

Melbourne Anglican Trust Corporation
Cover page
31 December 2022

Melbourne Anglican Trust Corporation (Anglican Diocese of Melbourne)

Consolidated Financial Report - 31 December 2022

The Anglican Diocese of Melbourne as Parent, the Melbourne Anglican Diocesan Corporation and the Anglican Development Fund (including the Yield Fund), all under the control of Archbishop in Council, are included for the purpose of preparing the consolidated financial statements.

Melbourne Anglican Trust Corporation

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Melbourne Anglican Trust Corporation
Consolidated statements of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue					
Payroll and on costs service recharge		37,906	32,703	-	-
Income from operations	6	15,557	15,479	13,612	13,566
Other income	7	-	3,010	-	331
Share of net profit from investment accounted for using the equity method	13	347	116	347	116
Expenses					
Salaries, stipends and on-costs	5	(46,996)	(42,948)	(8,897)	(8,399)
Insurance premium expense		(1,968)	(3,067)	(1,901)	(2,818)
Depreciation and amortisation expense		(1,270)	(1,020)	(1,269)	(1,019)
General and administration expenses		(4,363)	(4,605)	(4,160)	(4,058)
Grant expense - wider church and parishes		(495)	(1,911)	(495)	(1,911)
Rental expenses		(29)	(17)	(29)	(17)
Contributions to Theological colleges		(200)	(200)	(200)	(200)
Management fee expense (inc. professional standards)		(894)	(2,364)	(741)	(1,063)
Finance costs	8	(463)	(635)	(569)	(587)
Operating loss		(2,868)	(5,459)	(4,302)	(6,059)
Net gain/(loss) from gifted and disposed properties	9	3,696	(1,405)	3,696	(1,405)
Changes in fair value of financial assets at FVTPL	12	(1,984)	2,551	(1,605)	2,109
Adjustment to redress provision		(18,783)	(14,047)	(18,783)	(14,047)
Deficit for the year		(19,939)	(18,360)	(20,994)	(19,402)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		<u>(19,939)</u>	<u>(18,360)</u>	<u>(20,994)</u>	<u>(19,402)</u>
Deficit for the year is attributable to:					
Non-controlling interest		137	96	-	-
Members of Melbourne Anglican Trust Corporation		(20,076)	(18,456)	(20,994)	(19,402)
		<u>(19,939)</u>	<u>(18,360)</u>	<u>(20,994)</u>	<u>(19,402)</u>
Total comprehensive income for the year is attributable to:					
Non-controlling interest		-	96	-	-
Members of Melbourne Anglican Trust Corporation		(19,939)	(18,456)	(20,994)	(19,402)
		<u>(19,939)</u>	<u>(18,360)</u>	<u>(20,994)</u>	<u>(19,402)</u>

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

Melbourne Anglican Trust Corporation
Consolidated statements of financial position
As at 31 December 2022

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets					
Current assets					
Cash and cash equivalents	10	7,678	17,617	458	4,697
Trade and other receivables	11	4,820	8,254	3,062	3,342
Other financial assets	12	4,517	-	-	-
Prepayments		3,311	845	876	815
Total current assets		20,326	26,716	4,396	8,854
Non-current assets					
Trade and other receivables	11	20,354	17,964	-	-
Other financial assets	12	60,996	66,457	32,068	34,632
Investments in associates	13	23,270	23,270	23,270	23,270
Property, plant and equipment	14	95,425	95,903	95,425	95,902
Right-of-use assets	15	2,644	2,864	2,644	2,864
Total non-current assets		202,689	206,458	153,407	156,668
Total assets		223,015	233,174	157,803	165,522
Liabilities					
Current liabilities					
Trade and other payables	16	5,243	7,127	8,247	7,762
Borrowings	18	50,194	53,224	842	842
Lease liabilities	17	171	161	171	161
Provisions	19	7,569	6,625	880	1,032
Total current liabilities		63,177	67,137	10,140	9,797
Non-current liabilities					
Trade and other payables	16	-	-	38,800	25,856
Borrowings	18	-	-	5,077	5,562
Lease liabilities	17	2,831	3,002	2,831	3,002
Provisions	19	39,545	26,855	313	313
Total non-current liabilities		42,376	29,857	47,021	34,733
Total liabilities		105,553	96,994	57,161	44,530
Net assets		117,462	136,180	100,642	120,992
Equity					
Asset revaluation reserve		60,480	59,836	60,480	59,836
Retained surpluses		50,013	70,089	40,162	61,156
Equity attributable to the members of Melbourne Anglican Trust Corporation		110,493	129,925	100,642	120,992
Non-controlling interest		6,969	6,255	-	-
Total equity		117,462	136,180	100,642	120,992

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

Melbourne Anglican Trust Corporation
Consolidated statements of changes in equity
For the year ended 31 December 2022

Consolidated	Asset revaluation reserve \$'000	Insurance reserve \$'000	Retained surplus \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 January 2021	51,458	889	87,656	4,731	144,734
Surplus/(deficit) for the year	-	-	(18,456)	96	(18,360)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(18,456)	96	(18,360)
<i>Transactions with members in their capacity as members:</i>					
Transfer of insurance reserve	-	(889)	889	-	-
Asset revaluation increments	8,378	-	-	-	8,378
Movement in non-controlling interest	-	-	-	1,428	1,428
Balance at 31 December 2021	<u>59,836</u>	<u>-</u>	<u>70,089</u>	<u>6,255</u>	<u>136,180</u>
Consolidated	Asset revaluation reserve \$'000	Insurance reserve \$'000	Retained surplus \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 January 2022	59,836	-	70,089	6,255	136,180
Surplus/(deficit) for the year	-	-	(20,076)	137	(19,939)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(20,076)	137	(19,939)
<i>Transactions with members in their capacity as members:</i>					
Asset revaluation increments	644	-	-	-	644
Movement in non-controlling interest	-	-	-	577	577
Balance at 31 December 2022	<u>60,480</u>	<u>-</u>	<u>50,013</u>	<u>6,969</u>	<u>117,462</u>
Parent	Asset revaluation reserve \$'000	Insurance reserve \$'000	Retained surplus \$'000	Total equity \$'000	
Balance at 1 January 2021		51,458	889	79,669	132,016
Deficit for the year		-	-	(19,402)	(19,402)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(19,402)	(19,402)
Transfer of insurance reserve		-	(889)	889	-
Asset revaluation increments		8,378	-	-	8,378
Balance at 31 December 2021		<u>59,836</u>	<u>-</u>	<u>61,156</u>	<u>120,992</u>

