MELBOURNE ANGLICAN TRUST CORPORATION
(ANGLICAN DIOCESE OF MELBOURNE)

CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

MELBOURNE ANGLICAN TRUST CORPORATION
(ANGLICAN DIOCESE OF MELBOURNE)

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MELBOURNE ANGLICAN TRUST CORPORATION
(ANGLICAN DIOCESE OF MELBOURNE)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Income					
Income from operations	5	**47,853,591**	37,768,916	**15,022,244**	13,280,603
Share of net profit from investments accounted for using the equity method	10	**327,200**	327,463	**327,200**	327,463
Expenses					
Salaries, stipends and on-costs		**(38,151,041)**	(28,368,011)	**(6,875,081)**	(6,324,794)
Insurance premium expense		**(2,443,509)**	(2,956,799)	**(2,334,509)**	(2,197,052)
Depreciation and amortisation expense		**(973,526)**	(662,557)	**(968,678)**	(611,562)
General and administration expenses		**(3,108,451)**	(2,528,689)	**(2,291,698)**	(1,743,897)
Grant expense - wider church and parishes		**(680,775)**	(1,044,457)	**(680,775)**	(1,044,457)
Rental expenses		**(223,927)**	(482,318)	**(223,927)**	(482,318)
Contributions to Theological colleges		**(200,000)**	(200,000)	**(200,000)**	(200,000)
Management fee expense		**(144,510)**	(218,446)	**(1,540,565)**	(1,643,630)
Finance costs		**(1,160,337)**	(943,796)	**(651,816)**	(388,038)
Donations expense		**(1,151,500)**	-	**(1,151,500)**	-
(Deficit)/Surplus from operations		**(56,785)**	691,306	**(1,569,105)**	(1,027,682)
Net gain/(loss) from the revaluation and disposal of properties	6	**1,999,725**	6,844,275	**1,737,572**	6,844,275
Changes in fair value of financial assets at fair value through profit or loss		**3,277,643**	(1,714,474)	**2,887,334**	(1,425,272)
Professional standards expense		**(4,187,137)**	(2,231,342)	**(3,217,175)**	(1,220,000)
Surplus for the year		**1,033,446**	3,589,765	**(161,374)**	3,171,321
Other comprehensive income					
Gain on revaluation of property, plant and equipment		**8,140,440**	-	**8,140,440**	-
Total comprehensive income for the year		**9,173,886**	3,589,765	**7,979,066**	3,171,321

The accompanying notes form part of these financial statements.

MELBOURNE ANGLICAN TRUST CORPORATION

(ANGLICAN DIOCESE OF MELBOURNE)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
ASSETS					
Current assets					
Cash and cash equivalents	7	**18,203,036**	22,730,524	**4,066,747**	8,510,442
Trade and other receivables	8	**5,923,494**	6,093,369	**2,111,522**	3,735,464
Other financial assets	9	**7,816,937**	8,822,708	**-**	1,506,533
Total current assets		**31,943,467**	37,646,601	**6,178,269**	13,752,439
Non-current assets					
Trade and other receivables	8	**27,296,362**	22,176,756	**-**	1,228,465
Other financial assets	9	**38,131,103**	28,650,368	**33,790,416**	25,518,102
Investments in associates	10	**23,269,817**	23,269,817	**23,269,817**	23,269,817
Investment properties	11	**7,870,000**	7,611,683	**-**	-
Property, plant and equipment	12	**54,039,260**	49,967,174	**54,037,135**	49,964,037
Right-of-use assets	13	**2,701,802**	-	**2,701,802**	-
Total non-current assets		**153,308,344**	131,675,798	**113,799,170**	99,980,421
Total assets		**185,251,811**	169,322,399	**119,977,439**	113,732,860
LIABILITIES					
Current liabilities					
Trade and other payables	14	**3,396,733**	4,562,242	**5,830,549**	6,188,464
Provisions	15	**6,804,564**	5,331,834	**778,539**	656,352
Lease liabilities	16	**120,124**	-	**120,124**	-
Borrowings	17	**52,220,837**	45,973,043	**299,100**	299,100
Total current liabilities		**62,542,258**	55,867,119	**7,028,312**	7,143,916
Non-current liabilities					
Trade and other payables	14	**-**	1,157,058	**13,315,000**	13,369,125
Provisions	15	**13,486,471**	14,972,201	**50,334**	2,670,764
Borrowings	17	**-**	-	**6,831,836**	7,525,288
Lease liabilities	16	**2,649,157**	-	**2,649,157**	-
Total non-current liabilities		**16,135,628**	16,129,259	**22,846,327**	23,565,177
Total liabilities		**78,677,886**	71,996,378	**29,874,639**	30,709,093
NET ASSETS		**106,573,925**	97,326,021	**90,102,800**	83,023,767
EQUITY					
Reserves		**23,833,708**	15,976,083	**23,833,708**	15,976,083
Retained surplus		**81,766,162**	81,349,938	**66,269,092**	67,047,684
Equity attributable to members of the parent		**105,599,870**	97,326,021	**90,102,800**	83,023,767
Non-controlling interest		**974,055**	-	**-**	-
Total equity		**106,573,925**	97,326,021	**90,102,800**	83,023,767

The accompanying notes form part of these financial statements.

MELBOURNE ANGLICAN TRUST CORPORATION
(ANGLICAN DIOCESE OF MELBOURNE)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Asset revaluation reserve	Insurance reserve	Retained surplus	Total attributable to members of parent	Non-controlling interest	Total equity
		$	$	$		$	$
Consolidated							
Balance as at 1 January 2018		21,800,401	1,526,878	70,787,215	94,114,494	-	94,114,494
Adjustment on adoption of AASB9		(7,267,220)	-	7,267,220	-	-	-
Adjustments to retained surplus		-	-	(294,262)	(294,262)	-	(294,262)
Balance at 1 January 2018, as restated		14,533,181	1,526,878	77,760,173	93,820,232	-	93,820,232
Surplus for the year		-	-	3,589,765	3,589,765	-	3,589,765
Other comprehensive income			-	-	-	-	-
Total comprehensive income for the year		-	-	3,589,765	3,589,765	-	3,589,765
Movement in Insurance Reserve		-	(83,976)	-	(83,976)	-	(83,976)
Closing balance at 31 December 2018		14,533,181	1,442,902	81,349,938	97,326,021	-	97,326,021
Balance as at 1 January 2019		**14,533,181**	**1,442,902**	**81,349,938**	**97,326,021**	**-**	**97,326,021**
Surplus for the year		**-**	**-**	**1,033,446**	**1,033,446**	**-**	**1,033,446**
Other comprehensive income		**8,140,440**	**-**	**-**	**8,140,440**	**-**	**8,140,440**
Total comprehensive income for the year		**8,140,440**	**-**	**1,033,446**	**9,173,886**	**-**	**9,173,886**
Movement in Insurance Reserve		**-**	**(282,815)**	**-**	**(282,815)**	**-**	**(282,815)**
Consolidation of Yield Fund		**-**	**-**	**-**	**-**	**974,055**	**974,055**
Deconsolidation of ANIP		**-**	**-**	**(617,222)**	**(617,222)**	**-**	**(617,222)**
Closing balance at 31 December 2019		**22,673,621**	**1,160,087**	**81,766,162**	**105,599,870**	**974,055**	**106,573,925**

The accompanying notes form part of these financial statements.

