



Anglican Diocese
of Adelaide



Anglican Funds South Australia
Community Fund

Financial Statements
for the year ended 30 June 2019

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
 ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
Interest Revenue	1,230,763	1,197,587
Interest Expense	<u>(841,754)</u>	<u>(656,515)</u>
Net Interest income	389,009	541,072
Other Income	302,503	325,837
Staff expenses	(283,657)	(280,326)
Other expenses	(253,047)	(273,816)
	<u>154,808</u>	<u>312,767</u>
FINANCE COSTS ATTRIBUTABLE TO MEMBERS		
Distributions Paid	(50,000)	(50,000)
	<u>104,808</u>	<u>262,767</u>
OTHER COMPREHENSIVE INCOME		
Net Gain (Loss) on Revaluation of Investments	166,830	(130,243)
	<u>166,830</u>	<u>(130,243)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>271,638</u></u>	<u><u>132,524</u></u>

The above statement should be read in conjunction with the accompanying notes.

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
 ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

**BALANCE SHEET
 AS AT 30 JUNE 2019**

	NOTE	2019 \$	2018 \$
ASSETS			
Cash and Cash Equivalents	2	4,063,820	8,543,947
Trade and Other Receivables	3	131,565	19,025
Loans	4	3,415,665	12,056,331
Investments	5	26,537,616	10,458,005
Total Assets		<u>34,148,666</u>	<u>31,077,308</u>
LIABILITIES			
Trade and Other Payables	7	288,115	282,066
Borrowings	8	31,463,884	28,670,213
Distributions Payable	9	50,000	50,000
Total Liabilities		<u>31,801,999</u>	<u>29,002,279</u>
Net Assets		<u>2,346,667</u>	<u>2,075,029</u>
EQUITY			
Accumulated Surplus		1,143,820	1,039,012
Capital		1,104,340	1,104,340
Reserves		98,507	(68,323)
Total Equity		<u>2,346,667</u>	<u>2,075,029</u>

The above balance sheet should be read in conjunction with the accompanying notes.

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2019**

	Accumulated Surplus	Capital	Reserves	Total
Balance at 1 July 2017	776,245	1,104,340	61,920	1,942,505
Total Comprehensive Income	132,524	-	-	132,524
Transfers (to) / from Reserves	130,243	-	(130,243)	-
Balance at 30 June 2018	1,039,012	1,104,340	(68,323)	2,075,029

	Accumulated Surplus	Capital	Reserves	Total
Balance at 1 July 2018	1,039,012	1,104,340	(68,323)	2,075,029
Total Comprehensive Income	271,638	-	-	271,638
Transfers (to) / from Reserves	(166,830)	-	166,830	-
Balance at 30 June 2019	1,143,820	1,104,340	98,507	2,346,667

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

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
 ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		679,269	855,264
Net (increase) / decrease in loans to members		8,640,665	1,101,719
Net increase / (decrease) in members debentures		2,793,671	2,702,444
Investment income		314,926	288,817
Other income		277,523	352,289
Interest paid to members		(840,085)	(642,591)
Payments to suppliers and employees		(533,110)	(534,525)
Distributions paid to members		(50,000)	(50,000)
Net Cash provided by Operating Activities	11(a)	11,282,859	4,073,417
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(29,936,914)	(16,300,874)
Proceeds from sale of investments		17,923,929	14,513,745
Net Cash used in Investing Activities		(12,012,985)	(1,787,129)
Net Increase / (Decrease) In Cash Held		(730,126)	2,286,288
Cash at Beginning of the Year		10,543,946	8,257,658
Cash at End of the Year	11(b)	9,813,820	10,543,946

The above statement should be read in conjunction with the accompanying notes.

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared for Anglican Funds South Australia - Community Fund, an operating cost centre of The Synod of the Diocese of Adelaide of the Anglican Church of Australia Incorporated (the Association). The financial statements have been prepared to comply with the requirement of the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813, that separate financial statements be prepared and audited for the Community Fund.

