

# **Anglican Diocese of Melbourne Yield Fund**

**ABN 82 862 724 352**

**Annual Report - 31 December 2021**

## **Anglican Diocese of Melbourne Yield Fund**

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**31 December 2021**

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**Anglican Diocese of Melbourne Yield Fund**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Investment Income</b>		
Interest income	30,459	65,679
Distribution income	498,448	320,216
Total investment income	<u>528,907</u>	<u>385,895</u>
<b>Expenses</b>		
Management fees	(172,683)	(105,498)
Asset consultant fees	(28,785)	(17,582)
Total operating expenses	<u>(201,468)</u>	<u>(123,080)</u>
<b>Operating surplus</b>	327,439	262,815
Net gain/(loss) on financial assets at fair value through profit or loss	<u>158,930</u>	<u>(116,472)</u>
<b>Surplus for the year</b>	486,369	146,343
Other comprehensive income for the year	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u><u>486,369</u></u>	<u><u>146,343</u></u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Anglican Diocese of Melbourne Yield Fund**  
**Statement of financial position**  
**As at 31 December 2021**

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,496,706	12,129,068
Trade and other receivables	5	52,793	120,104
Total current assets		<u>3,549,499</u>	<u>12,249,172</u>
<b>Non-current assets</b>			
Financial assets held at fair value through profit or loss	6	28,062,000	14,231,159
Total non-current assets		<u>28,062,000</u>	<u>14,231,159</u>
<b>Total assets</b>		<u>31,611,499</u>	<u>26,480,331</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	18,787	15,700
Total current liabilities		<u>18,787</u>	<u>15,700</u>
<b>Total liabilities</b>		<u>18,787</u>	<u>15,700</u>
<b>Net assets</b>		<u>31,592,712</u>	<u>26,464,631</u>
<b>Equity</b>			
Issued units	8	37,867,707	32,311,715
Cumulative deficit		<u>(6,274,995)</u>	<u>(5,847,084)</u>
<b>Total equity</b>		<u>31,592,712</u>	<u>26,464,631</u>

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

**Anglican Diocese of Melbourne Yield Fund**  
**Statement of changes in equity**  
**For the year ended 31 December 2021**

	<b>Issued units \$</b>	<b>Cumulative deficit \$</b>	<b>Total equity \$</b>
Balance at 1 January 2020	20,000,458	(5,441,370)	14,559,088
Surplus for the year	-	146,343	146,343
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	146,343	146,343
<i>Transactions with owners in their capacity as owners:</i>			
Issue of units (note 8)	15,311,257	-	15,311,257
Redemption of units (note 8)	(3,000,000)	-	(3,000,000)
Distributions paid (note 3)	-	(552,057)	(552,057)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	<u>32,311,715</u>	<u>(5,847,084)</u>	<u>26,464,631</u>
	<b>Issued units \$</b>	<b>Cumulative deficit \$</b>	<b>Total equity \$</b>
Balance at 1 January 2021	32,311,715	(5,847,084)	26,464,631
Surplus for the year	-	486,369	486,369
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	486,369	486,369
<i>Transactions with owners in their capacity as owners:</i>			
Issue of units (note 8)	5,655,607	-	5,655,607
Redemption of units (note 8)	(99,615)	-	(99,615)
Distributions paid (note 3)	-	(914,280)	(914,280)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	<u>37,867,707</u>	<u>(6,274,995)</u>	<u>31,592,712</u>

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

**Anglican Diocese of Melbourne Yield Fund**  
**Statement of cash flows**  
**For the year ended 31 December 2021**

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers		(198,381)	(116,040)
Distributions and interest received		596,218	340,326
Proceeds from sale of financial assets		10,628,695	6,700,000
Payments for purchase of financial assets		<u>(24,300,606)</u>	<u>(13,230,694)</u>
Net cash used in operating activities	9	<u>(13,274,074)</u>	<u>(6,306,408)</u>
Net cash from investing activities		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		5,655,607	15,311,257
Distributions paid		(914,280)	(552,057)
Redemptions paid		<u>(99,615)</u>	<u>(3,000,000)</u>
Net cash from financing activities		<u>4,641,712</u>	<u>11,759,200</u>
Net increase/(decrease) in cash and cash equivalents		(8,632,362)	5,452,792
Cash and cash equivalents at the beginning of the financial year		<u>12,129,068</u>	<u>6,676,276</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>3,496,706</u></u>	<u><u>12,129,068</u></u>

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

**Anglican Diocese of Melbourne Yield Fund**  
**Notes to the financial statements**  
**31 December 2021**

**Note 1. Significant accounting policies**

Yield Fund (“the Fund”) is enabled by the *Anglican Trusts Corporations Act 1884* as the Fund operates as a common fund of the Anglican Diocese of Melbourne (“the Diocese”). The principal activity of the Fund is the management of funds on behalf of Anglican Dioceses, Agencies and Parishes.