MELBOURNE ANGLICAN TRUST CORPORATION
(ANGLICAN DIOCESE OF MELBOURNE)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Asset revaluation reserve	Insurance reserve	Retained surplus	Total equity
		$		$	$
Parent					
Balance as at 1 January 2018		21,800,401	1,526,878	56,903,405	80,230,684
Adjustment on adoption of AASB9		(7,267,220)	-	7,267,220	-
Adjustments to retained surplus		-	-	(294,262)	(294,262)
Balance at 1 January 2018, as restated		14,533,181	1,526,878	63,876,363	79,936,422
Surplus for the year		-	-	3,171,321	3,171,321
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	3,171,321	3,171,321
Movement in Insurance Reserve		-	(83,976)	-	(83,976)
Closing balance at 31 December 2018		14,533,181	1,442,902	67,047,684	83,023,767
Balance as at 1 January 2019		**14,533,181**	**1,442,902**	**67,047,684**	**83,023,767**
Deficit for the year		**-**	**-**	**(161,374)**	**(161,374)**
Other comprehensive income		**8,140,440**	**-**	**-**	**8,140,440**
Total comprehensive income for the year		**8,140,440**	**-**	**(161,374)**	**7,979,066**
Movement in Insurance Reserve		**-**	**(282,815)**	**-**	**(282,815)**
Deconsolidation of ANIP		**-**	**-**	**(617,218)**	**(617,218)**
Closing balance at 31 December 2019		**22,673,621**	**1,160,087**	**66,269,092**	**90,102,800**

The accompanying notes form part of these financial statements.

MELBOURNE ANGLICAN TRUST CORPORATION
(ANGLICAN DIOCESE OF MELBOURNE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated		Parent	
		2019	2018	**2019**	2018
		$	$	**-**	-
Cash flows from operating activities					
Receipts from course of operations		**43,840,844**	34,271,646	**13,427,320**	11,770,830
Payments in course of operations		**(49,891,625)**	(39,268,313)	**(17,919,503)**	(16,666,136)
Distribution received		**2,462,708**	1,685,829	**2,040,197**	1,373,499
Grants received		**943,440**	528,346	**1,143,440**	528,346
Interest received		**1,663,916**	1,772,055	**72,211**	174,480
Interest paid		**(1,383,875)**	(1,289,986)	**(847,052)**	(537,963)
Net cash used in operating activities	18	**(2,364,592)**	(2,300,423)	**(2,083,387)**	(3,356,944)
Cash flows from investing activities					
Net purchases of financial assets		**(10,965,418)**	(9,351,796)	**(3,878,447)**	(3,114,153)
Net proceeds from disposal of property, plant and equipment		**4,845,979**	2,716,931	**4,845,979**	2,720,485
Net cash outflow from deconsolidation of ANIP		**(2,487,289)**	-	**(2,487,289)**	-
Net cash inflow from the consolidation of Yield Fund		**6,676,276**	-	**-**	-
Distribution from joint ventures and associates		**327,200**	327,463	**327,200**	327,463
Net cash used in investing activities		**(1,603,252)**	(6,307,402)	**(1,192,557)**	(66,205)
Cash flows from financing activities					
Net grants paid to other funds		**(1,606,958)**	(291,304)	**(1,590,123)**	(273,895)
Net proceeds/(repayments) from loan borrowings		**1,159,955**	(1,195,170)	**535,013**	2,230,814
Payment of principal portion of lease liabilities		**(112,641)**	-	**(112,641)**	-
Net cash used in financing activities		**(559,644)**	(1,486,474)	**(1,167,751)**	1,956,919
Net change in cash and cash equivalents		**(4,527,488)**	(10,094,299)	**(4,443,695)**	(1,466,230)
Cash and cash equivalents at beginning of financial year		**22,730,524**	32,824,823	**8,510,442**	9,976,672
Cash and cash equivalents at end of financial year	7	**18,203,036**	22,730,524	**4,066,747**	8,510,442

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION STATEMENT AND STATEMENT OF COMPLIANCE

1.1 General information

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

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

The relevant Synod legislation governing ADOM's entities now includes:

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

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

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

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

ADOM (ABN 79 866 748 591) is the main operating entity of the MATC and has been designated as the "Parent" for the purposes of preparing the consolidated financial statements. ADOM includes the following functions for the purpose of preparing the financial statements (noting that the majority of these functions were abolished and merged from 1 January 2019 by Synod legislation in the Financial Governance Act 2018):

- Consolidated Fund (CONS)
- Church Expenses Management Fund (CEMF)
- St James' School Lands Trust (SJSL)
- St Matthew's Church Lands (SMCL)
- Anglican Inner City Missions (AIM)
- Church Extension and Development Fund (CEDF)
- Motor Vehicle Replacement Fund (MVRF)
- Clergy Pensions Augmentation Fund (CPAF)
- Bishopric Endowment Fund (BEF)
- The Bishop of Melbourne Fund (BMF)
- Anglican Funds (AF)
- St Luke's South Melbourne Trust Fund

1 GENERAL INFORMATION STATEMENT AND STATEMENT OF COMPLIANCE (CONTINUED)

The Group consists of the Parent and the following entities under the control of Archbishop in Council for the purpose of preparing the consolidated financial statements:

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

The principal activity of each entity is as follows:

The ADF is a charitable trust of which MATC is the trustee. The principal activity of the ADF is to provide finance at a below market rate of interest for new vicarages, churches and associated facilities. The finance necessary for such loans is derived from investments, gifts and bequests from parishioners, parish councils and other church organisations.

