                      | 4,285.28   |  |
| GWUC Endowment Fund                                    | 38,890.77  |  |
| Investment - U Ethical Cash Management Trust Wholesale | 59,707.01  |  |
| Investment - U Ethical Growth                          | 103,429.81 |  |
| Petty Cash Float                                       | 38.35      |  |
| Total Bank   | 267,091.86 |  |
| <b>Current Assets</b>                                  |            |  |
| Debtors  | 670.00     |  |
| Prepayments  | 2,796.16   |  |
| Total Current Assets                                   | 3,466.16   |  |
| Total Assets   | 270,558.02 |  |
| <b>Liabilities</b>                                     |            |  |
| <b>Current Liabilities</b>                             |            |  |
| Bequest - Irene Marriott                               | 4,286.49   |  |
| Creditors  | 3,625.57   |  |
| GST  | (3,865.27) |  |
| Prov for LSL   | 4,250.00   |  |
| Rental Bonds   | 200.00     |  |
| Total Current Liabilities                              | 8,496.79   |  |
| Total Liabilities                                      | 8,496.79   |  |
| Net Assets   | 262,061.23 |  |
| <b>Equity</b>  |            |  |
| Current Year Earnings                                  | (2,678.69) |  |
| Deferred Maintenance Reserve                           | 33,865.11  |  |
| Endowment Fund Reserve                                 | 34,002.96  |  |
| Families & Youth Reserve                               | 11,093.04  |  |
| GWUC - The Future Fund Reserve                         | 36,000.00  |  |
| Leisure Time Reserve                                   | 4,000.00   |  |
| Retained Earnings                                      | 145,778.81 |  |
| Total Equity   | 262,061.23 |  |