Anglican Diocese of Melbourne Endowment Fund

ABN 82 862 724 352

Financial Report - 31 December 2024

Anglican Diocese of Melbourne Endowment Fund
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Anglican Diocese of Melbourne Endowment Fund
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Note	2024 $	2023 $
Income			
Other income		68,419	-
Interest income		103,557	157,784
Distribution income		4,301,503	5,301,580
Expenses			
Management expense		(1,171,575)	(922,128)
Asset consultancy fees		-	(114,441)
Interest expense		(2,438)	(1,963)
Operating surplus		3,299,466	4,420,832
Net gain on financial assets at fair value through profit or loss	6	4,925,086	274,869
Surplus for the year		8,224,552	4,695,701
Other comprehensive income for the year		-	-
Total comprehensive income for the year		8,224,552	4,695,701

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

Anglican Diocese of Melbourne Endowment Fund
Statement of financial position
As at 31 December 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	4	6,883,875	1,110,041
Trade and other receivables	5	2,229,023	907,827
Total current assets		9,112,898	2,017,868
Non-current assets			
Financial assets held at fair value through profit or loss	6	120,423,512	107,750,131
Total non-current assets		120,423,512	107,750,131
Total assets		129,536,410	109,767,999
Liabilities			
Current liabilities			
Trade and other payables	7	99,019	83,907
Total current liabilities		99,019	83,907
Total liabilities		99,019	83,907
Net assets		129,437,391	109,684,092
Equity			
Issued units	8	118,045,337	101,529,330
Retained surplus		11,392,054	8,154,762
Total equity		129,437,391	109,684,092

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

Anglican Diocese of Melbourne Endowment Fund
Statement of changes in equity
For the year ended 31 December 2024

	Issued units $	Retained surplus $	Total equity $
Balance at 1 January 2023	111,372,761	8,269,172	119,641,933
Surplus for the year	-	4,695,701	4,695,701
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	4,695,701	4,695,701
Transactions with owners in their capacity as owners:			
Issue of units (note 8)	3,425,762	-	3,425,762
Redemption of units (note 8)	(13,269,193)	-	(13,269,193)
Distributions paid (note 3)	-	(4,810,111)	(4,810,111)
Balance at 31 December 2023	101,529,330	8,154,762	109,684,092

	Issued units $	Retained surplus $	Total equity $
Balance at 1 January 2024	101,529,330	8,154,762	109,684,092
Surplus for the year	-	8,224,552	8,224,552
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	8,224,552	8,224,552
Transactions with owners in their capacity as owners:			
Issue of units (note 8)	23,941,972	-	23,941,972
Redemption of units (note 8)	(7,425,965)	-	(7,425,965)
Distributions paid (note 3)	-	(4,987,260)	(4,987,260)
Balance at 31 December 2024	118,045,337	11,392,054	129,437,391

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

Anglican Diocese of Melbourne Endowment Fund
Statement of cash flows
For the year ended 31 December 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(1,158,902)	(1,046,206)
Payments for purchase of financial assets	6	(31,080,507)	(18,481,706)
Proceeds from sale of financial assets	6	23,332,212	23,046,288
Distributions and interest received		3,152,284	6,109,153
Net cash from/(used in) operating activities	9	(5,754,913)	9,627,529
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from applications by unit holders		23,941,972	3,425,765
Redemptions paid		(7,425,965)	(13,269,193)
Distributions paid		(4,987,260)	(4,810,111)
Net cash from/(used in) financing activities		11,528,747	(14,653,539)
Net increase/(decrease) in cash and cash equivalents		5,773,834	(5,026,010)
Cash and cash equivalents at the beginning of the financial year		1,110,041	6,136,051
Cash and cash equivalents at the end of the financial year	4	6,883,875	1,110,041

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

Anglican Diocese of Melbourne Endowment Fund
Notes to the financial statements
31 December 2024

Note 1. Material accounting policy information

Endowment 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 these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Fund.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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

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 entity's 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.

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.

Impairment of financial assets - Trade and other receivables

AASB 9's impairment requirements use more forward looking information to recognise 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.

Note 1. Material accounting policy information (continued)

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 unit holders 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 an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the net of proceeds of applications less the payments for redemptions.

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

Management fees
The Diocesan management fee charged to the Fund was set by the Finance and Investment Committee at 1% of the net value of the funds under management. The only other direct fee payable by the Fund to management is in relation to the asset consultant and this fee has been set at no more than 0.1% of the net value of funds under management. The management fee expense is reported on an accrual basis.

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

	2024 $	2023 $
Distributions declared during the year	4,987,260	4,810,111

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

	2024 $	2023 $
Cash at bank	6,883,875	1,107,804
Investment in Anglican Cash Fund	-	2,237
	6,883,875	1,110,041

Cash at bank includes cash held in investment accounts and the investment in the Cash Fund and it is readily convertible to cash. On the 24th of June, the Cash Fund was wound up. Consequently, units within the fund have been redeemed.

Note 5. Trade and other receivables

	2024 $	2023 $
Distributions receivable	302,315	326,683
Imputation credits refundable from the ATO	132,105	572,353
Accrued interest	-	8
Other receivables	1,794,603	8,783
	2,229,023	907,827

The Fund has an income tax exemption and is entitled to a refund of franking credit on franked dividends it receives.

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

	2024 $	2023 $
This balance comprises of the following:		
Australian equities	28,662,610	27,707,769
International equities	14,268,840	14,083,377
Fixed interest trusts	21,263,999	12,560,212
Real assets	28,684,035	28,576,124
Alternatives	27,544,028	24,822,649
	120,423,512	107,750,131

All investments are held in listed/unlisted unit trusts, and direct investments. The fair value of investments is supported by annual investment statements prepared by external parties.

	2024 $	2023 $
Opening balance	107,750,131	112,039,844
Additions	31,080,507	18,481,706
Disposals	(23,332,212)	(23,046,288)
Gain for the year	4,925,086	274,869
	120,423,512	107,750,131

Note 7. Trade and other payables

	2024 $	2023 $
Accrued expenses	99,019	83,907

Note 8. Issued units

	2024 Units	2023 Units	2024 $	2023 $
Issued units	118,045,337	101,529,330	118,045,337	101,529,330

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.

	2024 $	2023 $
Opening balance	101,529,330	111,372,761
Issue of units	23,941,972	3,425,762
Redemption of units	(7,425,965)	(13,269,193)
Closing balance	118,045,337	101,529,330

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

	2024 $	2023 $
Surplus for the year	8,224,552	4,695,701
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,321,196)	649,789
Decrease/(increase) in investments	(12,673,380)	4,289,713
Increase/(decrease) in trade and other payables	15,111	(7,674)
Net cash from/(used in) operating activities	(5,754,913)	9,627,529

Note 10. Contingencies and commitments

There were no contingencies or commitments as at 31 December 2024 (2023: nil).

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 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 Endowment Fund
Archbishop in Council's declaration
31 December 2024

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 2024 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 its debts as and when they become due and payable.

+Genieve Blackwell

The Right Reverend Bishop Genieve Blackwell
Director the Melbourne Anglican Diocesan Corporation
Administrator of the Anglican Diocese of Melbourne

Colin Reilly

Trustee

16 April 2025

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Independent Auditor's Report

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Anglican Diocese of Melbourne Endowment Fund (the Fund), which comprises the statement of financial position as at 31 December 2024, 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 material accounting policy information, and the Archbishop and Trustees declaration.

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

a presents fairly, in all material respects, the Fund's financial position as at 31 December 2024 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.

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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.

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

The Archbishop and the Trustees are 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 are 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, 16 April 2025