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

The YF is enabled by the Act 1884 as the YF operates as a common fund of ADOM. The principal activity of the YF is the management of funds on behalf of Anglican Dioceses, agencies and parishes. The YF is consolidated with the ADF given that the latter holds the majority of its units.

1.2 Basis of consolidation

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

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

The financial statements consolidate those of the Parent and of the Group as of 31 December 2018 and 31 December 2019. The Parent controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All controlled entities have a reporting date of 31 December.

The parishes of the Anglican Diocese of Melbourne are not controlled entities for the purposes of consolidation in the financial statements as described in Note 3.15.

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

1 GENERAL INFORMATION STATEMENT AND STATEMENT OF COMPLIANCE (CONTINUED)

1.3 Investments in associates

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

Investments in associates are accounted for using the equity method.

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

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

2 CHANGES IN ACCOUNTING POLICIES

2.1 New standards and interpretations not yet adopted

At the date of authorisation of the financial statements, no Australian Accounting Standards / Accounting Interpretations have been issued or amended that are applicable to the Group but are not yet effective and have not been adopted in the Group's financial statements for the first period beginning after the effective date of pronouncement.

2.2 New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance of the Group.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 January 2019. The standard replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and Interpretation 13 Customer Loyalty Programs. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of AASB 15 did not have any impact on the Group's financial statements or any adjustment in opening accumulated surplus at 1 January 2020.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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).

The adoption of AASB 1058 did not have any impact on the Group's financial statements or any adjustment in opening accumulated surplus at 1 January 2020.

AASB 16 Leases

The Group has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straightline operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities.

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results improve as the lease expense is now replaced by interest expense and depreciation in profit or loss. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.45%.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review there were no onerous contracts as at 1 January 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as shortterm leases;
- Excluding initial direct costs for the measurement of the right-of-use-asset at the date of initial application;
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The Group has elected to use the Modified Retrospective method Option 2. The lease liability was measured at the present value of the remaining lease payments discounted and the right of use asset was equal to the lease liability adjusted for any prepaid or accrued payments. The cumulative effect of the above has no impact on opening balance of retained earnings. The following is a reconciliation of the financial statement line items from AASB 117 to AASB 16 at 1 January 2019:

	$
Operating lease commitments as at 31 December 2018	4,607,999
Discounted using the lessee's incremental borrowing rate at the date of initial application	(1,726,077)
Lease liabilities recognised as at 1 January 2019	2,881,922
Of which are:	
Current lease liabilities	112,641
Non-Current lease liabilities	2,769,281

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income from operations

The Group has adopted AASB 1058 in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt.

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Working capital

The Group's balance sheet shows that current liabilities significantly exceed current assets at year-end. This results from the classification of all interest bearing liabilities as current in accordance with accounting standards. Approximately 10% of customer interest bearing liabilities have maturity dates beyond 12 months. The Diocesan Council believes, based on historic trends in the Group balance sheet that a significant majority of current liabilities are effectively long-term liabilities from a liquidity perspective, and accordingly, the Group will be able to continue to pay its debts as and when they fall due. Additional information on liquidity risk management is outlined in Note 4.3.

3.3 Income tax

MATC is an income tax exempt charitable organisation under Subdivision 50B of the Income Tax Assessment Act 1997. Accordingly the Group does not account for income tax.

3.4 Trade receivables

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

3.5 Cash and cash equivalents

MATC uses centralised bank accounts for the financial administration of all funds, excluding the Anglican Funds, under the Diocese's control. Diocesan funds represent the portion of the actual bank balance attributable to each respective operational fund. Amounts due or payable between funds are included in receivables or payables respectively. For the purpose of the Statement of Cash Flows, cash includes the investment in short-term, highly liquid Diocesan funds, which are readily convertible to known amounts of cash and are subject to an immaterial risk of changes in value. This includes investments in the Anglican Cash Fund.

3.6 Investment property

Investment property represents various parcels of land and buildings principally held for investment purposes. Where investment property is acquired at no cost, the cost measurement at recognition is fair value at the date of acquisition. Subsequent to initial recognition investment properties are valued at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar lease arrangements.

3.7 Property, plant and equipment

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land is not depreciated. Depreciation on buildings is recognised on a straight-line basis. Plant and equipment are recognised on a historical cost basis. Depreciation is recognised on a straight-line basis over the useful lives to the Group, as follows:

- Plant and equipment	3-5 years
- Buildings	25 years

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

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

3.8 Right-of-use assets

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

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

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

3.9 Financial instruments

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classifications are determined by both:

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

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

Subsequent measurement financial assets

Financial assets at amortised cost

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; and
- 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 Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (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.

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

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

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

3.10 Payables

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

Liabilities for long service leave are recognised, and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national guaranteed securities with terms to match, as closely as possible, the estimated future cash outflows.

3.12 Lease liabilities

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

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

3.13 Provision for uninsured claims

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

3.14 Impairment of non-financial assets

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

3.15 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Information about estimates and assumptions that have the most significant effect on recognition and measurement of liabilities is provided as below. Actual results may be substantially different.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long service leave

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

Professional standards

The liability for professional standards is recognised and measured at the present value of the estimated cash flows to be made in respect of potential liability for matters of child sexual abuse pursuing redress.

Basis of consolidation for accounting purposes

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

Lease term & incremental borrowing rate

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

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

4 FINANCIAL RISK MANAGEMENT

The Group does not have any direct investments. The policy of the Group is to invest in Diocesan investment products. Through its investments in the Anglican Funds (Endowment Fund, Yield Fund and Cash Fund) it is exposed to market risk, credit risk, liquidity risk and cash flow interest rate risk. These risks are detailed below:

4.1 Market risk

Price risk

The Group is exposed to equity securities price risk. This arises from investments as financial assets at fair value through profit or loss held by the Group in Anglican Funds with portfolios primarily of equities, property trusts, fixed interest and hybrid interest bearing securities. Consequently the Group 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 equity instruments.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 Anglican Funds invests in international equities and, consequently the Group is indirectly exposed to foreign exchange risk arising from currency exposures.

4.2 Credit risk

Credit risk arises from cash and cash equivalents, financial assets at fair value through profit and loss and deposits with banks and financial institutions, as well as credit exposures to parishes, including outstanding receivables and committed transactions. The Group only deals with credit worthy financial institutions (cash at bank) and quality credit customers (trade and other receivables), taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Finance Committee under the authority of the Diocesan Council. The utilisation of credit limits are regularly monitored by the management.