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

Melbourne Anglican Trust Corporation
Consolidated statements of changes in equity
For the year ended 31 December 2022

Parent	Asset revaluation reserve \$'000	Insurance reserve \$'000	Retained surplus \$'000	Total equity \$'000
Balance at 1 January 2022	59,836	-	61,156	120,992
Deficit for the year	-	-	(20,994)	(20,994)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(20,994)	(20,994)
Asset revaluation increments	644	-	-	644
Balance at 31 December 2022	<u>60,480</u>	<u>-</u>	<u>40,162</u>	<u>100,642</u>

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

Melbourne Anglican Trust Corporation
Consolidated statements of cash flows
For the year ended 31 December 2022

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash flows from operating activities					
Receipts from course of operations		41,725	42,093	11,985	11,641
Payments in course of operations		(53,080)	(48,950)	(21,685)	(16,788)
Distributions received		3,413	2,485	1,205	1,463
Distributions paid		(1,263)	(386)	-	-
Grants received		895	874	895	874
Interest received		886	852	22	9
Interest paid on leases		(209)	(209)	(209)	(209)
Interest paid on borrowings		(241)	(551)	(361)	(377)
JobKeeper received		-	3,035	-	331
Net cash used in operating activities		(7,874)	(757)	(8,148)	(3,056)
Cash flows from investing activities					
Proceeds from the sale of financial assets		9,461	16,080	4,000	5,300
Purchase of of financial assets		(10,138)	(27,286)	(3,040)	(1,500)
Proceeds from disposal of property, plant and equipment		4,207	11,692	4,207	11,692
Purchase of property, plant and equipment	14	(444)	(8,979)	(444)	(8,979)
Distribution from associate received		(170)	116	(170)	116
Net cash from/(used in) investing activities		2,916	(8,377)	4,553	6,629
Cash flows from financing activities					
Net repayments of loan borrowings		(5,509)	1,038	(484)	(508)
Payment of principal portion of lease liabilities		(160)	(150)	(160)	(150)
Proceeds from applications by unitholders		1,372	1,655	-	-
Redemptions paid		(684)	(100)	-	-
Net cash from/(used in) financing activities		(4,981)	2,443	(644)	(658)
Net increase/(decrease) in cash and cash equivalents		(9,939)	(6,691)	(4,239)	2,915
Cash and cash equivalents at the beginning of the financial year		17,617	24,308	4,697	1,782
Cash and cash equivalents at the end of the financial year	10	7,678	17,617	458	4,697

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

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 1. General information

The Anglican Diocese of Melbourne ("ADOM" or "the Diocese") was founded in 1847. The Diocese comprises the unincorporated association of its members and two main legal entities, being the Melbourne Anglican Trust Corporation ("MATC") and the Melbourne Anglican Diocesan Corporation ("MADC").

MATC is a body incorporated under the Anglican Trusts Corporations Act 1884 ("1884 Act") of the Victorian Parliament. The 1884 Act provides for the formation in each Anglican Diocese in the Province of Victoria of a corporate body of trustees to hold property on behalf of the Church in each Diocese. MATC was established in 1886 by legislation of the Synod of ADOM in accordance with the 1884 Act.

The relevant Synod legislation governing ADOM's entities includes:

- Melbourne Anglican Trust Corporation - Melbourne Anglican Trust Corporation Act 2018; and
- Melbourne Anglican Diocesan Corporation - Melbourne Anglican Diocesan Corporation Act 2015.

This legislation, in conjunction with the Archbishop in Council Act 2018, establishes the relationship between the entities and their nexus of control under the Archbishop in Council.

Section 8(1)(a) of the Melbourne Anglican Trust Corporation Act 2018 requires the Trustees to deal with property held subject to express or special trusts in accordance with those trusts. Section 8(1)(b) provides that the Trustees are to "deal with all property so far as the same is not subject to any express trusts or special trusts in such manner as the Archbishop in Council may from time to time direct concerning the same". All Church assets and other property within the Diocese, with a few exceptions, are vested in the MATC.

The MATC acts in accordance with the provisions of the 1884 Act and the Acts of the Synod of the Diocese; under the direction of Archbishop in Council. Any two of MATC's Trustees (provided for under s5 of the MATC Act 2018) meeting together for that purpose are authorised by resolution of the MATC to affix the Seal of MATC to documents necessary to be impressed therewith.

ADOM (ABN 79 866 748 591) is the main operating entity of the MATC and has been designated as the "Parent" for the purposes of preparing the consolidated financial statements.

The Group consists of the Parent and the following controlled entities for the purpose of preparing the consolidated financial statements:

- Anglican Development Fund (ADF)
- Melbourne Anglican Diocesan Corporation Ltd (MADC)
- Yield Fund (YF)

The principal activity of each entity is as follows:

Melbourne Anglican Trust Corporation is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

The Anglican Centre
209 Flinders Lane
Melbourne Victoria

A description of the nature of the Group's operations and its principal activities are included in the archbishop and Registrars' report, which is not part of the financial statements.

The ADF is a charitable trust of which Melbourne Anglican Trust Corporation (MATC) is the trustee. The principal activity of the ADF is to provide finance for vicarages, churches and associated facilities. The finance necessary for such loans is derived from investments, gifts and bequests from parishioners, parish councils and other church organisations.

The MADC is the corporate body legally accountable for those appointed to a prescribed role or position in the Church, within the Diocese of Melbourne. The principal activity of the entity was to appoint or employ, staff to provide the functions of the Anglican Diocese of Melbourne and its parishes.

