Anglican Diocese of Melbourne Cash Fund

ABN 82 862 724 352

Financial Report - 31 December 2020

Anglican Diocese of Melbourne Cash Fund
Contents
31 December 2020

Statement of profit or loss and other comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6
Archbishop and Registrars' declaration	12
Independent auditor's report to the members of Anglican Diocese of Melbourne Cash Fund	13

Anglican Diocese of Melbourne Cash Fund
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	2020 $	2019 $
Investment income		
Interest income	755,740	1,839,401
Total investment income	755,740	1,839,401
Expenses		
Management fees	(152,800)	(190,101)
Asset consultant fees	(48,737)	(62,722)
Bank fees	(993)	(205)
Total expenses	(202,530)	(253,028)
Surplus for the year	553,210	1,586,373
Other comprehensive income for the year	-	-
Total comprehensive income for the year	553,210	1,586,373

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

Anglican Diocese of Melbourne Cash Fund
Statement of financial position
As at 31 December 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	4	38,805,248	50,071,012
Other receivables	5	300,216	745,842
Total current assets		39,105,464	50,816,854
Total assets		39,105,464	50,816,854
Liabilities			
Current liabilities			
Trade and other payables	6	46,971	141,958
Total current liabilities		46,971	141,958
Total liabilities		46,971	141,958
Net assets		39,058,493	50,674,896
Equity			
Issued units	7	39,024,758	50,550,158
Retained surplus		33,735	124,738
Total equity		39,058,493	50,674,896

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

Anglican Diocese of Melbourne Cash Fund
Statement of changes in equity
For the year ended 31 December 2020

	Issued units $	Retained surplus $	Total equity $
Balance at 1 January 2019	63,521,597	-	63,521,597
Surplus for the year	-	1,586,373	1,586,373
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,586,373	1,586,373
Transactions with owners in their capacity as owners:			
Net Issue/(Redemption) of units (note 7)	(12,971,439)	-	(12,971,439)
Distributions declared (note 3)	-	(1,461,635)	(1,461,635)
Balance at 31 December 2019	50,550,158	124,738	50,674,896

	Issued units $	Retained surplus $	Total equity $
Balance at 1 January 2020	50,550,158	124,738	50,674,896
Surplus for the year	-	553,210	553,210
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	553,210	553,210
Transactions with owners in their capacity as owners:			
Net Issue/(Redemption) of units (note 7)	(11,525,400)	-	(11,525,400)
Distributions declared (note 3)	-	(644,213)	(644,213)
Balance at 31 December 2020	39,024,758	33,735	39,058,493

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

Anglican Diocese of Melbourne Cash Fund
Statement of cash flows
For the year ended 31 December 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers		(206,515)	(253,029)
Interest received		1,201,366	1,931,868
Net cash from operating activities	8	994,851	1,678,839
Net cash from investing activities		-	-
Cash flows from financing activities			
Net of redemptions paid to unitholders		(11,525,400)	(12,971,438)
Distributions paid		(735,215)	(1,490,638)
Net cash used in financing activities		(12,260,615)	(14,462,076)
Net decrease in cash and cash equivalents		(11,265,764)	(12,783,237)
Cash and cash equivalents at the beginning of the financial year		50,071,012	62,854,249
Cash and cash equivalents at the end of the financial year	4	38,805,248	50,071,012

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

Anglican Diocese of Melbourne Cash Fund
Notes to the financial statements
31 December 2020

Note 1. Significant accounting policies

Cash 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 invested 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 payment 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.
Term deposits held with financial institutions are classified as cash and cash equivalents.

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.

Payables
These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

Note 1. Significant accounting policies (continued)

Classification and subsequent measurement of financial assets
All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

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 entity's 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.

Subsequent measurement financial assets
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.

Impairment of Financial assets – Trade and other receivables
AASB 9's impairment requirements use more forward looking information to recognise 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.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 0.3% of the net value of the funds under management. In addition to this, from 2012 onwards, the Fund will transfer any undistributed profits to Melbourne Anglican Trust Corporation as a management fee. The only other direct fee payable by the Fund 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.

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 2020. 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. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Fund based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Fund operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Fund unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 3. Distributions

	2020 $	2019 $
Distributions declared during the year	644,213	1,461,635

The Fund paid distributions during the current year in February, May, August and November. 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

	2020 $	2019 $
Current assets		
Cash at bank	14,305,248	3,071,012
Term deposits	24,500,000	47,000,000
	38,805,248	50,071,012

Term deposits held with financial institutions are classified as cash and cash equivalents as they are generally readily convertible to known amounts of cash and are subject to an immaterial risk of changes in value. These represent the investments of the Fund in accordance with the investment policy.

Note 5. Other receivables

	2020 $	2019 $
Current assets		
Accrued interest	300,216	745,842

Note 6. Trade and other payables

	2020 $	2019 $
Distributions payable	33,735	124,737
Management fees payable	13,236	17,221
	46,971	141,958

Note 7. Issued units

	2020 Units	2019 Units	2020 $	2019 $
Issued units	39,024,758	50,550,158	39,024,758	50,550,158

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.

	2020 $	2019 $
Opening balance	50,550,158	63,521,606
Applications	53,499,510	67,654,768
Withdrawals	(65,024,910)	(80,626,216)
Closing balance	39,024,758	50,550,158

Note 8. Reconciliation of surplus to net cash from operating activities

	2020 $	2019 $
Surplus for the year	553,210	1,586,373
Change in operating assets and liabilities:		
Decrease in other receivables	445,625	92,466
Decrease in trade and other payables	(3,984)	-
Net cash from operating activities	994,851	1,678,839

Note 9. Contingencies & commitments

There were no contingencies or commitments as at 31 December 2020.

Note 10. Events after the reporting period

Subsequent to 31 December 2020, the COVID-19 pandemic continues to spread around the world and this is resulting in an increased level of volatility in global markets. As a result there remains a significant degree of uncertainty regarding the longer term impacts on investment valuations and returns.

No other matter or circumstance has arisen since 31 December 2020 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 11. Registered office details

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

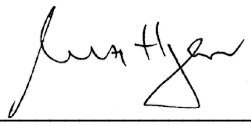
Anglican Diocese of Melbourne Cash Fund
Archbishop and Registrars' declaration
31 December 2020

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 2020 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 its debts as and when they become due and payable.

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



Malcolm Tadgell
Registrar

28 May 2021
Melbourne

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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 Cash Fund (the Fund), which comprises the statement of financial position as at 31 December 2020, 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 Cash Fund:

a. presents fairly, in all material respects, the Fund's financial position as at 31 December 2020 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 matte

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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 2020, 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. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

C S Gangemi
Partner – Audit & Assurance

Melbourne, 28 May 2021