The Group does have concentration of credit risk. As previously noted, the Group has policies in place to ensure that sale of services is made to parishes of an appropriate credit quality. The financial assets at fair value through profit and loss represent internal investments in the Anglican Funds. The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets. The Group has policies in place that limit the amount of credit exposure to each counterparty.

4.3 Liquidity risk

Liquidity risk is the risk that the Group will experience difficulty in either realising assets or otherwise raising sufficient Groups to satisfy commitments associated with financial instruments. The risk management processes adopted are designed to minimise liquidity and cash flow risk through (i) ensuring that there is no significant exposure to liquid financial instruments, and (ii) applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet demands as and when due. All liquidity requirements are monitored on a daily basis. Additional requirements can be accessed within 24 hours.

4.4 Cash flow and fair value interest rate risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5 INCOME FROM OPERATIONS

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Income				
Distribution income	**2,110,937**	1,707,362	**1,695,595**	1,317,440
Interest income	**1,663,916**	1,772,055	**72,211**	174,480
Parish assessments	**4,613,283**	4,387,953	**4,613,283**	4,387,953
Diocesan management fees	**1,554,290**	1,756,221	**1,554,290**	1,756,221
Insurance premiums	**3,306,289**	3,406,024	**3,306,289**	2,752,981
Payroll and on costs services recharges	**30,869,089**	21,692,764	**-**	-
Proceeds from donations and bequests	**1,030,330**	501,702	**1,030,330**	501,702
Rental income	**1,019,605**	900,241	**866,342**	746,864
Grants received	**943,440**	528,346	**1,143,440**	528,346
Other income	**742,412**	1,116,248	**740,464**	1,114,616
	47,853,591	37,768,916	**15,022,244**	13,280,603

6 NET GAIN FROM THE ACQUISITION AND DISPOSAL OF PROPERTIES

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Gain on properties acquired/disposed during the year:				
203-205 Cantebury Road, Heathmont	**2,600,306**	-	**2,600,306**	-
25 Donald Street, Highett	**-**	4,200,000	**-**	4,200,000
Units 2, 3, 4 Margaret Ave, Seaford	**-**	940,000	**-**	940,000
91 Dorchester St, Craigieburn	**-**	932,000	**-**	932,000
Units 52 Park St, Seaford	**-**	910,000	**-**	910,000
St Mary's Bulla Rd, 100-102 Bulla R, Bulla	**-**	880,217	**-**	880,217
121 Raglan St, Wallan	**-**	791,000	**-**	791,000
216-218 & 224 Hull Road, Mooroolbark	**-**	4,280,527	**-**	4,280,527
Caroline Springs Property	**-**	1,425,155	**-**	1,425,155
6 Pulford Crescent, Mill Park	**-**	491,145	**-**	491,145
Others	**54,262**	345,930	**54,262**	345,930
	2,654,568	15,195,974	**2,654,568**	15,195,974
Loss on properties disposed or gifted back to Parish during the year:				
25 Donald Street, Highett	**(916,996)**	-	**(916,996)**	-
10 Salina Way, Caroline Springs	**(674,647)**	-	**-**	-
1 St Leonard's Ave, St Kilda	**-**	(4,932,000)	**-**	(4,932,000)
246-252 Caroline Springs Boulevard	**-**	(3,419,699)	**-**	(3,419,699)
	(1,591,643)	(8,351,699)	**(916,996)**	(8,351,699)
Gain on revaluation of investment properties	**936,800**	-	**-**	-
	1,999,725	6,844,275	**1,737,572**	6,844,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7 CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Cash at bank and in hand	**2,223,885**	4,622,546	**528,335**	897,310
Cash on deposit (Cash Fund)	**15,979,151**	18,107,978	**3,538,412**	7,613,132
	18,203,036	22,730,524	**4,066,747**	8,510,442

8 TRADE AND OTHER RECEIVABLES

		Consolidated		Parent	
	Note	**2019**	2018	**2019**	2018
		$	$	**$**	$
Current					
Financial assets at amortised cost					
Amounts due from parishes & other related entities	(a)	**3,049,261**	4,451,256	**1,182,740**	1,886,163
Net property proceeds & capital works receivable		**408,524**	270,548	**408,524**	270,548
Accrued distribution income	(b)	**457,409**	809,180	**380,977**	725,579
Other receivables		**1,964,780**	417,868	**95,761**	708,656
		5,879,974	5,948,852	**2,068,002**	3,590,946
Non financial assets					
Prepayments		**43,520**	144,517	**43,520**	144,518
		5,923,494	6,093,369	**2,111,522**	3,735,464
Non-current					
Financial assets at amortised cost					
Loans receivable from Parishes	(c)	**17,469,634**	12,485,477	**-**	-
Loans receivable from other corporate entities	(c)	**8,543,049**	8,559,068	**-**	-
Car loans receivable from MATC	(c)	**1,162,542**	1,042,841	**-**	1,228,465
		27,175,225	22,087,386	**-**	1,228,465
Amounts due from parishes & other related entities	(a)	**121,137**	89,370	**-**	-
		27,296,362	22,176,756	**-**	1,228,465
		33,219,856	28,270,125	**2,111,522**	4,963,929

(a) Receivables due from parishes and other related parties primarily pertain to the collection of parish assessments, salaries and on costs and insurance contributions. Receivables of the Group and the Parent are both shown at net of an impairment for expected credit losses of $353,859 (2018: $321,022).