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 1. General information (continued)

The YF is consolidated with the ADF as it is deemed to be controlled by ADF and is enabled by the Anglican Trusts Corporations Act 1884 as the YF operates as a common fund of the Anglican Diocese of Melbourne. The principal activity of the YF is the management of funds on behalf of Anglican Dioceses, agencies and parishes.

Melbourne Anglican Trust Corporation holds an Australian Financial Services License in line with section 913B of the Corporations Act 2001 and as at 31 December has met the appropriate financial conditions of the license.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group 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.

The following Accounting Standards and Interpretations are most relevant to the Group:

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 160 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. Given that the Group is already producing general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the adoption of this standard does not have a material impact on the disclosure requirements in the financial statements.

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

Basis of consolidation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. Melbourne Anglican Trust Corporation is a not-for-profit entity for the purpose of preparing the financial statements.

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

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The financial statements consolidate those of the MATC and its controlled entities (the Group) as of 31 December 2022. MATC controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All controlled entities have a reporting date of 31 December.

The parishes of the Anglican Diocese of Melbourne are not controlled entities for the purposes of consolidation in the financial statements and therefore their assets and liabilities are not recognised in the consolidated statement of financial position of the Group.

All transactions and balances between the Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between the Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of controlled entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 2. Significant accounting policies (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the corporation. Losses incurred by the corporation are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Revenue recognition

Revenue comprises revenue as recharges from rendering services.

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for services provided.

Revenue is recognised when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised. Details of the activity-specific recognition criteria are described below.

Payroll and on costs service recharge income

Fees charged for services provided are recognised over the period of time in which the services are performed.

All other revenue is recognised when the related performance obligation has been satisfied in accordance with the applicable standard.

Income from operations

The Group recognises income with respect to AASB 1058 Income of Not-for-Profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt.

Income under the standard is recognised where:

- an asset is received in a transaction, such as by way of grant, bequest or donation;
- there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value;
- and
- where the intention is to principally enable the entity to further its objectives.

For transfers of financial assets to the Group which enable it to acquire or construct a recognisable non-financial asset, the Group must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised.

Related amounts recognised may relate to:

- contributions by owners;
- AASB 15 revenue or contract liability recognised;
- lease liabilities in accordance with AASB 16;
- financial instruments in accordance with AASB 9; or
- provisions in accordance with AASB 137.

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 2. Significant accounting policies (continued)

The liability is brought to account as income over the period in which the Group satisfies its performance obligation. If the transaction does not enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Dividend and distribution income

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

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Parish assessment income

Income as contribution from parishes is recognised when it is received or when the right to receive contribution is established.

Diocesan management fee income

Income as management fee charged to other entities of the Diocese is recognised when it is received or when the right to receive contribution is established.

Insurance premium income

Income as insurance contribution paid by parishes is recognised when it is received or when the right to receive contribution is established.

Donation and bequest income

Donations and bequests are recognised at a point in time only when the Diocese gains control of the funds and when the funds do not give rise to an obligation.

Rental income

Rental income from investment properties is recognised over-time on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Grant income

Income is recognised once there is reasonable assurance that the Diocese will comply with the conditions attaching to the grant and that the grant will be received.

Distributions

Distributions are recognised at a point in time as income when the right to payment is established.

Other income

Other income is recognised when performance obligations are fulfilled.

Government grants - Jobkeeper

Government grants relating to JobKeeper payments received from the Federal Government in response to the ongoing COVID-19 pandemic are recognised in the financial statements at their fair values when there is a reasonable assurance that the Group will comply with the requirements and that the grants will be received.

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 2. Significant accounting policies (continued)

Going concern

The Group's financial statements have been prepared on a going concern basis which contemplates the continuity of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group has a working capital (current assets less current liabilities) deficiency of \$42,851k (2021: \$40,421k) at balance date, operating cash outflows of \$7,664k (2021:\$757k) and an operating loss of \$2,868k (2021: \$5,459k). The working capital deficiency is common for institutions providing balance sheet based financial services. This results from the classification of all interest bearing liabilities as current in accordance with accounting standards. Approximately 3% (2021: 5%) of customer interest bearing liabilities have maturity dates beyond 12 months.

The Parent has a working capital (current assets less current liabilities) deficiency of \$5,744k (2021: \$943k) at balance date, operating cash outflows of \$8,147k (2021:\$3,056k) and an operating loss of \$4,302k (2021: \$6,059k).

At the date of this report and having considered the deficiency in current assets, The Archbishop and Council are confident that the Group will be able to continue as a going concern due to the strong net asset position of \$117,462k (2021: \$136,180k), which includes \$60,996k of financial assets that can be converted to cash in the short term.

Accordingly, the Archbishop in Council (AiC) believes the Group will be able to continue to pay their debts as and when they fall due.

Cash and cash equivalents

The Group uses one central bank account for the financial administration of all funds excluding the Anglican Funds under the Diocese's control. Diocesan funds represent the portion of the actual bank balance attributable to each respective operational fund. Amounts due or payable between funds are included in receivables or payables respectively. For the purpose of the Statement of Cash Flows, cash includes the investment in 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 in the Anglican Cash Fund.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

All trade 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.

Investments and other financial assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group 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

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)
- debt instruments at fair value through other comprehensive income (FVOCI)

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 2. Significant accounting policies (continued)

Classifications are determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, income or other financial items, except for impairment of trade receivables, which is presented within general and administration expenses.

Subsequent measurement financial assets

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.

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 Group'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

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.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

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

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 2. Significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least every five years, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to reserves in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on buildings is recognised on a straight-line basis.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	25 years
Plant and equipment	3-5 years

Depreciation rates are reviewed at least annually and, if necessary, adjusted so that they reflect the most recent adjustments in the useful lives of the respective assets. Depreciation charges are made from the time when a depreciable asset is put into use or held ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of profit or loss. When revalued assets are sold, it is the Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Properties gifted to the Diocese are recognised at their fair value on the date of transfer. The gain on properties gifted are presented in the statement of profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 2. Significant accounting policies (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provision for professional standards

Liabilities for claim payments are recognised and are measured as the present value of expected future payments to be made in respect of claims reported but not yet settled. The provision is an estimation based on current unsettled reports and prior payment history.

