Anglican Diocese of Melbourne Yield Fund

ABN 82 862 724 352

Annual Report - 31 December 2023

Anglican Diocese of Melbourne Yield Fund
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Anglican Diocese of Melbourne Yield Fund
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	2023 $	2022 $
Investment income			
Interest income		46,071	47,974
Distribution income		1,028,226	1,004,664
Total investment income		1,074,297	1,052,638
Expenses			
Management fees		(163,974)	(189,964)
Asset consultant fees		(30,282)	(32,094)
Total operating expenses		(194,256)	(222,058)
Operating surplus		880,041	830,580
Net (loss)/gain on financial assets at fair value through profit or loss	6	353,980	(198,247)
Surplus for the year		1,234,021	632,333
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,234,021	632,333

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 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	4	3,285,712	2,267,850
Trade and other receivables	5	70,059	90,065
Total current assets		3,355,771	2,357,915
Non-current assets			
Financial assets held at fair value through profit or loss	6	26,809,592	29,771,147
Total non-current assets		26,809,592	29,771,147
Total assets		30,165,363	32,129,062
Liabilities			
Current liabilities			
Trade and other payables	7	34,124	35,129
Total current liabilities		34,124	35,129
Total liabilities		34,124	35,129
Net assets		30,131,239	32,093,933
Equity			
Issued units	8	36,226,572	38,597,646
Accumulated deficit		(6,095,333)	(6,503,713)
Total equity		30,131,239	32,093,933

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 2023

	Issued units $	Accumulated deficit $	Total equity $
Balance at 1 January 2022	37,867,707	(6,274,995)	31,592,712
Surplus for the year	-	632,333	632,333
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	632,333	632,333
Transactions with owners in their capacity as owners:			
Issue of units (note 8)	1,414,298	-	1,414,298
Redemption of units (note 8)	(684,359)	-	(684,359)
Distributions paid (note 3)	-	(861,051)	(861,051)
Balance at 31 December 2022	38,597,646	(6,503,713)	32,093,933

	Issued units $	Accumulated deficit $	Total equity $
Balance at 1 January 2023	38,597,646	(6,503,713)	32,093,933
Surplus for the year	-	1,234,021	1,234,021
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,234,021	1,234,021
Transactions with owners in their capacity as owners:			
Issue of units (note 8)	207,660	-	207,660
Redemption of units (note 8)	(2,578,734)	-	(2,578,734)
Distributions paid (note 3)	-	(825,641)	(825,641)
Balance at 31 December 2023	36,226,572	(6,095,333)	30,131,239

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 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers		(194,991)	(205,717)
Distributions and interest received		1,094,032	1,015,367
Proceeds from sale of financial assets	6	4,912,825	5,450,357
Payments for purchase of financial assets	6	(1,597,290)	(7,357,751)
Net cash from/(used in) operating activities	9	4,214,576	(1,097,744)
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from applications by unit holders		207,660	1,414,298
Distributions paid		(825,641)	(861,051)
Redemptions paid		(2,578,733)	(684,359)
Net cash used in financing activities		(3,196,714)	(131,112)
Net increase/(decrease) in cash and cash equivalents		1,017,862	(1,228,856)
Cash and cash equivalents at the beginning of the financial year		2,267,850	3,496,706
Cash and cash equivalents at the end of the financial year	4	3,285,712	2,267,850

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
31 December 2023

Note 1. Material accounting policy information

Yield Fund ("the Fund") is enabled by the *Anglican Trust 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.

New or amended Accounting Standards and Interpretations adopted

The Fund 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 which had no impact on the Fund's financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Company has considered Accounting Standards and Interpretations which have been issued but are not yet effective, identifying the following which are relevant to the Company:

- *AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

- *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

AASB 2020-2 will prohibit certain for-profit entities from preparing special purpose financial statements and AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. Given that the fund will be moving to general purpose financial statements in the future, there is likely to be increased disclosure for areas such as key management personnel, related parties, and financial instruments; and some disclosures will be removed. The entity has elected to not early adopt this standard for this financial year.

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 and Investment Committee, under the responsibility of the Archbishop and the Trustees 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 Archbishop and the Trustees 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.

Interest income

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

Dividend and distribution income

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

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.

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.

Note 1. Material accounting policy information (continued)

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

Income relating to financial assets that are recognised in profit or loss are presented as interest income and distribution income.

Expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other financial items, except for impairment of trade receivables, which is presented within other expenses. There were no impairment of trade receivables recognised during the current and the previous financial year.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Subsequent measurement of 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.

Note 1. Material accounting policy information (continued)

Impairment of financial assets - 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
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.

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.

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 Fund after deducting all of its liabilities. Equity instruments issued by the Fund are recognised as 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.

Management fees
The Diocesan management fee charged to the Fund was set by the Anglican Funds Committee at 0.10% of the net value of the funds under management. The management fee expense is reported on an accrual basis.

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

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

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Note 3. Distributions

	2023 $	2022 $
Distributions declared during the year	825,641	861,051

Note 3. Distributions (continued)

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.

Note 4. Cash and cash equivalents

	2023 $	2022 $
Cash at bank	2,818,118	960,295
Investment in Anglican Cash Fund	467,594	1,307,555
	3,285,712	2,267,850

Cash at bank includes cash held in investment accounts and the investment in the Cash Fund which is readily convertible to cash.

Note 5. Trade and other receivables

	2023 $	2022 $
Imputation credits refundable from the ATO	51,484	27,094
Accrued income	1,640	2,166
Distributions receivable	16,935	60,805
	70,059	90,065

Note 6. Financial assets held at fair value through profit or loss

	2023 $	2022 $
Non-current assets		
Australian equities	2,562,250	2,506,706
Fixed interest	10,239,175	12,355,508
Real assets	6,363,758	6,661,853
Alternatives	3,644,409	4,230,288
Cash investments	4,000,000	4,016,792
	26,809,592	29,771,147

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

	2023 $	2022 $
Opening balance	29,771,147	28,062,000
Additions	1,597,290	7,357,751
Disposals	(4,912,825)	(5,450,357)
(Loss)/gain for the year	353,980	(198,247)
Closing balance	26,809,592	29,771,147

Note 7. Trade and other payables

	2023 $	2022 $
Current liabilities		
Accrued expenses	34,124	35,129

Note 8. Issued units

	2023 Units	2022 Units	2023 $	2022 $
Issued units	37,048,173	39,051,366	36,226,572	38,597,646

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.

	2023 $	2022 $
Opening balance	38,597,646	37,867,707
Issue of units	207,660	1,414,298
Redemption of units	(2,578,734)	(684,359)
Closing balance	36,226,572	38,597,646

Note 9. Reconciliation of surplus to net cash from/(used in) operating activities

	2023 $	2022 $
Surplus for the year	1,234,021	632,333
Change in operating assets and liabilities:		
(Increase)/decrease in investments	2,961,550	(1,709,147)
(Increase)/decrease in receivables	20,006	(37,272)
Increase in payables	(1,001)	16,342
Net cash from/(used in) operating activities	4,214,576	(1,097,744)

Note 10. Contingencies and commitments

There were no contingencies or commitments as at 31 December 2023 (2022: nil).

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs 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
Archbishop in Council's declaration
31 December 2023

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 2023 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.

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

Colin Reilly
Trustee

19 April 2024

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Independent Auditor's Report

To the Archbishop in Council and the Trustees of Anglican Diocese of Melbourne Yield Fund

Report on the audit of the financial report

Opinion

We have audited the financial report of Anglican Diocese of Melbourne Yield Fund (the Fund), which comprises the statement of financial position as at 31 December 2023, 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 to the financial statements, including a summary of significant accounting policies, and the Archbishop and Registrar's declaration.

In our opinion, the accompanying financial report of the Anglican Diocese of Melbourne Yield Fund:

a presents fairly, in all material respects, the Fund's financial position as at 31 December 2023 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1; and

b complies with Australian Accounting Standards to the extent described in Note 1.

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 (including Independence Standards)* (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 of the financial report, which describes the basis of accounting. The special purpose financial report has been prepared for the purpose of fulfilling the Fund's 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.

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Responsibilities of the Archbishop and the Trustees and those charged with governance for the financial report

The Archbishop and the Trustees 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 report are appropriate to meet the requirements of the Acts of Synod and meets the needs of the Council. This responsibility also includes such internal control as the Archbishop and the Trustees determines 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, the Archbishop and the Trustees 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 the Archbishop and the Trustees either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Archbishop and the Trustees and 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.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C S Gangemi
Partner – Audit & Assurance

Melbourne, 19 April 2024