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

(c) Loans are provided by the Anglican Development Fund to approximately 60 parishes in the region and 3 other corporate Anglican entities (2018: 91 and 8, respectively), with major loans disclosed above. Loans to parishes are provided for capital projects including new buildings, renovations, fittings, fixtures and equipment. The loans are provided with average interest rates ranging from 3.2% to 6.5% (2018: 4.1% to 6.6%) and loan terms have a range of terms depending on their purpose and the asset they have funded. Current loan terms vary from three to twenty five years, which is the greatest permitted by the ADF's Constitution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9 OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Financial assets at fair value through profit or loss				
Current				
Investments held in managed funds	**7,816,937**	8,822,708	**-**	1,506,533
Non-current				
Investments held in managed funds	**38,131,103**	28,650,368	**33,790,416**	25,518,102

10 INVESTMENTS IN ASSOCIATES

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Investments accounted for using the equity method				
Investment in St Luke's South Melbourne Trust Fund	**23,269,817**	23,269,817	**23,269,817**	23,269,817

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

Movement of the investment during the year as follows:

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
1 January 2019	**23,269,817**	23,269,817	**23,269,817**	23,269,817
Share profit for the year	**327,200**	327,463	**327,200**	327,463
Distribution paid	**(327,200)**	(327,463)	**(327,200)**	(327,463)
31 December 2019	**23,269,817**	23,269,817	**23,269,817**	23,269,817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11 INVESTMENT PROPERTIES

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Land and buildings at fair value		**7,870,000**	7,611,683	**-**	-

Reconciliation

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

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Land and buildings					
Opening balance		**7,611,683**	7,661,883	**-**	-
Loss on investment properties gifted back to Parish		**(674,647)**	-	**-**	-
Revaluation increment		**936,800**	-	**-**	-
Depreciation expense		**(3,836)**	(50,200)	**-**	-
Closing balance		**7,870,000**	7,611,683	**-**	-

	Note	$
Properties at fair value:	(i)	
8 Stanley Grove Canterbury	(ii)	3,300,000
9 Killeen Avenue, Brighton East		2,500,000
402 Kooyong Road, Caulfield		2,070,000
		7,870,000

(i) During the year:

- An independent valuer was engaged to prepare market valuations as at 31 December 2019 of the various properties held by the Group. This has resulted in an upwards revaluation of $936,800 of the properties located at 8 Stanley Grove, Canterbury and 9 Killeen Avenue, Brighton East;
- The property at 10 Salina Way, Caroline Springs was gifted back to the local Parish. This has resulted in a loss of $674,647 to the Group as presented within the statement of profit or loss and other comprehensive income; and
- The property at 402 Kooyong Road, Caulfield was last valued in 2015 and is subject to revaluation in 2020.

(ii) The property at 8 Stanley Grove, Canterbury was subsequently sold in February 2020 for $3.78 million.

12 PROPERTY, PLANT AND EQUIPMENT

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Land and buildings at fair value		**49,402,207**	44,618,362	**49,402,207**	44,618,362
Less accumulated depreciation		**(1,047,475)**	(1,215,840)	**(1,047,475)**	(1,215,840)
		48,354,732	43,402,522	**48,354,732**	43,402,522
Plant and equipment at cost		**4,756,433**	4,752,523	**4,752,879**	4,063,502
Less accumulated depreciation		**(994,373)**	(4,521,546)	**(992,944)**	(3,835,662)
		3,762,060	230,977	**3,759,935**	227,840
Work in progress		**1,922,468**	6,333,675	**1,922,468**	6,333,675
Total property, plant & equipment		**54,039,260**	49,967,174	**54,037,135**	49,964,037

Reconciliation

Reconciliation of carrying values at the beginning and end of the financial year are set out below:

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Land and buildings					
Opening balance		**43,402,522**	43,607,389	**43,402,522**	43,607,389
Additions		**-**	8,663,217	**-**	8,663,217
Transfers from work in progress		**1,997,800**	-	**1,997,800**	-
Disposals		**(4,749,599)**	(8,432,847)	**(4,749,599)**	(8,432,847)
Revaluation increments	(a)	**8,140,440**	-	**8,140,440**	-
Depreciation		**(436,431)**	(435,237)	**(436,431)**	(435,237)
Closing balance		**48,354,732**	43,402,522	**48,354,732**	43,402,522
Plant and equipment					
Opening balance		**230,977**	346,661	**227,840**	346,283
Additions		**1,468,588**	61,436	**1,468,588**	57,882
Transfers from work in progress		**2,426,478**	-	**2,426,478**	-
Disposals		**(10,844)**	-	**(10,844)**	-
Depreciation		**(353,139)**	(177,120)	**(352,127)**	(176,325)
Closing balance		**3,762,060**	230,977	**3,759,935**	227,840
Work in progress	(b)				
Opening balance		**6,333,675**	225,778	**6,333,675**	225,778
Additions		**-**	6,107,897	**-**	6,107,897
Transfers to plant and equipment		**(4,411,207)**	-	**(4,411,207)**	-
Closing balance		**1,922,468**	6,333,675	**1,922,468**	6,333,675

(a) During the year:

- an independant valuer was engaged to prepare market valuations as at 31 December 2019 for various properties held by the Group. This has resulted in an upwards revaluation of $8,140,440 of the properties located at 12a Leopold Street, Glen Iris, 6 Stonehaven Avenue, Malvern East, 47-49 Patterson Street, Ringwood East, 74 Market Street, Kensington, 59-61, Scotchmer Street, Fitzroy, 91 Dorchester Street, Craigieburn, 251 High Street, Kew, 100-102 Bulla Road, Bulla and 121 Raglan Street, Wallan.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- The properties at 203-207 Canterbury Road, 57-59 Viviani Crescent Heathmont and 25 Donald Street, Highett were sold during the year resulting in a $2,600,306 gain and a $916,996 loss respectively to the Group as presented within the statement of profit or loss and other comprehensive income.

(b) Work in progress primarily relates to the capital work done on the property located at 260 Sydney Road, Brunswick.

Land and buildings at fair value are as follows:

		Consolidated		Parent	
	Note	**2019**	2018	**2019**	2018
		$	$	**$**	$
120 Clarendon Street, East Melbourne	(i)	**11,425,350**	11,425,350	**11,425,350**	11,425,350
6 Stonehaven Avenue, Malvern East		**1,750,000**	2,349,244	**1,750,000**	2,349,244
12a Leopold Street, Glen Iris		**1,950,000**	1,222,088	**1,950,000**	1,222,088
401 Mitchell Road, Echuca	(i)	**10,000**	10,000	**10,000**	10,000
278 Punt Road, South Yarra		**1,400,000**	1,400,000	**1,400,000**	1,400,000
47-49 Patterson Street, Ringwood East	(ii)	**4,750,000**	1,800,000	**4,750,000**	1,800,000
74 Market Street, Kensington	(ii)	**1,250,000**	700,001	**1,250,000**	700,001
Archives, Scotchmer Street, Fitzroy	(ii)	**1,300,000**	548,075	**1,300,000**	548,075
Mount Ridley Homestead		**7,176,645**	7,176,645	**7,176,645**	7,176,645
25 Donald Street, Highett		**-**	4,200,000	**-**	4,200,000
233 Tyler Street, Preston		**3,510,000**	3,510,000	**3,510,000**	3,510,000
55 Melrose Street, North Melbourne		**2,100,000**	2,100,000	**2,100,000**	2,100,000
5-8/251 High Street, Kew		**2,770,000**	-	**2,770,000**	-
391-393 Camp Road, Broadmeadows		**1,565,544**	1,565,584	**1,565,544**	1,565,584
Units 2, 3, 4 Margaret Avenue, Seaford		**940,000**	940,000	**940,000**	940,000
91 Dorchester Street, Craigieburn		**2,500,000**	932,000	**2,500,000**	932,000
Units 52 Park Street, Seaford		**910,000**	910,000	**910,000**	910,000
St Mary's Bulla, 100-102 Bulla Road, Bulla		**620,000**	880,218	**620,000**	880,218
203-207 Canterbury Road, 57-59 Viviani Crescent Heathmont		**-**	819,000	**-**	819,000
121 Raglan Street, Wallan		**1,300,000**	791,000	**1,300,000**	791,000
207 Canterbury Road, Heathmont (Lot 72)		**495,000**	495,000	**495,000**	495,000
Unit 4/59-61, Scotchmer Street, Fitzroy		**460,000**	310,018	**460,000**	310,018
Unit 2/59-61, Scotchmer Street, Fitzroy		**440,000**	259,288	**440,000**	259,288
Unit 3/59-61, Scotchmer Street, Fitzroy		**570,000**	251,146	**570,000**	251,146
Bishopscourt Improvements		**185,963**	-	**185,963**	-
Bishopscourt Replacement Fence		**23,705**	23,705	**23,705**	23,705
		49,402,207	44,618,362	**49,402,207**	44,618,362

(i) These properties are subject to the Diocese's 5 year revaluation policy and are expected to be revalued in 2020.

(ii) These properties were revalued during the year however only the value of the property as a whole was given without a split between the land and building components. Given these circumstances, management has elected to apply any revaluation increment to the land portion only, as this is where the capital appreciated will have occured, and is what a potential buyer would be most interested in.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13 RIGHT-OF-USE ASSETS

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Buildings	**2,881,922**	-	**2,881,922**	-
Less accumulated depreciation	**(180,120)**	-	**(180,120)**	-
	2,701,802	-	**2,701,802**	-

Reconciliation

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

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Balance at 1 January 2019	**-**	-	**-**	-
Adoption of AASB 16	**2,881,922**	-	**2,881,922**	-
Depreciation expense	**(180,120)**	-	**(180,120)**	-
Balance at 31 December 2019	**2,701,802**	-	**2,701,802**	-

The Group leases the property at St. Paul's Cathedral under a agreement with a remaining term of 5 years commencing on 31 December 2024. Following this, there is an option of a further term of 10 years until 31 December 2034, for which it is reasonably certain the Group will choose to exercise.

14 TRADE AND OTHER PAYABLES

	Note	Consolidated		Parent	
		2019	2018	**2019**	2018
		$	$	**$**	$
Current					
Trade and other payables		**2,330,347**	1,187,983	**1,796,869**	785,642
Motor vehicle funds payable		**107,085**	1,322,024	**107,085**	1,322,024
Accrued expenses		**840,685**	1,064,223	**564,634**	759,870
Payables to related parties					
- Melbourne Anglican Diocesan Corporation					
- Provision for professional standards	20	**-**	-	**2,485,000**	2,200,000
- Other service recharges		**-**	-	**822,138**	213,542
- Other related parties	(a)	**118,616**	988,012	**54,823**	907,386
		3,396,733	4,562,242	**5,830,549**	6,188,464
Non-current					
Payables to Melbourne Anglican Diocesan Corporation - provision for professional standards	20	**-**	-	**13,315,000**	12,212,067
The A.G Birch trust funds	(b)	**-**	1,157,058	**-**	1,157,058
		-	1,157,058	**13,315,000**	13,369,125
		3,396,733	5,719,300	**19,145,549**	19,557,589

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

The A.G Birch Trust funds are received each year from its separate trustee and have been held by the Diocese for a number of years pending distribution of funds to “poorer clergy” under the terms of the original bequest. As such they were recognised as a liability in the financial statements. During the year, a decision was made to transfer the balance of the funds held to an account with the Anglican Funds’ Endowment Fund, and these are now included in the Diocesan Trust Funds under “MATC” as represented in Note 19.

15 PROVISIONS

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Current					
Professional standard	20	**2,485,000**	2,200,000	**-**	-
Employee entitlements		**4,319,564**	3,131,834	**778,539**	656,352
		6,804,564	5,331,834	**778,539**	656,352
Non-current					
Professional standard	20	**13,315,000**	12,212,067	**-**	-
Insurance claims	(a)	**-**	2,550,883	**-**	2,550,883
Employee entitlements		**171,471**	209,251	**50,334**	119,881
		13,486,471	14,972,201	**50,334**	2,670,764
		17,806,035	18,104,035	**828,873**	3,327,116

(a) Provision for insurance claims represents funds which have been contributed in the Anglican National Insurance Program (ANIP) during 2013 to 2018 for any future claims which may arise. The purpose of the fund is to reduce future insurance costs for all ANIP's members. In the case ANIP ceases operations, there is a constructive obligation to refund the contributions to its members.

ANIP was disaggreated from the Group in the current year, reducing the balance to $nil.

16 LEASE LIABILITIES

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Current				
Lease Liability	**120,124**	-	**120,124**	-
Non-current				
Lease Liability	**2,649,157**	-	**2,649,157**	-
	2,769,281	-	**2,769,281**	-

The Group leases for property classified as a right-of-use asset in note 13

Future minimum lease payments as at 31 December 2019 were as follows

	Lease payments $	Finance charges $	Lease Liability $
Within 1 year	295,233	(175,109)	120,124
1-2 years	295,233	(167,127)	128,106
2-3 years	295,233	(158,616)	136,617
3-4 years	295,233	(149,539)	145,694
4-5 years	284,713	(140,175)	144,538
After 5 years	2,847,120	(752,918)	2,094,202
Total	**4,312,765**	**(1,543,484)**	**2,769,281**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17 BORROWINGS