Employee benefits

Short-term employee benefits

Short-term employee benefits, including annual leave are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any remeasurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

Goods and Services Tax (GST)

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

Rounding of amounts

The parent is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Significant management judgement in applying accounting policies and estimation uncertainty

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.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**Note 3. Significant management judgement in applying accounting policies and estimation uncertainty
(continued)**

Professional standards

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation or arbitration. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. As a result of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Discounting was applied to these cash outflows and therefore provision and receivable balances are shown at their net present value.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Basis of consolidation for accounting purposes

The parishes of the Anglican Diocese of Melbourne are not deemed to be controlled entities for the purposes of consolidation in the financial statements as management responsibility rests with the Churchwardens at the local level. Church wardens and Parish Councils from time to time do request the Trustees to assume full ownership responsibility of property which is either no longer being used by the parish, or in circumstances where the parish is closing. This is by mutual agreement, and in these cases the property becomes Diocesan Property and is recorded in the financial statements of the Melbourne Anglican Trust Corporation.

Note 4. Financial risk management

Risk management for the Anglican Development Fund (the "Fund") is governed by the Finance and Investment Committee as approved by the Diocesan Council. The Committee has written principles for overall risk management, as well as written policies covering specific areas, such as interest rate and credit risk. The Committee utilises the assistance of independent asset consultants.

The Anglican Development Fund does not have any direct investment. The policy of the Fund is to invest in Diocesan investment products. Through its investments in the Yield Fund and Cash Fund ('Anglican Funds') and its dealings with banks and parishes, it is exposed to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest rate risk, the risks of which are detailed below:

Market risk

Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund as fair value through profit or loss financial assets. The Anglican Funds invests in underlying funds with portfolios consisting of conventional and hybrid interest bearing corporate securities. Consequently the Fund is indirectly exposed to credit risk associated with a debt issuer, and price risk as a consequence of interest rate and market risks arising either directly or as a result of movement in the value of the underlying common stock in the case of hybrid debt.

Note 4. Financial risk management (continued)

Credit risk

Credit risk arises from cash and cash equivalents, investments and deposits with banks and financial institutions, as well as credit exposures to parishes, including outstanding receivables and committed transactions. The Anglican Development Fund only deals with credit worthy financial institutions. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Fund's Investment Committee under the authority of the Diocesan Council. The utilisation of credit limits are regularly monitored by the management.

There are two loans which exceed 10% of the total of loans outstanding to the Anglican Development Fund (ADF) at 31 December 2022, however are each less than 10% of the total deposit base. One is to support the ownership of the Mt Ridley Homestead site on which Hume Anglican Grammar School's campus at Mickleham is located. Title to the land is held by Melbourne Anglican Trust Corporation (MATC) and is under the control of Archbishop in Council directly, which has powers to sell the land to repay the loan in the event of default. The second loan is to a significant inner-city parish and financed a rebuild of their church and Christian education centre. This loan is supported by the MATC guarantee in the event of default. As previously noted, the Fund has policies in place to ensure that services that are made to parishes are of an appropriate credit quality. The financial assets measured at fair value through profit or loss represent internal investments in the Anglican Funds. The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets. The Fund has policies in place that limit the amount of credit exposure to each counter party.

The Fund also maintains a capital adequacy ratio of 10% of risk weighted assets. The purpose is to recognise and maintain sufficient capital in relation to the size of each asset allocation to manage credit risk both directly and underlying in the Anglican Funds, as well as market risk and other risks inherent in these funds.

Liquidity risk

The liquidity of the Anglican Development Fund is dependent on investors' funds being maintained.

The Fund manages its liquidity risk by application of a minimum liquidity ratio of 10% of customer investments being held in cash or cash equivalents. Additionally, if required, liquidity is available through redemption of non-cash investments held in Anglican Funds which can be completed within a 12 month period. A significant portion of non-cash investments held in Anglican Funds can be redeemed with 30 days' notice.

As at 31 December 2022, ADF met the minimum liquidity ratio of 10%.

Cash flow and fair value interest rate risk

Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The interest-rate risk in the Fund arises from long-term loans to parishes at fixed interest rates and interest bearing investments that can be called on demand or for fixed periods. Other investments, some of which are influenced by underlying market prices, have components of interest rate risk exposure. As the Fund is an investor in the Anglican Funds, the risks inherent in these funds are underlying risks to which the Fund is exposed. The maturity gap between assets and liabilities is recognised.

Due to its investment in the Cash Fund, the Fund effectively holds interest-bearing assets. The Cash Fund's income and operating cash flows are dependent on changes in market interest rates as embodied in investments in the underlying funds. Due to its objectives it is the policy of the Cash Fund not to hedge these exposures.

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Note 5. Payroll and on costs service recharge

Rendering of services over period of time:

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Payroll and on costs	41,016	37,532	6,563	6,266
Superannuation	4,307	3,941	691	658
Other payroll related costs	1,643	1,475	1,643	1,475
	<u>46,966</u>	<u>42,948</u>	<u>8,897</u>	<u>8,399</u>

Note 6. Income from operations

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Distribution income - point in time	1,414	1,697	992	1,373
Interest income - point in time	1,051	1,029	22	9
Parish assessment income - point in time	4,752	5,051	4,752	5,051
Diocesan management fee income - point in time	1,856	1,734	1,856	1,734
Insurance premium income - point in time	3,523	3,123	3,214	2,942
Donations and bequest income - point in time	793	540	793	540
Rental income - over time	877	880	876	880
Grant received - point in time	891	874	891	874
Other income from operations	400	551	216	163
	<u>15,557</u>	<u>15,479</u>	<u>13,612</u>	<u>13,566</u>

Note 7. Other income

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Government grants as JobKeeper payments	-	3,010	-	331

In the prior year, JobKeeper payments have been received from the Federal Government in response to the ongoing COVID-19 pandemic.

