



Anglican Diocese  
of Adelaide



Anglican Funds South Australia  
Endowment 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 - ENDOWMENT FUND**

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Investment Income	5,118,936	4,243,553
Net Gain / (Loss) on Disposal of Investments	(749,820)	545,159
<b>TOTAL REVENUE</b>	<b>4,369,116</b>	<b>4,788,712</b>
 <b>EXPENSES</b>		
Management Fees	1,108,610	1,163,210
<b>TOTAL EXPENSES</b>	<b>1,108,610</b>	<b>1,163,210</b>
<b>Operating Profit</b>	<b>3,260,506</b>	<b>3,625,502</b>
 <b>FINANCE COSTS ATTRIBUTABLE TO UNITHOLDERS</b>		
Distributions Paid	4,033,990	4,007,129
Movement in Net Assets attributable to Unitholders	(773,484)	(381,627)
<b>TOTAL FINANCE COSTS</b>	<b>3,260,506</b>	<b>3,625,502</b>
 <b>Profit/(Loss) for the Year</b>	<b>-</b>	<b>-</b>

The above Statement of Comprehensive Income 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 - ENDOWMENT FUND**

**BALANCE SHEET  
 AS AT 30 JUNE 2019**

	NOTE	2019 \$	2018 \$
<b>ASSETS</b>			
Cash and Cash Equivalents	2	452,531	1,728,935
Trade and Other Receivables	3	1,854,375	1,785,938
Investments	4	76,559,149	78,987,864
<b>Total Assets</b>		<b><u>78,866,055</u></b>	<b><u>82,502,737</u></b>
<b>LIABILITIES</b>			
Payables	5	154,086	855,156
Distributions Payable	6	1,950,161	2,006,277
<b>Total Liabilities</b>		<b><u>2,104,247</u></b>	<b><u>2,861,433</u></b>
<b>Net Assets Attributable to Unitholders - liability</b>		<b><u>76,761,808</u></b>	<b><u>79,641,304</u></b>

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 - ENDOWMENT FUND

STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Total Equity at the Beginning of the Year	-	-
Total Comprehensive income for the year	-	-
<b>Total Equity at the End of the Year</b>	<u>-</u>	<u>-</u>

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than Equity. As a result there was no equity at the start or end of the year.

The above Statement of Changes in Equity 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 - ENDOWMENT FUND**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		27,608,291	21,068,061
Purchase of investments		(25,224,878)	(20,434,272)
Investment income received		5,222,428	3,866,183
Payment of expenses		(1,058,908)	(1,118,221)
<b>Net Cash provided by Operating Activities</b>	7(a)	<u><b>6,546,933</b></u>	<u><b>3,381,751</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from applications by unitholders		4,660,206	1,342,957
Payments for redemptions by unitholders		(8,876,549)	(938,252)
Payment of distributions		(3,606,994)	(3,503,419)
<b>Net Cash used in Investing Activities</b>		<u><b>(7,823,337)</b></u>	<u><b>(3,098,714)</b></u>
<b>Net Increase / (Decrease) In Cash Held</b>		<b>(1,276,404)</b>	<b>283,037</b>
Cash at Beginning of the Year		1,728,935	1,445,898
<b>Cash at End of the Year</b>	7(b)	<u><b>452,531</b></u>	<u><b>1,728,935</b></u>

The above Statement of Cash Flows 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 - ENDOWMENT 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 - Endowment 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. 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.

*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.

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

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

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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) 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.

**(g) 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.

**(h) 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.

**(i) Comparative Figures**

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

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

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

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) 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

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

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

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Instruments (continued)**

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.

**(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.

**(k) Critical Accounting Estimates and Judgments**

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 from within the Association.

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

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

	2019 \$	2018 \$
<b>NOTE 2: CASH AND CASH EQUIVALENTS</b>		
Cash at Bank	<u>452,531</u>	<u>1,728,935</u>
<b>NOTE 3: TRADE AND OTHER RECEIVABLES</b>		
Accrued Income	498,356	769,328
Net GST Receivable	8,070	9,877
Imputation Credits Receivable	<u>1,347,949</u>	<u>1,006,733</u>
	<u>1,854,375</u>	<u>1,785,938</u>
<b>NOTE 4: INVESTMENTS</b>		
Listed on the Australian Stock Exchange - at market value	49,686,422	49,738,050
Unlisted Investments in Managed Funds - at market value	14,640,971	16,943,580
Fixed Interest and Money Market Investments	9,716,709	9,407,905
Unlisted Debentures and Investments in Unit Trusts - at cost	41,282	225,008
Cash Management Trusts	<u>2,473,765</u>	<u>2,673,321</u>
	<u>76,559,149</u>	<u>78,987,864</u>
<b>NOTE 5: TRADE AND OTHER PAYABLES</b>		
Trade Creditors and Accruals		
Pending Unitholder Applications	<u>154,086</u>	<u>855,156</u>
	<u>154,086</u>	<u>855,156</u>
<b>NOTE 6: DISTRIBUTIONS PAYABLE</b>		
Distributions payable to unitholders	<u>1,950,161</u>	<u>2,006,277</u>
<b>NOTE 7: NOTES TO THE CASH FLOW STATEMENT</b>		
<b>(a) Reconciliation of Operating Surplus from Operations to Net Cash provided by Operating Activities</b>		
Operating Surplus	-	-
Increase / (decrease) net assets attributable to unitholders	(773,484)	(381,627)
Proceeds from sale of investments	27,608,292	21,068,061
Purchase of investments	(25,224,878)	(20,434,272)
(Profit) / loss on sale of investments	749,820	(545,159)
Distributions Paid	4,033,990	4,007,129
Net change in receivables and other assets	95,149	(375,941)
Net change in payables and other liabilities	58,044	43,560
Net Cash provided by Operating Activities	<u>6,546,933</u>	<u>3,381,751</u>
<b>(b) Reconciliation of Cash</b>		
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 at bank	<u>452,531</u>	<u>1,728,935</u>

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

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

**NOTE 8: CONTINGENT LIABILITIES & COMMITMENTS**

There are no known contingent liabilities or commitments as at 30 June 2019.

**NOTE 9: FINANCIAL RISK MANAGEMENT**

The Endowment Fund's financial instruments consist mainly of deposits with banks, local money market instruments, short & long term investments and accounts receivable and payable. 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 \$
<b>Financial Assets</b>			
Cash and cash equivalents	2	452,531	1,728,935
Trade and other receivables	3	1,854,375	1,785,938
Investments	4	<u>76,559,149</u>	<u>78,987,864</u>
<b>Total financial assets</b>		<u><u>78,866,055</u></u>	<u><u>82,502,737</u></u>
<b>Financial Liabilities</b>			
Trade and other payables	5	<u>154,086</u>	<u>855,156</u>
<b>Total financial liabilities</b>		<u><u>154,086</u></u>	<u><u>855,156</u></u>

**NOTE 10: RELATED PARTY TRANSACTIONS**

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

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

STATEMENT BY DIOCESAN COUNCIL

In the opinion of Diocesan Council the accompanying financial report as set out on pages 1 to 11:

- 1 Presents fairly the financial position of Anglican Funds South Australia Endowment 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: 11<sup>th</sup> ~~August~~ September 2019