

Diocesan Cash Investment Fund

ABN 16 824 150 770

Annual financial report – 31 December 2018

Trustee : Glebe Administration Board

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2018

The members of the Glebe Administration Board (GAB) as trustee for the Diocesan Cash Investment Fund (DCIF) submit herewith the financial report as at 31 December 2018.

Scope

This financial report covers GAB as trustee for the DCIF.

GAB is an incorporated body created by the *Glebe Administration Board Ordinance 1930* in accordance with the *Anglican Church of Australia (Bodies Corporate) Act 1938*. The purpose of GAB is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney by managing and controlling the property of the Diocesan Endowment (DE) in accordance with the terms of the trusts on which that property is held and by managing and controlling other property of which it is trustee from time to time in accordance with the terms of the relevant trusts. The Diocesan Cash Investment Fund (DCIF) was created under the *Diocesan Cash Investment Fund Ordinance 2016* as amended by the *Diocesan Cash Investment Fund Ordinance 2016 Amendment Ordinance 2017*. The purpose of the DCIF is to provide a vehicle to trustees of church trust property for the investment of the cash of these entities. GAB is the trustee of DCIF. GAB as trustee for DCIF accepts loans from entities which are "affiliates" as defined in the DCIF Participation Policy. Interest is payable on loans based on the net income received by DCIF.

The GAB's registered office and principal place of business –

Glebe Administration Board
Level 2, St Andrew's House
Sydney Square NSW 2000

Principal activities

The principal activities of DCIF have been as set out in the scope.

There were no significant changes in the nature of DCIF's activities during the year

Results for the year

The surplus for the year after payment of interest on loans is \$Nil (2017: \$Nil)

Interest paid on loans

During the year DCIF has paid interest of \$1,656,664 (2017: \$1,098,444) on loans.

Review of operations and significant changes in the state of affairs

The return on assets for 2018 was 2.19% compared to a benchmark of 2.12%. The interest paid percentage was 1.60% compared to a benchmark of 1.56%.

There were no significant changes in the state of affairs of DCIF during the year.

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2018 (cont)

Members

The Standing Committee of the Diocese of Sydney appoints members for terms of 3 years. The Standing Committee has the power to remove any member before the expiration of their term. The non-executive members receive no remuneration. The Chief Executive Officer attends Board meetings.

The following members were in office during the whole financial year and up to the date of this report.

Mr Ross Smith (Chairman), MAppFin, BEc , Chartered Accountant

CEO, Anglican Schools Corporation. Previously CFO of Anglicare, Sydney. Brings 25 years experience in Finance, Corporate Restructuring and Acquisition Advisory. Member of Caringbah Anglican Church. Board member since 2010.

Mr Mark Ballantyne BE, MBA, FIAA

Qualified Actuary; General Manager of Financial Wisdom with the Commonwealth Bank, having over 20 years experience in all facets of financial services. Attends East Lindfield Anglican Church. Board member since 2009.

Mr Greg Hammond OAM, BA, LLB, ThA

Consultant in banking and finance; former partner of King & Wood Mallesons; chairman of Anglican Community Services (t/as Anglicare Sydney), the Australian College of Theology and Olive Tree Media; director of G&C Mutual Bank and Opportunity International Australia; Adjunct Fellow at Macquarie University in the Applied Finance Centre; member of Sydney Diocesan Services; and previous service on Diocesan and other not-for-profit boards and committees. Member of Macquarie Anglican Churches. Board member since 2014.

Bishop Michael Stead, BCom (Acc), BD(Hons), DipMin, PhD

Bishop of South Sydney; Member of Standing Committee Diocese of Sydney; Diocesan Representative on General Synod; Member of General Synod Standing Committee; Secretary of the General Synod Doctrine Commission. Prior to ordination, worked for PricewaterhouseCoopers from 1990-1996. Board member since 2015.

Mr David Sietsma, BCom (Fin), Grad Dip AppFin and Investment SIA (now FINSA)

30 years in financial markets and treasury roles with Macquarie Bank, Deutsche Bank, BNP Paribas and Commonwealth Bank of Australia. He is currently Chair of the Council of Arden Anglican School. Attends All Saints Anglican Church, North Epping. Board member since 2016.

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2018 (cont)

Resignations and retirements

The Rev Edward Brush retired from office with effect from 9 December 2018.