Basis of Preparation

The Synod of the Diocese of Adelaide of the Anglican Church of Australia Incorporated applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards - Reduced Disclosure Requirements.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, including AASB 16 Leases, are not expected to have a material impact on the future results of the Association.

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Associations Incorporations Act South Australia and the constitution of the Synod of the Diocese of Adelaide of the Anglican Church of Australia Inc. The Association is a not for profit entity for reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow statement, have been prepared on an accruals basis and are based on historic costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are rounded to the nearest dollar.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial statements for the Community Fund. The accounting policies have been consistently applied, unless otherwise stated.

(a) Changes in accounting policies and disclosures

The following accountant standards became effective for the first time during the period:

AASB15 Revenue from Contracts with Customers

A new revenue standard applies to every industry across every business for annual reporting periods beginning on or after 1 January 2018. For the Association the new standard will apply for the year ended 30 June 2019.

The core principle of AASB15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- 1: Identify the contract(s) with a customer;
- 2: Identify the performance obligations in the contract;
- 3: Determine the transaction price;
- 4: Allocate the transaction price to the performance obligations in the contract;
- 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB9 Financial Instruments

A new financial instrument standard applies to annual reporting periods beginning on or after 1 January 2018. For the Association the new standard will apply for the year ended 30 June 2019.

AASB9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

Remaining accounting policies adopted are consistent with those of the previous financial year.

(b) Income Tax

The Association is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997.

(c) Revenue from Contracts with Customers

Fees for Service revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the association expects to be entitled in exchange for those goods or services.

(d) Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Investment and other income is recognised in the statement of profit or loss when the right to receive has been established, except from when the Association benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI).

All revenue is stated net of GST.

(e) Investments

Investments are purchased primarily as long term investments and not for trading purposes. Listed investments are classified as Fair Value through Other Comprehensive Income and carried at market value at the end of the year. Any revaluations to market value are reflected in the Investment Revaluation Reserve. Unlisted debentures and investments in unit trusts are recorded at amortised cost. Investment income is brought to account on an accruals basis, when the right to receive payment is established.

(f) Plant and Equipment

Plant and equipment is brought to account at cost or valuation, less, where applicable, accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets (excluding land and buildings) is depreciated on a straight line basis over their useful lives, commencing from the time the asset is held ready for use.

The depreciation rate used for each class of depreciable assets is:

Class of asset:	Depreciation rate
Plant and equipment	20%

Asset residual values and useful lives are reviewed and adjusted if appropriate at each balance date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold amounts included in the revaluation relating to that asset are transferred to accumulated surpluses.

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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 GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

(h) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash includes cash on hand, at banks and on deposit that are readily converted into cash and which are subject to an insignificant risk of change in value.

(i) Impairment of Assets

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Comparative Figures

When required by Accounting Standards, comparable figures have been adjusted to conform to changes in presentation for the current financial year.

(k) Financial Instruments

(i) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Association measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Association's financial assets at amortised cost includes trade receivables, loan assets, unlisted debentures and investments in unit trusts.

Financial assets at fair value through OCI (debt instruments)

The Association measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Association can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the benefits from such proceeds as a recovery of the part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Association elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings.

