ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $	2017 $
Investment income			
Interest income		**44,075**	328
Distribution income		**462,934**	867,187
Net (loss)/gain on financial assets at fair value through profit or loss		**(219,415)**	188,520
Total investment income		**287,594**	1,056,035
Expenses			
Management fees		**(84,875)**	(102,967)
Asset consultant fees		**(14,139)**	(27,330)
Total operating expenses		**(99,014)**	(130,297)
Profit for the year		**188,580**	925,738
Other comprehensive income		-	-
Total comprehensive income for the year		**188,580**	925,738

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

ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**4,650,718**	4,043,341
Trade and other receivables	5	**95,652**	48,716
Financial assets at fair value through profit or loss	6	**9,440,562**	6,915,029
Total current assets		**14,186,932**	11,007,086
LIABILITIES			
Current liabilities			
Trade and other payables	7	**8,434**	6,544
Total current liabilities		**8,434**	6,544
Total liabilities		**8,434**	6,544
NET ASSETS		**14,178,498**	11,000,542
EQUITY			
Contributed equity	8	**19,800,183**	16,387,395
Cumulative deficit after distributions		**(5,621,685)**	(5,386,853)
Total equity		**14,178,498**	11,000,542

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

ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Contributed equity $	Cumulative deficit $	Total equity $
Balance at 1 January 2017		32,433,505	(5,578,966)	26,854,539
Total comprehensive income for the year		-	925,738	925,738
Transactions with owners in their capacity as owners:				-
- Issue of units		1,438,301	-	1,438,301
- Redemption of units		(17,484,411)	-	(17,484,411)
- Distributions paid	3	-	(733,625)	(733,625)
Balance at 31 December 2017		16,387,395	(5,386,853)	11,000,542
Balance at 1 January 2018		**16,387,395**	**(5,386,853)**	**11,000,542**
Total comprehensive income for the year		**-**	**188,580**	**188,580**
Transactions with owners in their capacity as owners:				
- Issue of units		**6,355,989**	**-**	**6,355,989**
- Redemption of units		**(2,943,201)**	**-**	**(2,943,201)**
- Distributions paid	3	**-**	**(423,412)**	**(423,412)**
Balance at 31 December 2018		**19,800,183**	**(5,621,685)**	**14,178,498**

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

ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Distributions received		**459,809**	1,005,757
Interest received		**264**	328
Payments to suppliers		**(97,124)**	(139,684)
Proceeds from sale of financial assets		**4,250,126**	11,358,694
Payments for purchase of financial assets		**(6,995,074)**	(1,698,223)
Net cash (used in)/provided by operating activities	9	**(2,381,999)**	10,526,872
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from applications by unit holders		**6,355,989**	1,438,301
Distributions paid		**(423,412)**	(733,625)
Redemptions paid		**(2,989,201)**	(17,484,411)
Net cash provided by/(used in) financing activities		**2,989,376**	(16,779,735)
Net decrease in cash and cash equivalents		**607,377**	(6,252,863)
Cash and cash equivalents at the beginning of the financial year		**4,043,341**	10,296,204
Cash and cash equivalents at the end of the year	4	**4,650,718**	4,043,341

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

ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Yield Fund ("the Fund") is enabled by the *Anglican Trusts Corporations Act 1884* as the Fund operates as a common fund of the Anglican Diocese of Melbourne ("the Diocese"). The principal activity of the Fund is the management of funds on behalf of Anglican Dioceses, Agencies and Parishes.

The Fund is an unregistered managed investment scheme as defined by the *Corporations Act 2001*; however the Fund is exempt from regulatory requirements that might otherwise apply, as the Fund meets the criteria as a charitable institution.

Basis of preparation

The Fund is not a reporting entity because in the opinion of the Archbishop and Registrar, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared for the purpose of complying with the *Acts of Synod* and must not be used for any other purpose. The Finance Committee, under the responsibility of the Diocesan Council has determined that the accounting policies adopted are appropriate.