Note 8. Finance costs

	Consolidated		Parent	
	2022	2021	2022	2021
Finance costs from borrowings	264	426	370	378
Finance costs from lease liabilities	199	209	199	209
	<u>463</u>	<u>635</u>	<u>569</u>	<u>587</u>

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Note 9. Net gain/(loss) from gifted and disposed properties

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Gain/(loss) on properties disposed during the year:				
47 - 49 Patterson Street, Ringwood East	-	(1,405)	-	(1,405)
29 - 35 ST Kinnord Street, Aberfeldie	3,696	-	3,696	-
	<u>3,696</u>	<u>(1,405)</u>	<u>3,696</u>	<u>(1,405)</u>
	<u>3,696</u>	<u>(1,405)</u>	<u>3,696</u>	<u>(1,405)</u>

Note 10. Cash and cash equivalents

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current assets</i>				
Cash at bank and on hand	5,394	7,499	155	107
Cash on deposit (Cash fund)	2,284	10,118	303	4,590
	<u>7,678</u>	<u>17,617</u>	<u>458</u>	<u>4,697</u>

Note 11. Trade and other receivables

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current assets</i>				
Amounts due from parishes and other related entities (a)	6,592	7,048	1,966	2,247
Less: Allowance for expected credit losses	(283)	(279)	(283)	(279)
	<u>6,309</u>	<u>6,769</u>	<u>1,683</u>	<u>1,968</u>
Net property proceeds and capital works receivable	455	450	455	450
Accrued distribution income (b)	911	721	830	696
Other receivables	(2,855)	314	94	228
	<u>4,820</u>	<u>8,254</u>	<u>3,062</u>	<u>3,342</u>
<i>Non-current assets</i>				
Loans receivable from Parishes (c)	17,186	14,863	-	-
Loans receivable from other corporate entities (c)	2,030	1,876	-	-
Car loans receivable (c)	986	984	-	-
Amounts due from parishes and other related entities (c)	152	241	-	-
	<u>20,354</u>	<u>17,964</u>	<u>-</u>	<u>-</u>

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Note 11. Trade and other receivables (continued)

(a) Amounts due from parishes and other related entities primarily pertain to the collection of parish assessments and insurance contributions.

The allowance for expected credit losses of \$283k (2021: \$279k) represents management's estimate of the impairment loss under the expected credit loss model in accordance with AASB 9. The Group's exposure to credit risk relating to amounts due from parishes and other related entities is influenced mainly by the individual characteristics of each parish and related party.

The Group has no significant exposure to long aged receivables at 31 December 2022 and has sufficient measures in place to mitigate the risk of unrecoverable amounts due from parishes and other related entities. Bad debts written-off during the year amount to \$247k (2021: \$221k), management consider that an impairment allowance of \$283k (2021: \$279k) is sufficient as at 31 December 2022.

(b) Distribution income has been accrued on the basis the distribution can be reliably measured and there existed a commitment from the investment fund at year-end to subsequently declare and pay a distribution in relation to profits generated in the financial year. This accrued distribution is excluded from the carrying value of the financial assets as the fair value already includes undistributed profits.

(c) There were 88 loans provided to parishes and 9 to other corporate Anglican entities (2021: 55 and 4 respectively), with major loans disclosed above. Loans to parishes are provided for capital projects including new buildings, renovations, fittings, fixtures and equipment. The loans are provided with average interest rates ranging from 0.00% to 7.50% (2021: 1.4% to 6.5%) and loan terms have a range of terms depending on their purpose and the asset they have funded. Current loan terms vary up to twenty-five years, which is the greatest permitted by the Anglican Development Fund's Constitution.

Note 12. Other financial assets

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Investments held in managed funds measured at fair value through profit or loss	4,517	-	-	-
<i>Non-current assets</i>				
Investment in Endowment Fund measured at fair value through profit or loss	33,357	35,930	29,623	32,167
Investment in Yield Fund measured at fair value through profit or loss	27,639	30,527	2,445	2,465
	<u>60,996</u>	<u>66,457</u>	<u>32,068</u>	<u>34,632</u>
	Consolidated	Consolidated	Parent	Parent
	2022	2021	2022	2021
	\$	\$	\$	\$
Reconciliation				
Reconciliation of the fair values at the beginning and end of the financial year are set out below:				
Opening fair value	66,457	54,863	34,632	36,323
Additions	53,898	25,802	3,040	1,500
Disposals	(57,375)	(16,759)	(4,000)	(5,300)
Gain/(loss) recognised in profit or loss for the year	(1,984)	2,551	(1,605)	2,109
	<u>60,996</u>	<u>66,457</u>	<u>32,067</u>	<u>34,632</u>

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Note 13. Investments in associates

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Non-current assets</i>				
Investment in St Luke's South Melbourne Trust Fund	23,270	23,270	23,270	23,270

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	23,270	23,270	23,270	23,270
Share profit for the year	347	116	347	116
Distribution paid	(347)	(116)	(347)	(116)
Closing fair value	23,270	23,270	23,270	23,270

St Luke's South Melbourne Trust Fund is a unit trust held by the Trustees for the benefit of St Luke's South Melbourne and the Anglican Diocese of Melbourne. The net income of the trust fund is the amount distributed to the beneficiaries of the trust fund, Anglican Diocese of Melbourne (40%) and St Luke's South Melbourne (60%).