The Fund is an unregistered managed investment scheme as defined by the *Corporations Act 2001*; however the Fund is exempt from regulatory requirements that might otherwise apply, as the Fund meets the criteria as a charitable institution.

**New or amended Accounting Standards and Interpretations adopted**

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

The Fund is not a reporting entity because in the opinion of the Archbishop and Registrar, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared for the purpose of complying with the *Acts of Synod* and must not be used for any other purpose. The Finance Committee, under the responsibility of the Diocesan Council has determined that the accounting policies adopted are appropriate.

The financial statements are prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value. Unless otherwise stated the accounting policies are consistent with those of the previous year.

**Interest income**

Interest income is recognised on a time proportion basis using the effective interest method.

**Dividend and distribution income**

Dividends and distributions are recognised as income when the right to collection is established.

**Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and other short-term, highly liquid Diocesan funds, which are readily convertible to known amounts of cash and are subject to an immaterial risk of changes in value. This includes investments held in the Anglican Cash Fund.

**Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any impairment allowance at the amount equal to the expected life time credit losses.

**Financial instruments**

***Recognition, initial measurement and derecognition***

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

***Classification and subsequent measurement of financial assets***

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

**Note 1. Significant accounting policies (continued)**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Income relating to financial assets that are recognised in profit or loss are presented as interest income and distribution income.

Expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other financial items, except for impairment of trade receivables, which is presented within other expenses. There were no impairment of trade receivables recognised during the current and the previous financial year.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

**Subsequent measurement of financial assets**

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Fund's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

*Financial assets at fair value through profit or loss (FVPL)*

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

**Impairment of financial assets - Trade and other receivables**

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'.

The Fund makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Fund uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

**Classification and measurement of financial liabilities**

The Fund's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Fund designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.



**Anglican Diocese of Melbourne Yield Fund**  
**Notes to the financial statements**  
**31 December 2021**

**Note 1. Significant accounting policies (continued)**

**Payables**

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**Equity instruments issued by the fund**

Issued Units

In accordance with AASB 132 unitholders funds are classified as equity instruments and disclosed as such in the statement of financial position. An equity instrument is any contract that evidences a residual interest in the assets of a scheme after deducting all of its liabilities. Equity instruments issued by the Scheme are recognised at the net of proceeds of applications less the payments for redemptions.

Each issued unit's value (unit price) is determined based upon net assets and returns are dependent upon the profit/loss of the Fund. Each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

**Management fees**

The Diocesan management fee charged to the Fund was set by the Anglican Funds Committee at 0.6% of the net value of the funds under management. The only other direct fee payable by the Fund to management is in relation to the asset consultant and this fee has been set at no more than 0.1% of the net value of funds under management. The management fee expense is reported on an accrual basis.

**Income tax**

The Fund is an income tax exempt charitable organisation under Subdivision 50-B of the *Income Tax Assessment Act 1997*.

**Comparative figures**

Comparative figures, where appropriate, are reclassified so as to enhance comparability with the figures presented in the current reporting period.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Fund for the annual reporting period ended 31 December 2021. The Fund's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Fund, are set out below.

*AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

These standards are applicable to annual reporting periods beginning on or after 1 July 2021. AASB 2020-2 will prohibit certain for-profit entities from preparing special purpose financial statements and AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs.

The Fund is not a reporting entity because in the opinion of the Archbishop and Registrar, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. As such, the issuance of this standard is not expected to have any impacts on the disclosure requirements in the financial statements.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

**Anglican Diocese of Melbourne Yield Fund**  
**Notes to the financial statements**  
**31 December 2021**

**Note 3. Distributions**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Distributions declared during the year	<u>914,280</u>	<u>552,057</u>

The Fund paid distributions during the current year in February and August. Distributions were determined with reference to the financial performance of the fund (excluding movements in the fair value of financial assets).

Unrealised and realised gains of this Fund which were not distributed are reflected in the unit price.

**Note 4. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	1,950,516	643,707
Investment in Anglican Cash Fund	<u>1,546,190</u>	<u>11,485,361</u>
	<u>3,496,706</u>	<u>12,129,068</u>

Cash at bank includes cash held in investment accounts and the investment in the Cash Fund.