This financial report has been prepared in accordance with the recognition and measurement requirements of all Accounting Standards, and in accordance with the disclosure requirements of Accounting Standards to the extent the Diocesan Council believe these disclosures provide meaningful information to users.

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

In accordance with the minutes of meetings dated 29/11/2018 and 21/2/2019, the Anglican Funds Committee has been reviewing whether it should voluntarily close down the Yield Fund during 2019. Notwithstanding that a final decision has not yet been made, on the balance of probabilities it is considered that the Fund is no longer a going concern. Therefore, the financial statements have been prepared on a realisation basis. The assets of the Fund are stated at the lower of their existing carrying values and the anticipated net realisable values whilst liabilities are stated at their anticipated settlement amounts. The estimated net realisable value of assets represents management's best estimate of the recoverable value of the assets, net of selling expenses. The management have determined that the net realisable value of the assets in the financial statements is not significantly different to their existing carrying values. No provision had been made for further operating expenses or wind up costs.

It should be noted that comparatives have also been presented on a realisation basis.

New and amended standards adopted by the Fund

The Fund has adopted all the new standards and amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Fund's financial statements for the annual reporting period beginning 1 January 2018.

AASB 9 Financial Instruments

AASB9 replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the Fund has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 January 2018.

Impairment of financial assets

For trade receivables, the Fund applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. Based on the management assessment, trade receivables were not impaired as at the beginning and the end of the financial year.

The adoption of AASB 9 did not have a material impact on the Fund's financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major operational activities as follows:

(i) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(ii) Dividend and distribution income

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

(b) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any impairment allowance at the amount equal to the expected life time credit losses.

(c) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and other short-term, highly liquid Diocesan funds, which are readily convertible to known amounts of cash and are subject to an immaterial risk of changes in value. This includes investments held in the Anglican Cash Fund.

(d) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entities 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, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Fund's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

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. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Impairment of Financial assets – Trade and other receivables

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'.

The Fund makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Fund uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Fund's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Fund's financial liabilities include trade and other payables.

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

Accounting policy applicable to comparative period (31 December 2017)

Classification

The Fund is required to classify its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinate payments that are not quoted in an active market. They arise when the Fund provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are included in receivables in the balance sheet.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and derecognition

Purchases and sales of investments are recognised on the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. Gains and losses arising from the changes in fair value of the financial assets at fair value through profit or loss category are presented in the income statement in the period in which they arise.

Fair value

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

Impairment

The Fund assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset recognised in the income statement on equity instruments are not reversed through the income statement.

(e) Payables

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(f) Equity instruments issued by the fund

Issued Units

In accordance with AASB 132 unitholders funds are classified as equity instruments and disclosed as such in the statement of financial position. An equity instrument is any contract that evidences a residual interest in the assets of a scheme after deducting all of its liabilities. Equity instruments issued by the Scheme are recognised at the net of proceeds of applications less the payments for redemptions.

Each issued unit's value (unit price) is determined based upon net assets and returns are dependent upon the profit/loss of the Fund. Each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Management fees

The Diocesan management fee charged to the Fund was set by the Anglican Funds Committee at 0.3% of the net value of the funds under management. The only other direct fee payable by the Fund to management is in relation to the asset consultant and this fee has been set at no more than 0.1% of the net value of funds under management. The management fee expense is reported on an accrual basis.

(h) Income tax

The Fund is an income tax exempt charitable organisation under Subdivision 50-B of the *Income Tax Assessment Act 1997.*

(i) Comparative figures

Comparative figures, where appropriate, are reclassified so as to enhance comparability with the figures presented in the current reporting period.

(j) New accounting standards and interpretations

At the date of authorisation of the financial statements, Australian Accounting Standards / Accounting Interpretations have been issued or amended and are applicable to the Fund but are not yet effective and have not been adopted in the Fund's financial statements for the first period beginning after the effective date of pronouncement.