Note 14. Property, plant and equipment

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Non-current assets</i>				
Land and buildings - at fair value	92,728	92,728	92,728	92,728
Less: Accumulated depreciation	(1,526)	(1,533)	(1,526)	(1,533)
	91,202	91,195	91,202	91,195
Plant and equipment - at cost	5,353	5,032	5,353	5,028
Less: Accumulated depreciation	(1,459)	(1,145)	(1,459)	(1,142)
	3,894	3,887	3,894	3,886
Work in progress	329	821	329	821
	95,425	95,903	95,425	95,902

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Consolidated				
Balance at 1 January 2022	91,195	3,887	821	95,903
Additions	-	420	24	444
Disposals	-	(96)	(516)	(612)
Revaluation increments	644	-	-	644
Depreciation expense	(637)	(317)	-	(954)
Balance at 31 December 2022	91,202	3,894	329	95,425

Melbourne Anglican Trust Corporation
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Note 14. Property, plant and equipment (continued)

Parent	Land and buildings \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Balance at 1 January 2022	91,195	3,886	821	95,902
Additions	-	420	24	444
Disposals	-	(96)	(516)	(612)
Revaluation increments	567	-	-	567
Depreciation expense	(560)	(316)	-	(876)
Balance at 31 December 2022	<u>91,202</u>	<u>3,894</u>	<u>329</u>	<u>95,425</u>

Valuations of land and buildings

The basis of the valuation of land and buildings is fair value. The land and buildings are revalued based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The archbishop and Registrar do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

Note 15. Right-of-use assets

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Non-current assets</i>				
Buildings - right-of-use	3,525	3,525	3,525	3,525
Less: Accumulated depreciation	(881)	(661)	(881)	(661)
	<u>2,644</u>	<u>2,864</u>	<u>2,644</u>	<u>2,864</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Buildings \$'000	Total \$'000
	Balance at 1 January 2022	2,864
Depreciation expense	(220)	(220)
Balance at 31 December 2022	<u>2,644</u>	<u>2,644</u>
Parent	Buildings \$'000	Total \$'000
	Balance at 1 January 2022	2,864
Depreciation expense	(220)	(220)
Balance at 31 December 2022	<u>2,644</u>	<u>2,644</u>

The Diocese leases the property at St. Paul's Cathedral under an agreement with a remaining term of 3 years commencing on 31 December 2024. Following this, there is an option of a further term of 10 years until 31 December 2034, for which it is reasonably certain the Group will choose to exercise.

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Note 16. Trade and other payables

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current liabilities</i>				
Trade and other payables	703	1,331	703	1,331
Accrued interest expenses	669	768	531	696
Payables to Melbourne Anglican Diocesan Corporation Ltd: professional standards (a)	(2)	14	2,800	1,454
Payables to Melbourne Anglican Diocesan Corporation Ltd: service recharges	282	-	1,844	1,651
Other payables	3,591	5,014	2,369	2,630
	<u>5,243</u>	<u>7,127</u>	<u>8,247</u>	<u>7,762</u>
<i>Non-current liabilities</i>				
Payables to Melbourne Anglican Diocesan Corporation: professional standards (a)	-	-	38,800	25,856

(a) The total payable due to MADC includes \$41.6m (\$2.8m current payable and \$38.8m non-current payable) in relation to the professional standards provision (note 21). The Diocese reimburse MADC for such costs.

Other related entities

The balance represents intercompany balance owing to the related parties within the Anglican Diocese group.

Note 17. Lease liabilities

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current liabilities</i>				
Lease liability	<u>171</u>	<u>161</u>	<u>171</u>	<u>161</u>
<i>Non-current liabilities</i>				
Lease liability	<u>2,831</u>	<u>3,002</u>	<u>2,831</u>	<u>3,002</u>
<i>Future lease payments</i>				
Future lease payments are due as follows:				
Within one year	171	161	171	161
One to five years	1,293	1,213	1,293	1,213
More than five years	1,538	1,789	1,538	1,789
	<u>3,002</u>	<u>3,163</u>	<u>3,002</u>	<u>3,163</u>

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 18. Borrowings

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current liabilities</i>				
Interest bearing liabilities (a)	50,194	53,224	-	-
Current portion of loan from Anglican Development Fund: Borrowing 1 (e)	-	-	299	299
Current portion of loan from Anglican Development Fund: Borrowing 2 (f)	-	-	543	543
	<u>50,194</u>	<u>53,224</u>	<u>842</u>	<u>842</u>
<i>Non-current liabilities</i>				
Loan from Anglican Development Fund: Borrowing 1 (e)	-	-	882	1,115
Loan from Anglican Development Fund: Borrowing 2 (f)	-	-	4,195	4,447
	<u>-</u>	<u>-</u>	<u>5,077</u>	<u>5,562</u>

(a) Interest bearing liabilities include:

	Consolidated	
	2022 \$'000	2021 \$'000
Parish bonus investors (b)	2,893	2,909
At call: Individual investors (c)	4,498	4,538
At call: Anglican organisations (c)	7,024	4,016
At call: Parish investors (c)	15,359	21,728
Fixed term: Individual investors (d)	10,793	12,950
Fixed term: Anglican organisations (d)	1,495	3,690
Fixed term: Parish investors (d)	8,132	3,393
	<u>50,194</u>	<u>53,224</u>

(b) Parish bonus liability funds are unsecured and repayable on demand. There is no fixed term. The funds bear annual floating interest rates of between 0.65% and 0.75% (2021: 0.20% to 0.75%).

(c) At call liability funds are unsecured and repayable on demand. There is no fixed term. The funds bear annual floating interest rates of between 0.2% and 1.40% (2021: 0.20% to 0.60%). For accounts held by non-affiliate individuals, investors are required to give a minimum of 31 days' notice of the withdrawal of funds in order to comply with the regulation required by APRA and ASIC.

For accounts held by non-affiliate individuals, investors are required to give a minimum of 31 days' notice of the withdrawal of funds in order to comply with the regulation required by ASIC.

(d) Fixed term liability funds are unsecured and repayable on maturity. The terms are fixed periods ranging from 3 months to 24 months. The funds bear annual fixed interest rates of between 0.25% and 2.80% (2021: 0.20% to 1.70%). Existing term investments entered into in earlier years, which still have a balance at year end, bear annual fixed interest rates up to 1.55%.