		Consolidated		Parent	
	Note	**2019**	2018	**2019**	2018
		$	$	**$**	$
Current					
Parish bonus investors	(a)	**3,343,623**	2,801,533	**-**	-
At call for	(b)				
- Individual investors		**4,814,735**	4,818,084	**-**	-
- Anglican organisations		**3,977,016**	3,385,990	**-**	-
- Parish investors		**13,490,642**	13,406,904	**-**	-
Fixed term for	(c)				
- Individual investors		**13,614,424**	11,077,740	**-**	-
- Anglican organisations		**3,322,352**	1,611,884	**-**	-
- Parish investors		**9,658,045**	8,870,908	**-**	-
		52,220,837	45,973,043	**-**	-
Loan from Anglican Development Fund	(d)	**-**	-	**299,100**	299,100
		52,220,837	45,973,043	**299,100**	299,100
Non-current					
Loan from Anglican Development Fund					
Borrowing 1	(d)	**-**	-	**1,318,110**	1,916,884
Borrowing 2	(e)	**-**	-	**5,450,000**	5,504,754
Borrowing 3		**-**	-	**63,726**	103,650
		-	-	**6,831,836**	7,525,288
		52,220,837	45,973,043	**7,130,936**	7,824,388

(a) Parish bonus liability funds are unsecured and repayable on demand. There is no fixed term. The funds bear annual floating interest rates of between 1.00% and 1.40% (2018: 1.75% to 2.15%).

(b) At call liability funds are unsecured and repayable on demand. There is no fixed term. The funds bear annual floating interest rates of between 0.75% and 1.50% (2018: 1.50% to 1.90%). For accounts held by non-affiliate individuals, investors are required to give a minimum of 31 days' notice of the withdrawal of funds in order to comply with the regulation required by APRA and ASIC.

(c) Fixed term liability funds are unsecured and repayable on maturity. The terms are fixed periods ranging from 3 months to 24 months. The funds bear annual fixed interest rates of between 1.60% and 2.60% (2018: 2.20% to 2.60%). Existing term investments entered into in earlier years, which still have a balance at year end, bear annual fixed interest rates up to 3.5%.

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

(e) The loan from Anglican Development Fund was made to finance the Diocese's purchase of the property at 100 Mount Ridley Rd, Mickleham. The loan is for a period of 25 years at an annual interest rate of the BBSW plus 2.5% (subject to paying a minimum 6%). Melbourne Anglican Trust Corporation has provided a guarantee to the Anglican Development Fund to underwrite the loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 RECONCILIATION OF SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Surplus/(Deficit) for the year	**1,033,446**	3,589,765	**(161,374)**	3,171,321
Adjustments for:				
Depreciation and amortisation	**973,526**	662,557	**968,678**	611,562
Shared profit from associates	**(327,200)**	(327,463)	**(327,200)**	(327,463)
Net gain/(loss) acquisition/disposal of properties	**(1,999,725)**	(6,844,275)	**(1,737,572)**	(6,844,275)
Changes in fair value of financial assets	**(3,277,643)**	1,714,474	**(2,887,334)**	1,425,272
Change in operating assets and liabilities:				
Decrease/(Increase)in trade and other receivables	**350,620**	(1,317,467)	**1,761,917**	(231,320)
(Decrease)/Increase in trade and other payables	**(1,444,780)**	(751,456)	**457,574**	(807,463)
Increase/(Decrease) in provisions	**2,327,164**	973,442	**(158,076)**	(354,578)
Net cash outflow from operating activities	**(2,364,592)**	(2,300,423)	**(2,083,387)**	(3,356,944)

19 DIOCESAN MANAGED FUNDS

The Melbourne Anglican Trust Corporation (MATC) is the trustee and administrator of all funds established subject to trust or bequest in the Anglican Diocese of Melbourne (ADOM). Operationally, the administration function is performed by the Anglican Funds Team, subject to oversight by and approval from the MATC Trustees. The Diocesan Trust Funds mostly represent bequests received over time, each with varying conditions for the use the initial capital and the resulting income streams either at a Diocesan or individual Parish level.

Anglican Funds also manages funds which are subject to the ultimate control and direction of the ADOM (Operating Fund); the amounts in these funds are recognised as assets of the Operating Fund (under Financial Assets in Note 9 & Cash and Cash Equivalents in Note 7). For all Other Managed Funds, Bequests and Trust holdings, the asset is recognised by the Anglican entity that is the ultimate beneficiary, unless the bequest or trust is subject to specific conditions such that the control of the asset is outside the control of a specific entity in which case the asset remains off balance sheet and the trust team manages the asset in accordance with the specific instructions.

This note has been included within the consolidated financial statements to provide information on the value of the Diocesan Trust Funds being administered by the Diocese, in the context of all funds managed by Anglican Funds.

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Anglican Funds				
Cash Fund	**50,550,158**	63,521,606	**50,550,158**	63,521,606
Endowment Fund	**113,090,517**	90,437,339	**113,090,517**	90,437,339
Yield Fund	**14,557,125**	14,177,990	**14,557,125**	14,177,990
	178,197,800	168,136,935	**178,197,800**	168,136,935
Less Cash Fund held in Endowment Fund	**(15,993,851)**	(21,033,422)	**(15,993,851)**	(21,033,422)
Less Cash Fund held in Yield Fund	**(6,651,886)**	(4,650,583)	**(6,651,886)**	(4,650,583)
Total Anglican Funds	**155,552,063**	142,452,930	**155,552,063**	142,452,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19 DIOCESAN MANAGED FUNDS (CONTINUED)

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Diocesan Trust Funds				
MATC (Note 2)	**28,953,049**	26,799,805	**28,953,049**	26,799,805
Parish (Note 2)	**25,845,733**	24,044,385	**25,845,733**	24,044,385
	54,798,782	50,844,190	**54,798,782**	50,844,190
Diocesan Operational Funds				
ADOM (Note 1)	**37,328,939**	32,708,704	**37,328,939**	32,708,704
MADC (Note 1)	**4,755,767**	4,753,209	**4,755,767**	4,753,209
	42,084,706	37,461,913	**42,084,706**	37,461,913
Other Managed Funds				
ADF (Note 1)	**18,958,806**	16,190,078	**18,958,806**	16,190,078
Anglican Schools (Note 2)	**3,666,573**	2,491,189	**3,666,573**	2,491,189
Other Anglican Organisations (Note 2)	**14,924,025**	13,331,977	**14,924,025**	13,331,977
Other Parish Funds (Note 2)	**17,946,326**	18,052,038	**17,946,326**	18,052,038
Other Anglican Dioceses (Note 2)	**3,172,845**	4,081,545	**3,172,845**	4,081,545
	58,668,575	54,146,827	**58,668,575**	54,146,827
Total Diocesan Managed Funds	**155,552,063**	142,452,930	**155,552,063**	142,452,930

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

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

20 CONTINGENCIES & COMMITMENTS

The Diocese has potential claims for re-dress resulting from historic child sexual abuse. In 2017, the Diocese established Melbourne Anglican Diocesan Corporation Ltd (MADC) as the legal entity responsible for such claims.