(i) Critical Accounting Estimates & Judgements

The council members evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current financial information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash at Bank	<u>4,063,820</u>	<u>8,543,947</u>
NOTE 3: TRADE AND OTHER RECEIVABLES		
Accrued Income	<u>131,565</u>	<u>19,025</u>
NOTE 4: LOANS		
Loans to Community Fund Members	<u>3,415,665</u>	<u>12,056,331</u>
NOTE 5: INVESTMENTS		
Term Deposits	5,750,000	2,000,000
Fixed Interest and Money Market Investments	<u>20,787,616</u>	<u>8,458,005</u>
	<u>26,537,616</u>	<u>10,458,005</u>
NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment - at cost	60,700	60,700
Less: Accumulated Depreciation	<u>(60,700)</u>	<u>(60,700)</u>
	<u>-</u>	<u>-</u>
Balance at beginning of year	-	-
Additions	-	-
Disposals	-	-
Depreciation Expense	-	-
Balance at end of year	<u>-</u>	<u>-</u>
NOTE 7: TRADE AND OTHER PAYABLES		
Trade Creditors and Accruals	<u>288,115</u>	<u>282,066</u>
NOTE 8: BORROWINGS		
Member debenture accounts	<u>31,463,884</u>	<u>28,670,213</u>
NOTE 9: DISTRIBUTIONS PAYABLE		
Distributions payable to members	<u>50,000</u>	<u>50,000</u>
NOTE 10: RESERVES		
Investment Revaluation Reserve		
Opening balance	(68,323)	61,920
Transfer (to) / from Accumulated Surplus	<u>166,830</u>	<u>(130,243)</u>
Closing balance	<u>98,507</u>	<u>(68,323)</u>

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
 ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 11: NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of Operating Surplus from Operations to Net Cash provided by Operating Activities		
Operating Surplus	104,808	262,767
Net (increase) / decrease in receivables & other assets	(262,335)	(28,139)
Net increase in payables & other liabilities	6,049	34,626
Net increase / (decrease) in member debentures	2,793,671	1,101,719
Net (increase) / decrease in member loans	8,640,666	2,702,444
Net Cash provided by Operating Activities	<u>11,282,859</u>	<u>4,073,417</u>

(b) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash	4,063,820	8,543,947
Term Deposits	<u>5,750,000</u>	<u>2,000,000</u>
	<u>9,813,820</u>	<u>10,543,947</u>

NOTE 12: CONTINGENT LIABILITIES & COMMITMENTS

The Community Fund has no known contingent liabilities or commitments.

NOTE 13: FINANCIAL RISK MANAGEMENT

The Community Fund's financial instruments consist mainly of deposits with banks, local money market instruments, short & long term investments, accounts receivable and payable, and loans to and from Anglican entities. The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2019	2018
		\$	\$
Financial Assets			
Cash and cash equivalents	2	4,063,820	8,543,947
Trade and other receivables	3	131,565	19,025
Loans	4	3,415,665	12,056,331
Investments	5	26,537,616	10,458,005
Total financial assets		<u>34,148,666</u>	<u>31,077,308</u>
Financial Liabilities			
Trade and other payables	7	288,115	282,066
Current Borrowings	8	31,463,884	28,670,213
Total financial liabilities		<u>31,751,999</u>	<u>28,952,279</u>

NOTE 14: RELATED PARTY TRANSACTIONS

The Diocesan Council is the controlling body of the Association, and therefore of the Community Fund. The Council comprised 20 members during the year (2018: 21 members), none of these members were remunerated by the fund.

**THE SYNOD OF THE DIOCESE OF ADELAIDE OF THE ANGLICAN CHURCH IN AUSTRALIA INC.
ANGLICAN FUNDS SOUTH AUSTRALIA - COMMUNITY FUND**

STATEMENT BY DIOCESAN COUNCIL

In the opinion of Diocesan Council the accompanying financial report as set out on pages 1 to 12:

- 1 Presents fairly the financial position of Anglican Funds South Australia - Community Fund as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and the policies described in Note 1 to the Financial Statements
- 2 At the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.
- 3 Satisfies the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations and Incorporations Act 1985*.

Diocesan Council reports that no officer of the association or firm of which the officer is a member or a corporation in which the officer has a substantial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or corporation and the association.

Diocesan Council also reports that no officer of the association has received directly or indirectly from the association any payment or other benefit of a pecuniary value.

This statement is signed for and on behalf of Diocesan Council by:



.....
The Right Rev'd Tim Harris
Administrator



.....
Mrs Amanda Harfield
Registrar & Secretary of Synod

Date: 17th ~~August~~ September 2019

