

Anglican Diocese
of Adelaide



Anglican Funds South Australia
Endowment Fund

Financial Statements

for the year ended 30 June 2020

**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 2020**

	2020	2019
	\$	\$
REVENUE		
Investment Income	2,072,534	5,118,936
Net Gain / (Loss) on Disposal of Investments	-	(749,820)
TOTAL REVENUE	2,072,534	4,369,116
 EXPENSES		
Management Fees	1,009,213	1,108,610
TOTAL EXPENSES	1,009,213	1,108,610
Operating Profit	1,063,321	3,260,506
 FINANCE COSTS ATTRIBUTABLE TO UNITHOLDERS		
Distributions Paid	3,969,565	4,033,990
Movement in Net Assets attributable to Unitholders	(2,906,244)	(773,484)
TOTAL FINANCE COSTS	1,063,321	3,260,506
 Profit/(Loss) for the Year	-	-

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 2020**

	NOTE	2020 \$	2019 \$
ASSETS			
Cash and Cash Equivalents	2	456,397	452,531
Trade and Other Receivables	3	493,178	1,854,375
Investments	4	72,589,323	76,559,149
Total Assets		73,538,898	78,866,055
LIABILITIES			
Payables	5	204,501	154,086
Distributions Payable	6	1,988,131	1,950,161
Total Liabilities		2,192,632	2,104,247
Net Assets Attributable to Unitholders - liability		71,346,266	76,761,808

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 2020

	2020 \$	2019 \$
Total Equity at the Beginning of the Year	-	-
Total Comprehensive income for the year	-	-
Total Equity at the End of the Year	<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 2020**

	NOTE	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		99,382,254	27,608,291
Purchase of investments		(99,459,181)	(25,224,878)
Investment income received		3,433,730	5,222,428
Payment of expenses		(925,913)	(1,058,908)
Net Cash provided by Operating Activities	7(a)	<u>2,430,889</u>	<u>6,546,933</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from applications by unitholders		1,305,146	4,660,206
Payments for redemptions by unitholders		(567,601)	(8,876,549)
Payment of distributions		(3,164,569)	(3,606,994)
Net Cash used in Investing Activities		<u>(2,427,023)</u>	<u>(7,823,337)</u>
Net Increase / (Decrease) In Cash Held		3,866	(1,276,404)
Cash at Beginning of the Year		452,531	1,728,935
Cash at End of the Year	7(b)	<u><u>456,397</u></u>	<u><u>452,531</u></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 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared for Anglican Funds South Australia - Endowment Fund (the 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 Endowment 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 are not expected to have a material impact on the future results of the Fund.

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 Fund 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 accounting standard became effective for the first time during the period:

From 1 July 2019 the Fund has adopted AASB 16 Leases, which replaces AASB 117 Leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of AASB 16 on the Fund has not been material and accounting for lessor arrangements remains unchanged.

There were no other accounting standards adopted for the first time during the year.

(b) Income Tax

The Fund 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 Fund expects to be entitled in exchange for those goods or services.

**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 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Fund 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 Fund 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 Fund 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.

(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 Fund'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 Fund'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.

**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 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement

The Fund accounts for the subsequent measurement as follows:

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

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

Upon initial recognition, the Fund 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 Fund elected to classify irrevocably its equity investments under this category.

(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 Fund'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 Fund.