AASB 15 Revenue from Contracts with Customers
AASB 15 replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and Interpretation 13 Customer Loyalty Programmes. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control under AASB 15 replaces the existing notion of risks and rewards under current accounting standards. The standard is applicable for non-for-profit entities' annual reporting periods beginning on or after 1 January 2019 with early adoption permitted.

When this Standard is first adopted for the year ending 31 December 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 1058 Income of Not-for-Profit Entities
AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment).

When this Standard is first adopted for the year ending 31 December 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Fund and that are believed to be reasonable under the circumstances. The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There is no estimate or assumption that has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Significant accounting estimates and judgements made in the current year relate to:

- classification of issued units as equity

Management have applied judgement in their determination that the Fund does not have a contractual obligation to pay distributions, notwithstanding it is expected that the Fund will continue to pay ongoing distributions.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Fund is exposed to market risk, credit risk and liquidity risk arising from the equity instruments issued by the fund it holds. The Risk Management policies employed by the Fund to manage these risks are discussed below.

(a) Market risk

Market risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved allocations. Market risk analysis is conducted regularly on a total portfolio basis.

(i) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund as financial assets at fair value through profit or loss.

The Fund invests in underlying funds with portfolios primarily of equities, property trusts, fixed interest and hybrid interest bearing 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 share price of the financial instrument.

(ii) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Fund has exposure to international fixed interest securities and hybrid-type investments and, as such, is exposed to foreign exchange risk arising from currency exposures.

The investment in international funds is diverse and spread amongst a number of varying currencies.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The interest rate risks have been described below on the basis of the Fund's direct investment and not on a look- through basis for investments held indirectly through unit trusts. Consequently, the disclosure of interest rate risk may not represent the true interest rate risk profile of the Fund where the Fund has significant investments in unit trusts which also have exposure to the interest rate markets.

The Fund has direct exposure to interest rate risk in the fixed interest securities that it holds. The Fund's income and statement of financial position are therefore affected by changes in market interest rates. The Fund's direct exposure to interest rate risk and the weighted effective interest rate is limited to its cash holdings and fixed interest securities.

NOTE 2: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Concentrations of credit risk are minimised primarily by: ensuring counterparties, together with the respective credit limits, are approved ensuring that transactions are undertaken with a large number of counterparties, and ensuring that transactions are undertaken with appropriate internal controls,

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

Significant concentrations of credit risk to counterparties at 31 December 2018 relates to investment in cash fund of $4,650,583 (2017: $4,043,008).

(c) Liquidity risk

Liquidity risk is the risk that the Fund will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with equity instruments issued by the fund, including redemptions to unitholders. The risk management processes adopted are designed to minimise liquidity and cash flow risk through ensuring that there is no significant exposure to illiquid instruments issued by the fund, and applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market. Liquidity risk is minimised by the fact that the Fund has no borrowings.

(d) Fair value risk

The Fund is exposed to fair value risk as described in Note 1(d).

ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $	2017 $
NOTE 3: DISTRIBUTIONS DECLARED			
Distributions declared during the year		**423,412**	733,625

The Fund paid distributions during the current year in February and August. Distributions were determined with reference to the financial performance of the Fund (excluding movements in the fair value of financial assets). Unrealised and realised gains of this Fund which were not distributed are reflected in the unit price.

	2018	2017
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank	**135**	333
Investment in Anglican Cash Fund	**4,650,583**	4,043,008
	4,650,718	4,043,341

Cash at bank includes cash held in investment accounts and the investment in the Cash Fund.