The Rev Edward Brush, B Th, Dip Min

NSW/ACT Regional Officer for Bush Church Aid. Previously Rector, Parish of Lower Mountains, served on Standing Committee, Mission Board of the Standing Committee, Council of St Andrew's Cathedral School, George's River Regional Council and Finance & Loans Board. Originally trained as an electrical engineer with extensive experience in supply chain management both in Australia and internationally. Board member since 2013.

Mr John Pascoe resigned from office with effect from 31 December 2018.

Mr John Pascoe, FCA, BEc

Partner Pascoe Whittle Chartered Accountants; Member of Standing Committee, Finance Committee, St Andrew's House Corporation (until 13 May 2018), St Andrew's Cathedral Chapter and Diocesan Resources Committee; Audit Committee (Chairman until 27 June 2018). Attends St Andrew's Cathedral. Board member since 2009.

Mr Andrew Stanley resigned from office with effect from 31 December 2018.

Mr Andrew Stanley BE, LLB, MAppFin, CA, FINSA

Head of Australian Equities, Ralton Asset Management. Over 20 years experience in financial structuring/investment banking and funds management. Previously a member of Anglican Funds Committee, Melbourne. Member of C3 Church Mosman. Board member since 2014.

Appointments

Ms Kitty Pun was appointed as a member of the board by the Standing Committee on 26 March 2018.

Ms Kitty Pun MBA

Vice President and Compliance Manager for DBS Bank Limited. Over 17 years' experience in the banking, asset management and superannuation environments both in Australia and Hong Kong, including 2 years' experience in regulatory experience from APRA. Previous roles include Senior Compliance Officer of Agricultural Bank of China (Sydney Branch), Head of Compliance for China Construction Bank (Sydney Branch), Risk and Compliance Manager of BT Investment Management Limited, Risk and Compliance Manager of Schroder Investment Management Australia Limited and other roles in HSBC, APRA and ING. Attends St Augustine's, Neutral Bay. Board member since 2018.

Ms Evelyn Horton was appointed as a member of the board by the Standing Committee on 10 December 2018.

Ms Evelyn Horton, BEc, MSocSci (Econs), FAICD

Economist and company director; has over thirty years' experience in investment banking and government where she specialised in risk management, finance and public policy. Currently a director of Centuria Life, Tasmanian Public Finance Corporation, Motor Accidents Insurance Board and Mission Australia. She is a member of the University of Wollongong's SMART Infrastructure Advisory Council and of the Anglican Church's Diocesan Financial Advisory Task Force. Evelyn attends St Philip's Church Hill. Board member since 2018.

Continuation in office of Members

Mr Mark Ballantyne and Bishop Michael Stead were reappointed as members by the Standing Committee on 12 November 2018, for a further term of 3 years.

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2018 (cont)

Chief Executive Officer

Mr Robert Wicks, B.Sc LLB, GAICD

Mr Wicks was appointed as Chief Executive Officer of Sydney Diocesan Services on 4 October 2017, after serving in an acting capacity as CEO since 19 November 2016. Prior to this he held the positions of Diocesan Secretary and Head of Diocesan and Corporate Services of the Sydney Diocesan Services. Previously he worked as a solicitor at the Commonwealth Bank of Australia. He is not a Board member. He attends West Pymble Anglican Church.

Secretary

Mr Steve Lucas, BA LLB

Mr Lucas was appointed Secretary to the Board in 2014. He has held in-house legal roles with the Sydney Diocesan Services for more than 10 years. He is not a Board member. He attends Helensburgh Anglican Church. Mr Lucas resigned as Secretary with effect from 22 August 2018.

Ms Briony Bounds, BA(Adv), DipMgmt, GIA(Affiliated)

Ms Bounds was appointed as Secretary to the Board in 2018. She has 10 years' experience working with boards and committees in the Not-For-Profit and Government sectors. She is not a Board member. She attends Anglican Churches Springwood. Ms Bounds was appointed as Secretary with effect from 22 August 2018.

Attendance at Members' meetings and Committee Meetings

Year Ended 31 December 2018	Members meetings		Audit committee meetings	
	A	B	A	B
Non Executive members				
R Smith	5C	4C		
Rev E Brush	5	4		
M Ballantyne	5	5		
C Gwilliam*			2	1
G Hammond OAM	5	4		
J Pascoe	5D	5D***	2C	2C
D Sietsma	5	3	0**	0
M Stead	5	5	2	2
A Stanley	5	2		
K Pun	3	2		
E Horton	0	0		

A = meetings eligible to attend

B = meetings attended

C = Chairman

D = Deputy Chairman

■ = not a committee member

* Ms Gwilliam is not a board member.