(e) The loan from Anglican Development Fund was made to fund the renovation of St. Pauls Cathedral at 209 Flinders Lane. The loan is for a period of 10 years at an annual interest rate of 6.45% per year annum. Repayment amount is \$24,925 per month covering interest and principal.

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 18. Borrowings (continued)

(f) The loan from Anglican Development Fund was made to finance the Fund's purchase of the property at 100 Mount Ridley Rd, Mickleham. The loan is for a period of 25 years at an annual interest rate of the BBSW plus 2.5% (subject to paying a minimum 6%). Principal repayments were scheduled to commence from 2015, but no agreement has yet been reached between the parties as to the required repayments. It is not expected that a significant repayment will be required in 2023, and therefore the entire balance remains classified as a non-current liability. Melbourne Anglican Trust Corporation has provided a guarantee to the Anglican Development Fund to underwrite the loan.

Note 19. Provisions

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Current liabilities</i>				
Employee entitlements	4,769	5,171	880	1,032
Professional standards	2,800	1,454	-	-
	<u>7,569</u>	<u>6,625</u>	<u>880</u>	<u>1,032</u>
<i>Non-current liabilities</i>				
Employee entitlements	745	999	313	313
Professional standards	38,800	25,856	-	-
	<u>39,545</u>	<u>26,855</u>	<u>313</u>	<u>313</u>

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Professional standards \$'000
Consolidated - 2022	
Carrying amount at the start of the year	27,310
Provided for	18,190
Claims settled	<u>(3,900)</u>
Carrying amount at the end of the year	<u>41,600</u>

Note 20. Contingencies and commitments

MADC presently has potential claims for re-dress resulting from alleged abuse of professional standards. MADC currently have a Redress scheme in place to assist the survivors of child sexual abuse and for other purposes. This scheme seeks to meet the standards prescribed by the Royal Commission in their Interim Report on Redress tabled in Federal Parliament. Additionally, in 2016, the Diocese through its Synod process enacted the Uniform Professional Standards Act 2016 giving rise to the establishment of the independent scheme company Kooyoora Pty Ltd. Kooyoora operates independently of the Diocese and provide over time for the administration, investigation and determination of all professional standards complaints and redress claims.

During 2021 the Diocese commissioned an actuarial study to determine the potential liability for matters of child sexual abuse based on the actual experiences of MADC following the Royal Commission in 2017, the implementation of the National Redress Scheme in 2018, and the subsequent actuarial study performed in 2019. As a result of this study, \$27.3m has been provided for as a liability in the financial statements (note 19) representing management's best estimate of likely settlement. As at 31 December 2021, a total of 167 cases were identified as part of the actuarial study. A corresponding related party receivable from Anglican Diocese of Melbourne for \$27.3m has also been recognised as MADC will claim such costs back from the Diocese.

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 20. Contingencies and commitments (continued)

In 2022 a desktop review was undertaken with an additional 7 cases identified in 2022, resulting in a total of 174 cases. An increase in the average size of civil settlement caused the liability to be reassessed in the current period to \$41.6m, leading to an increase in the provision of \$18.8m. Additionally \$4.2m in settlement payments occurred in the period.

As part of this study, the actuaries provided an estimate of timing of net cash outflows. Discounting was applied to these cash outflows and therefore provision and receivable balances are shown at their net present value. A base future inflation rate of 3.5% per annum and superimposed inflation (over and above risk-free investment returns) of 0.5% per annum.

Note 21. Related party transactions

The Group's related parties include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

During the year, remunerations paid for key management personnel, including Archbishop, Assistant Bishops, Registrar and the executive management team are as follows:

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Wages and salaries	2,134	2,039	2,134	2,039

Parent entity

Anglican Diocese of Melbourne is the parent entity.

Transactions with related entities

Significant transactions with related parties during the year are as follows:

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Transactions with Cash Fund, Endowment Fund and Yield Fund:				
<i>Income</i>				
Distribution income	2,173	1,610	1,361	1,374
Interest income	1,051	1,029	-	-
Diocesan management fees	1,367	1,353	1,367	1,353
	<u>4,591</u>	<u>3,992</u>	<u>2,728</u>	<u>2,727</u>

Transactions with Parishes, Stipends and other related parties:

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Income</i>				
Distribution income - Property income	-	124	-	124
Diocesan management fees	338	381	338	381
Insurance premiums	3,214	2,942	3,214	2,942
Payroll and on costs services recharges	37,906	32,703	-	-
Parish assessments	4,751	5,051	4,751	5,051
Gain/loss from acquisition and disposal of properties	3,696	(1,404)	3,696	(1,404)
Rental income	-	880	-	880
	<u>49,905</u>	<u>40,677</u>	<u>11,999</u>	<u>7,974</u>
<i>Expenses</i>				
Grants and contributions	(494)	(611)	(494)	(611)

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 21. Related party transactions (continued)

Balances with related parties

Significant balances with related parties at reporting date are as follows:

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balances with Cash Fund, Endowment Fund and Yield Fund:				
<i>Investments</i>				
Cash on deposit (Cash Fund)	2,142	10,118	457	-
Investment in Yield Fund at fair value	-	-	3,980	2,465
Investment in Endowment Fund at fair value	31,821	35,930	28,097	32,167
	<u>33,963</u>	<u>46,048</u>	<u>32,534</u>	<u>34,632</u>
<i>Receivables</i>				
Accrued distribution income	767	969	493	696
	<u>767</u>	<u>969</u>	<u>493</u>	<u>696</u>
Balances with Melbourne Anglican Diocesan Corporation:				
<i>Payables</i>				
Provision for professional standards	-	-	(41,600)	(27,300)
Other service recharges	-	-	(1,844)	(1,647)
	<u>-</u>	<u>-</u>	<u>(43,444)</u>	<u>(28,947)</u>
Balances with Anglican Development Fund				
<i>Borrowings</i>				
Loan from Anglican Development Fund	-	-	(5,919)	(6,404)
	<u>-</u>	<u>-</u>	<u>(5,919)</u>	<u>(6,404)</u>
Balance with Parishes, Stipends and other related parties				
<i>Receivables</i>				
Amounts due from parishes and other related parties	6,592	7,237	1,966	2,247
Net property proceeds & capital works receivable	455	450	455	450
Loan receivables	17,186	14,863	-	-
	<u>24,233</u>	<u>22,550</u>	<u>2,421</u>	<u>2,697</u>
<i>Payables</i>				
Motor vehicle funds payable	-	(1,693)	-	-
Other payables	-	-	(1,671)	(1,651)
	<u>-</u>	<u>(1,693)</u>	<u>(1,671)</u>	<u>(1,651)</u>
<i>Borrowings</i>				
Anglican organisations	(8,519)	(7,706)	-	-
Parish investors	(23,491)	(28,029)	-	-
	<u>(32,010)</u>	<u>(35,735)</u>	<u>-</u>	<u>-</u>