**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 2020

	2020	2019
	\$	\$
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash at Bank	<u>456,397</u>	<u>452,531</u>
NOTE 3: TRADE AND OTHER RECEIVABLES		
Accrued Income	-	498,356
Net GST Receivable	1,039	8,070
Imputation Credits Receivable	<u>492,139</u>	<u>1,347,949</u>
	<u>493,178</u>	<u>1,854,375</u>
NOTE 4: INVESTMENTS		
Listed on the Australian Stock Exchange - at market value	25,807,853	49,686,422
Unlisted Investments in Managed Funds - at market value	24,111,634	14,640,971
Fixed Interest and Money Market Investments	21,057,842	9,716,709
Unlisted Debentures and Investments in Unit Trusts - at cost	41,282	41,282
Cash Management Trusts	<u>1,570,712</u>	<u>2,473,765</u>
	<u>72,589,323</u>	<u>76,559,149</u>
NOTE 5: TRADE AND OTHER PAYABLES		
Trade Creditors and Accruals	-	-
Pending Unitholder Applications	<u>204,501</u>	<u>154,086</u>
	<u>204,501</u>	<u>154,086</u>
NOTE 6: DISTRIBUTIONS PAYABLE		
Distributions payable to unitholders	<u>1,988,131</u>	<u>1,950,161</u>
NOTE 7: NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of Operating Surplus from Operations to Net Cash provided by Operating Activities		
Operating Surplus	-	-
Increase / (decrease) net assets attributable to unitholders	(2,906,244)	(773,484)
Proceeds from sale of investments	99,382,254	27,608,292
Purchase of investments	(99,459,181)	(25,224,878)
(Profit) / loss on sale of investments	-	749,820
Distributions Paid	3,969,565	4,033,990
Net change in receivables and other assets	1,361,195	95,149
Net change in payables and other liabilities	83,300	58,044
Net Cash provided by Operating Activities	<u>2,430,889</u>	<u>6,546,933</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 at bank	<u>456,397</u>	<u>452,531</u>

NOTE 8: CONTINGENT LIABILITIES & COMMITMENTS

There are no known contingent liabilities or commitments as at 30 June 2020.

**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 2020

NOTE 9: FINANCIAL RISK MANAGEMENT

The Endowment Fund's financial instruments consist mainly of deposits with banks, local money market instruments, short and 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	2020	2019
		\$	\$
Financial Assets			
Cash and cash equivalents	2	456,397	452,531
Trade and other receivables	3	493,178	1,854,375
Investments	4	72,589,323	76,559,149
Total financial assets		<u>73,538,898</u>	<u>78,866,055</u>
Financial Liabilities			
Trade and other payables	5	204,501	154,086
Total financial liabilities		<u>204,501</u>	<u>154,086</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 21 members during the year (2019: 20 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

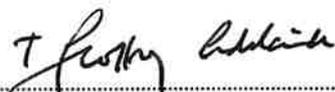
In the opinion of Diocesan Council the accompanying financial report as set out on pages 1 to 10:

- 1 Presents fairly the financial position of Anglican Funds South Australia Endowment Fund as at 30 June 2020 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 Most Rev'd Geoffrey Smith
Archbishop of the Diocese of Adelaide



.....
Mr Joseph Thorp
Registrar & Secretary of Synod

Date: 9th September 2020



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Independent Auditor's Report to the Members of Anglican Funds South Australia Endowment Fund

Opinion

We have audited the financial report Anglican Funds South Australia Endowment Fund (the registered entity), which comprises the balance sheet as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the council's declaration.

In our opinion, the accompanying financial report of Anglican Funds South Australia Endowment Fund is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the financial position of Anglican Funds South Australia Endowment Fund as at 30 June 2020 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and 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 registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Diocesan Council's Responsibility for the Financial Report

The Diocesan Council of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal controls as the Council determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

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



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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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Ernst & Young


Nigel Stevenson
Partner
Adelaide
9 September 2020



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Auditor's Independence Declaration to the members of Anglican Funds South Australia Endowment Fund

In relation to our audit of the financial report of the Anglican Funds South Australia Endowment Fund for the financial year ended 30 June 2020, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

The logo for Ernst & Young, featuring a yellow triangle pointing upwards and to the right, above the letters 'EY' in a bold, black, sans-serif font.

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A handwritten signature in black ink, appearing to read 'Nigel Stevenson'.

Nigel Stevenson
Partner
Adelaide
9 September 2020