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

During 2019 the Diocese, commissioned an actuarial study to determine the potential liability for matters of child sexual abuse based on the actual experiences of MADC following the Royal Commission in 2017 and the implementation of the National Redress Scheme in 2018. Results of this assessment, was to recognise a provision of $15.8m which is based on the known number of child sexual abuse related complainants who have made allegations against the Diocese. In all there were 126 cases that matched the criteria identified for the study.

$15.8m has been provided for as a liability in the financial statements (note 15) representing management’s best estimate of likely settlement. Due to the unreliability of the timing of potential claims and management’s intention to obtain an updated actuarial study at the end of 2019, the provision and corresponding receivable were not discounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21 RELATED PARTY TRANSACTIONS

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

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

21.1 Transactions with key management personnel

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

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Wages and salaries	**1,852,294**	1,737,132	**1,852,294**	1,737,132
Other benefits	**-**	115,070	**-**	115,070
	1,852,294	1,852,202	**1,852,294**	1,852,202

21.2 Transactions with related entities

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

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Transactions with Cash Fund, Endowment Fund and Yield Fund:				
Income				
Distribution income	**1,815,858**	1,408,135	**1,400,516**	1,018,213
Interest Income	**318,152**	521,675	**68,496**	160,802
Diocesan management fees	**1,307,800**	1,159,366	**1,307,800**	1,159,366
Transactions with Parishes, Stipends and other related parties:				
Income				
Distribution income – Property income	**295,079**	299,227	**295,079**	299,227
Diocesan management fees	**246,490**	596,855	**246,490**	596,855
Insurance premiums	**3,306,289**	3,406,024	**3,306,289**	2,752,981
Payroll and on costs services recharges	**30,869,089**	21,692,764	**-**	-
Parish assessments	**4,613,283**	4,387,953	**4,613,283**	4,387,953
Gain/loss from acquisition and disposal of properties	**(1,591,643)**	(8,351,699)	**(916,996)**	(8,351,699)
Rental income	**1,019,605**	900,241	**866,342**	746,864
Expenses				
Grants and contributions	**(1,151,500)**	-	**(1,151,500)**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21 RELATED PARTY TRANSACTIONS (CONTINUED)

21.3 Balances with related parties

Significant balances with related parties at reporting date are as follows

		Consolidated		Parent	
		2019	2018	**2019**	2018
	Note	**$**	$	**$**	$
Balances with Cash Fund, Endowment Fund and Yield Fund:					
Investments					
Cash on deposit (Cash Fund)	7	**15,979,151**	18,107,978	**3,538,412**	7,613,132
Investment in Yield Fund at fair value	9	**7,816,937**	8,822,708	**-**	1,506,533
Investment in Endowment Fund at fair value	9	**38,131,103**	28,650,368	**33,790,416**	25,518,102
Receivables					
Accrued distribution income	8	**457,409**	809,180	**380,977**	725,579
Balances with Melbourne Anglican Diocesan Corporation:					
Payables					
Provision for professional standards	14	**-**	-	**(15,800,000)**	(14,412,067)
Other service recharges	14	**-**	-	**(822,138)**	(213,542)
Balances with Anglican Development Fund					
Borrowings					
Loan from Anglican Development Fund	17	**-**	-	**7,130,936**	7,824,388
Balances with Parishes, Stipends and other related parties:					
Receivables					
Amounts due from parishes and other related entities	8	**3,170,398**	4,540,626	**1,182,740**	1,886,163
Net property proceeds & capital works receivable	8	**408,524**	270,548	**408,524**	270,548
Loan receivables	8	**27,175,225**	22,087,386	**-**	1,228,465
Payables					
Motor vehicle funds payable	14	**107,085**	1,322,024	**107,085**	1,322,024
Accrued expenses	14	**276,051**	272,697	**-**	-
Other payables	14	**118,616**	988,012	**54,823**	907,386
The A.G Birch trust funds	14	**-**	1,157,058	**-**	1,157,058
Borrowings					
Anglican organisations	17	**7,299,368**	4,997,874	**-**	-
Parish investors	17	**26,492,310**	25,079,345	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on Australia and international economies. The Group cannot reasonably estimate the length or severity of this pandemic, but currently anticipates a potential material adverse impact on the value of investments and property in the 2020 financial year.

There were no other events occurring after balance date that had, or may have, a material effect on the financial statements.

23 REGISTERED OFFICE DETAILS

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

MELBOURNE ANGLICAN TRUST CORPORATION
(ANGLICAN DIOCESE OF MELBOURNE)

STATEMENT BY THE ARCHBISHOP AND REGISTRAR

In the opinion of the Archbishop and Registrar of the Anglican Diocese of Melbourne:

a The financial statements and notes of the Anglican Diocese of Melbourne as Parent and the Melbourne Anglican Trust Corporation are in accordance with the Australian Charities and Not-for-profits Commission

  i Giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

  ii Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and

b There are reasonable grounds to believe that the Anglican Diocese of Melbourne as Parent and the Melbourne Anglican Trust Corporation will be able to pay its debts as and when they become due and payable.

The Most Reverend Dr Philip Freier	**Mr Malcolm Tadgell**
Trustee of Melbourne Anglican Trust Corporation	Registrar
Archbishop of the Diocese of Melbourne	Anglican Diocese of Melbourne

Melbourne
Date: 3 July 2020

GrantThornton

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Auditor’s Independence Declaration

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

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Melbourne Anglican Trust Corporation and its controlled entities for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Michael Climpson
Partner – Audit & Assurance

Melbourne, 3 July 2020

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Independent Auditor's Report

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Melbourne Anglican Trust Corporation (the Parent) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Archbishop and Registrar.

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

a giving a true and fair view of the Group's and the Parent's financial position as at 31 December 2019 and of its financial performance for the year then ended; wand

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

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

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

Responsibilities of Archbishop and the Trustees for the financial report

Archbishop and the Trustees are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as Archbishop and the Trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Archbishop and the Trustees are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Michael Climpson
Partner – Audit & Assurance

Melbourne, 3 July 2020