** Mr Sietsma was appointed to the Audit Committee on 22 November 2018.

***Mr Pascoe chaired one meeting, in the absence of the Chairman.

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2018 (cont)

Committees of the Board

The function of the Audit Committee is to assist in ensuring, by overseeing the audit and financial reporting function, that the Board maintains its established policy of adequate, reliable and high quality financial reporting and internal controls.

Board Delegation

DCIF has delegated to the Chief Executive Officer, and through the Chief Executive Officer to other senior executives, responsibility for the everyday management of the business. The scope of and limitations to that delegated authority is documented.

Identifying significant business risks

DCIF regularly monitors the operational and financial performance of its activities. It monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

Independent professional advice

DCIF has resolved that members do not have the right to seek independent professional advice at the expense of DCIF, other than with prior approval by DCIF.

Insurance of officers

During the year insurance premiums totalling \$20,000 (2017: \$15,000) were paid for directors' and officers' liability insurance in respect of the members of the GAB as trustee for the DE and DCIF. The policies do not specify the premium for individual members.

The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from liability to persons incurred in their position as a member unless the conduct involves a wilful breach of duty or an improper use of inside information to gain advantage.

Matters since the end of the year

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect, the operations of DCIF, the results of those operations or the state of affairs of DCIF in future years.

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2018 (cont)

Environmental regulation

The operations of DCIF are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory thereof.

DCIF has not incurred any liability (including rectification costs) under any environmental legislation.

Likely developments and expected results of operations

There are no anticipated material future developments which are expected to impact the operations of DCIF and the expected results of those operations in future years.

Auditor's independence declaration

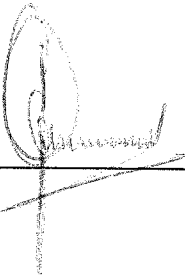
A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Signed in accordance with a resolution of the members of Glebe Administration Board as trustee for the Diocesan Cash Investment Fund.



27 March 2019

Member



27 March 2019

Member



Auditor's Independence Declaration

As lead auditor for the audit of Diocesan Cash Investment Fund for the year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', with a long horizontal stroke extending to the right.

Peter Buchholz
Partner
PricewaterhouseCoopers

Sydney
27 March 2019

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Diocesan Cash Investment Fund

Statement of comprehensive income For the year ended 31 December 2018

	Notes	2018 \$	2017 \$
Income			
Management fee rebate		190,576	115,923
Interest and distributions	4	2,006,459	1,520,088
Net realised and unrealised (losses) on financial assets held at fair value through profit or loss		(32,178)	(168,598)
Total income		2,164,857	1,467,413
Expenses			
Professional fees		73,967	53,216
SDS Management fee		360,000	250,000
Audit fees	13	35,726	30,753
Insurance		38,500	35,000
Interest	5	1,656,664	1,098,444
Total expenses		2,164,857	1,467,413
Surplus for the year		-	-
Other comprehensive income			
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.
The Fund was set up on 6 September 2016 and has been active from 5 April 2017.

Diocesan Cash Investment Fund

Statement of financial position As at 31 December 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	5,332,684	4,718,977
Receivables	7	519,988	464,742
Financial assets at fair value through profit or loss	8	97,037,531	97,649,801
Total current assets		102,890,203	102,833,520
Total non-current assets		-	-
Total assets		102,890,203	102,833,520
LIABILITIES			
Current liabilities			
Unsecured loans	9	102,371,753	102,374,959
Other payables	10	518,350	458,461
Total current liabilities		102,890,103	102,833,420
Total non-current liabilities		-	-
Total liabilities		102,890,103	102,833,420
Net assets		100	100
EQUITY			
Capital	14	100	100
Total equity		100	100

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

Diocesan Cash Investment Fund

Statement of changes in equity For the year ended 31 December 2018

	Notes	Capital	Accumulated surplus	Total
		\$	\$	\$
Balance at 1 January 2017		100	-	100
Total comprehensive income for the year		-	-	-
Balance at 31 December 2017		100	-	100
Total comprehensive income for the year		-	-	-
Balance at 31 December 2018	14	100	-	100