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 22. Diocesan managed funds

The Anglican Diocese of Melbourne is the central trust administrator for Diocesan Trust Funds. Operationally, this administration function is performed by the Anglican Funds Team, subject to oversight and approval from the Registrar of the Diocese. Diocesan Trust Funds mostly represent numerous bequests over time, each with varying conditions for the use of the initial capital and the resulting income streams. To the extent the Diocese (Operating Fund) has ultimate control on the use of such funds, these amounts are recognised as assets of the Operating Fund (as per the respective Financial assets & Cash and cash equivalents notes). For all other bequests and trust holdings, the asset is recognised by the Anglican entity that is the ultimate beneficiary. This disclosure note has been included in the financial report to report the balances as a whole, of Diocesan Trust Funds at year end.

This note has been included within the consolidated financial statements to provide information on the value of the Diocesan Trust Funds being administered by the Diocese. Diocesan Trust Funds recognised within these financials as Cash and cash equivalents and Financial assets have not been included in the note below:

	Consolidated 2022 \$	Consolidated 2021 \$	Parent 2022 \$	Parent 2021 \$
Anglican Funds				
Cash Fund	17,899	26,092	17,899	26,092
Endowment Fund	122,040	122,252	122,040	122,252
Yield Fund	29,710	31,592	29,710	31,592
	<u>169,649</u>	<u>179,936</u>	<u>169,649</u>	<u>179,936</u>
Less Cash Fund held in Endowment Fund	(597)	(1,404)	(597)	(1,404)
Less Cash Fund held in Yield Fund	<u>(2,268)</u>	<u>(1,546)</u>	<u>(2,268)</u>	<u>(1,546)</u>
Total Anglican Funds	<u>166,784</u>	<u>176,986</u>	<u>166,784</u>	<u>176,986</u>
	Consolidated 2022 \$	Consolidated 2021 \$	Parent 2022 \$	Parent 2021 \$
Diocesan Trust Funds				
MATC - General (Note 2)	29,942	31,821	29,942	31,821
MATC - Parish Specific (Note 2)	33,237	34,026	33,237	34,026
	<u>63,179</u>	<u>65,847</u>	<u>63,179</u>	<u>65,847</u>
Diocesan Operation Funds				
ADOM (Note 1)	32,526	39,328	32,526	39,328
MADC (Note 1)	4,746	4,765	4,746	4,765
	<u>37,272</u>	<u>44,093</u>	<u>37,272</u>	<u>44,093</u>
Other Managed Funds				
ADF (Note 1)	25,806	29,320	25,806	29,320
Other Anglican Organisations (Note 2)	12,853	13,875	12,853	13,875
Other Parish Funds (Note 2)	25,425	21,305	25,425	21,305
Other Anglican Dioceses (Note 2)	986	2,546	986	2,546
	<u>65,070</u>	<u>67,046</u>	<u>65,070</u>	<u>67,046</u>
	<u>165,521</u>	<u>176,986</u>	<u>165,521</u>	<u>176,986</u>

Note 1: These funds are included in the balance sheet of these consolidated financial statements.

Note 2: These funds are not included in the balance sheet of these consolidated financial statements.

Melbourne Anglican Trust Corporation
Notes to the consolidated financial statements
31 December 2022

Note 23. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 24. Registered office details

The registered office of Melbourne Anglican Trust Corporation is:
 209 Flinders Lane
 Melbourne VIC 3000

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the parent:

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
<i>Audit services - Grant Thornton Audit Pty</i>				
Audit of the financial statements	113,900	103,400	46,200	42,000
<i>Other services - Grant Thornton</i>				
Preparation of financial statements	13,300	7,100	5,500	5,000
	<u>127,200</u>	<u>110,500</u>	<u>51,700</u>	<u>47,000</u>

**Melbourne Anglican Trust Corporation
Archbishop's and Trustee's declaration
31 December 2022**

In the opinion of the Archbishop and Trustee of the Melbourne Anglican Trust Corporation:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulations 2022*.



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

26 April 2023



Colin Reilly
Trustee

Auditor's Independence Declaration

To the Archbishop in Council and the Trustees of Melbourne Anglican Trust Corporation

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Melbourne Anglican Trust Corporation for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



C S Gangemi
Partner – Audit & Assurance

Melbourne, 26 April 2023

Independent Auditor's Report

To the Archbishop in Council and the Trustees of Melbourne Anglican Trust Corporation

Report on the audit of the financial report

Opinion

We have audited the financial report of Melbourne Anglican Trust Corporation, the Anglican Diocese of Melbourne (the Parent) and its controlled entities (the Group), which comprises of the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and statement by the Archbishop and Registrar.

In our opinion, the accompanying financial report of Melbourne Anglican Trust Corporation and its controlled entities has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Group's and the Parent's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Responsibilities of the Archbishop and the Trustees for the financial report

The Archbishop and the Trustees are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standard – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*. This responsibility also includes such internal control as the Archbishop and the Trustees determine is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Archbishop and the Trustees are responsible for assessing the Group'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 the Archbishop and the Trustees either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Archbishop and the Trustees are responsible for overseeing the Group'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, 26 April 2023