	2018	2017
NOTE 5: TRADE AND OTHER RECEIVABLES		
Distributions receivable	**76,042**	38,560
Accrued income	**8,867**	10,156
Imputation credits refundable from the ATO	**10,743**	-
	95,652	48,716

	2018	2017
NOTE 6: FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS		
Current		
This balance is comprised of the following:		
- Australian property trusts	**1,839,963**	1,662,879
- Australian equity trusts	**857,560**	695,207
- Enhance yield trusts	**1,682,560**	1,441,464
- Australian fixed interest	**4,066,937**	2,072,210
- Australian infrastructure	**993,542**	1,043,269
Total financial assets held at fair value through profit and loss	**9,440,562**	6,915,029

All investments are held in unlisted unit trusts, and the fair value of investments is supported by annual investment statements prepared by external parties

	2018	2017
NOTE 7: TRADE AND OTHER PAYABLES		
Current		
Accrued expenses	**8,434**	6,544

ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		$	$

NOTE 8: CONTRIBUTED EQUITY

16,806,531 issued units (2017: 12,837,795)		**19,800,183**	16,387,395

Unit holders are entitled to a share of accumulated funds on redemption of their units at the prevailing unit price. In the event of the Fund winding up, all accumulated funds will be provided to unit holders.
Each unit represents a right to an individual share in the Fund. There are no separate classes of unit and each unit has the same rights attaching to it as all other units of the Fund.

NOTE 9: RECONCILIATION OF PROFIT TO CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the year		**188,580**	925,738
Change in operating assets and liabilities:			
(Increase)/decrease in investments		**(2,525,533)**	9,471,951
(Increase)/decrease in receivables		**(46,936)**	138,570
Increase/(decrease) in payables		**1,890**	(9,387)
Net cash provided by operating activities		**(2,381,999)**	10,526,872

NOTE 10: CONTINGENCIES & COMMITMENTS

There were no contingencies or commitments as at 31 December 2018.

NOTE 11: EVENTS AFTER THE REPORTING DATE

In accordance with the meeting minutes on 21/2/2019, the Anglican Funds Committee has deferred its decision to voluntarily close down the Yield Fund to a subsequent meeting. Nevertheless, and as stated in Note 1, it is considered that the Fund is no longer a going concern and therefore, the financial statements have been prepared on a realisation basis. The assets of the Fund are stated at the lower of their existing carrying values and the anticipated net realisable values whilst liabilities are stated at their anticipated settlement amounts. The estimated net realisable value of assets represents management's best estimate of the recoverable value of the assets, net of selling expenses. The management have determined that the net realisable value of the assets in the financial statements is not significantly different to their existing carrying values. No provision had been made for further operating expenses or wind up costs.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

NOTE 12: REGISTERED OFFICE DETAILS

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

ANGLICAN DIOCESE OF MELBOURNE
YIELD FUND

STATEMENT BY THE ARCHBISHOP AND REGISTRAR

As stated in Note 1 to the financial statements, in our opinion, the Fund is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report.

In our opinion the financial statements of the Fund present fairly, as required by the *Acts of Synod*, the financial position of the Fund as at 31 December 2018 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia to the extent described in Note 1 to the financial statements.

In our opinion, there are reasonable grounds to believe that the Fund will be able to pay their debts as and when they become due and payable.

+Philip Melbourne.

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

Melbourne
Date: 11 June 2019

The Right Reverend Dr Bradly Billings
Registrar

Melbourne
Date: 11 June 2019

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Independent Auditor's Report

To the Diocesan Council

Report on the audit of the financial report

Opinion

We have audited the financial report, being a special purpose of financial report, of Anglican Diocese of Melbourne Yield Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising to the financial statements, including a summary of significant accounting policies and the statement by the Archbishop and Registrar.

In our opinion, the accompanying financial report of Anglican Diocese of Melbourne Yield Fund presents fairly, in all material respects, the Fund's financial position as at 31 December 2018 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the Acts of Synod. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Trustee for the financial report

The Diocesan Council ('the Council') is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the Council under the Acts of Synod and are appropriate to meet the needs of the Council. This responsibility includes such internal controls as the Council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The council authorise these responsibilities to the Finance Committee.

In preparing the financial report, the Council is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdfn. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Michael Climpson
Partner – Audit & Assurance

Melbourne, 11 June 2019