**Note 5. Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Imputation credits refundable from the ATO	-	1,372
Accrued income	461	7,782
Distributions receivable	<u>52,332</u>	<u>110,950</u>
	<u>52,793</u>	<u>120,104</u>

**Note 6. Financial assets held at fair value through profit or loss**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Australian equities	1,897,952	-
Fixed interest	13,088,720	12,050,956
Real assets	7,057,707	2,180,203
Alternatives	2,017,621	-
Cash investments	<u>4,000,000</u>	<u>-</u>
	<u>28,062,000</u>	<u>14,231,159</u>

All investments are held in unlisted unit trusts, and the fair value of investments is supported by annual investment statements prepared by investment fund managers.

**Anglican Diocese of Melbourne Yield Fund**  
**Notes to the financial statements**  
**31 December 2021**

**Note 6. Financial assets held at fair value through profit or loss (continued)**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Opening balance	14,231,159	7,816,937
Additions	24,300,606	13,230,694
Disposals	(10,628,695)	(6,700,000)
Gain/(loss) for the year	158,930	(116,472)
Closing balance	<u>28,062,000</u>	<u>14,231,159</u>

**Note 7. Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Accrued expenses	<u>18,787</u>	<u>15,700</u>

**Note 8. Issued units**

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>\$</b>
Issued units	<u>38,177,059</u>	<u>31,465,522</u>	<u>37,867,707</u>	<u>32,311,715</u>

Unit holders are entitled to a share of accumulated funds on redemption of their units at the prevailing unit price. In the event of the Fund winding up, all accumulated funds will be provided to unit holders.

Each unit represents a right to an individual share in the Fund. There are no separate classes of unit and each unit has the same rights attaching to it as all other units of the Fund.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Opening balance	32,311,715	20,000,458
Applications	5,655,607	15,311,257
Withdrawals	(99,615)	(3,000,000)
Closing balance	<u>37,867,707</u>	<u>32,311,715</u>

**Anglican Diocese of Melbourne Yield Fund**  
**Notes to the financial statements**  
**31 December 2021**

**Note 9. Reconciliation of surplus to net cash used in operating activities**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	486,369	146,343
Adjustments for:		
Proceeds from sale of financial assets measured at fair value through profit or loss	10,628,695	6,700,000
Payments for purchase of financial assets measured at fair value through profit or loss	(24,300,606)	(13,230,694)
(Gain)/loss on financial assets measured at fair value through profit or loss	(158,930)	116,472
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	67,311	(45,569)
Increase/(decrease) in payables	3,087	7,040
Net cash used in operating activities	<u>(13,274,074)</u>	<u>(6,306,408)</u>

**Note 10. Contingencies & commitments**

There were no contingencies or commitments as at 31 December 2021 (2020: nil).

**Note 11. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

**Note 12. Registered office details**

The registered office of the Fund is:  
209 Flinders Lane  
Melbourne VIC 3000

**Anglican Diocese of Melbourne Yield Fund  
Archbishop and Registrars' declaration  
31 December 2021**

As stated in Note 1 to the financial statements, in our opinion, the Fund is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report.

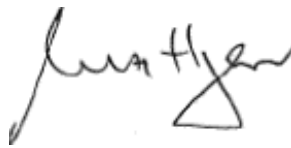
In our opinion the financial statements of the Fund present fairly, as required by the *Acts of Synod*, the financial position of the Fund as at 31 December 2021 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia to the extent described in Note 1 to the financial statements.

In our opinion, there are reasonable grounds to believe that the Fund will be able to pay their debts as and when they become due and payable.



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The Most Reverend Dr Philip Freier  
Archbishop of the Diocese of Melbourne



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Malcolm Tadgell  
Registrar

27 May 2022

# Independent Auditor's Report

## To the Diocesan Council

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Anglican Diocese of Melbourne Yield Fund (the Fund), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in 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 Archbishop and Registrars' declaration.

In our opinion, the accompanying financial report of the Anglican Diocese of Melbourne Yield Fund:

- a. presents fairly, in all material respects, the Fund's financial position as at 31 December 2021 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1.
- b. complies with Australian Accounting Standards to the extent described in Note 1.

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

#### Emphasis of matter – basis of accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The special purpose financial report has been prepared for the purpose of fulfilling the Fund's financial reporting responsibilities under the Acts of Synod. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Information other than the financial report and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Diocesan Council and those charged with governance for the financial report

The Diocesan Council (the Council) is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report are appropriate to meet the requirements of the Acts of Synod and meets the needs of the Council. This responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The Council authorise these responsibilities to the Finance Committee.

In preparing the financial report, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditor's responsibilities 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 Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



C S Gangemi  
Partner – Audit & Assurance

Melbourne, 27 May 2022