Diocesan Cash Investment Fund

Statement of cash flows

For the year ended 31 December 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Management fee rebate		190,576	115,923
Interest and distributions received		71,475	761,596
Interest and finance charges		(1,603,248)	(680,816)
Payments to suppliers		(501,889)	(328,627)
Net cash (outflow) from operating activities	12	(1,843,086)	(131,924)
Cash flows from investing activities			
Payments for financial assets		(24,353,000)	(125,424,158)
Proceeds from sale of financial assets		26,813,000	27,900,000
Net cash inflow/(outflow) from investing activities		2,460,000	(97,524,158)
Cash flows from financing activities			
Proceeds from borrowings		124,529,601	213,457,198
Repayment of borrowings		(124,532,808)	(111,082,239)
Net cash (outflow)/inflow from financing activities		(3,207)	102,374,959
Net increase in cash held		613,707	4,718,877
Cash at the beginning of the period		4,718,977	100
Cash at the end of the period		5,332,684	4,718,977

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

1. Purpose

The Diocesan Cash Investment Fund (DCIF the “Fund”) was created under the *Diocesan Cash Investment Fund Ordinance 2016* as amended by the *Diocesan Cash Investment Fund Ordinance 2016 Amendment Ordinance 2017*. The purpose of the DCIF is to provide a vehicle to trustees of church trust property for the investment of the cash of these entities. Glebe Administration Board (GAB) is the trustee of DCIF.

GAB as trustee for DCIF accepts loans from entities which are “affiliates” as defined in DCIF Participation Policy. Affiliates are:

- (a) organisations constituted by or under the authority of the Synod or the Standing Committee of the Synod of the Diocese of Sydney, and
- (b) organisations in relation to which the Synod or the Standing Committee of the Synod is empowered to make ordinances or other binding rules, and
- (c) a person or persons acting as trustee of church trust property.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with *the Diocesan Cash Investment Fund Ordinance 2016 as amended*, the *Accounts, Audits and Annual Reports Ordinance 1995*, Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Fund is a not-for-profit entity for the purposes of preparing financial statements.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

New and amended accounting standards

AASB 9 Financial Instruments was adopted by DCIF and became effective on 1 January 2018. Refer to note 2(b)(i) for disclosures made and the impacts of the new standard.

2. Summary of significant accounting policies (cont)

(b) Financial instruments

(i) Classification

DCIF has adopted AASB 9 Financial Instruments which became effective on 1 January 2018.

The previous accounting policy adopted by DCIF was that financial assets (units held in Mercer Cash Fund) were accounted for as financial assets designated at fair value through the profit and loss. Under AASB 9, this designation is available only at inception and only if it eliminates or significantly reduces a recognition inconsistency (sometimes referred to as an 'accounting mismatch').

The adoption of AASB 9 from 1 January 2018 resulted in changes in accounting policies but no adjustments to the value of the amounts recognised in the financial statements and no change to the overall classification of the financial assets in the balance sheet were necessary. The accounting policies of DCIF have however been revised accordingly.

On 1 January 2018 (the date of initial application of AASB 9), the business model applied to the financial assets held by DCIF has been assessed and the entity has classified its financial instruments into financial assets measured at fair value through profit and loss which is the same category that was used in the prior year.

These investments are held as long-term strategic investments that are not expected to be sold in the short to medium term and management has determined that such a classification was the most appropriate with regards to the business model followed by DCIF.

As there were no changes to the measurement or classification of these financial assets following the adoption of AASB 9 no additional disclosures have been included in the financial report of DCIF.

(ii) Recognition/de-recognition

The Fund recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets held at fair value through the profit and loss. Details on how the fair value of financial instruments is determined are disclosed in Note 3.

(c) Unsecured loans

Unsecured non-recourse loans are made to the Diocesan Cash Investment Fund by entities which are "affiliates" as defined in the DCIF Participation Policy. For record keeping purposes, new loans are treated as the issue of units in the Fund and repayments as redemption of units.

Loans are repayable at the lenders' option and are therefore classified as financial liabilities.

(d) Cash and cash equivalents and term deposits

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2. Summary of significant accounting policies (cont)

(e) Investment income

Distributions from underlying Fund's investments are recognised on an entitlement basis.

Interest income is recognised on an effective interest basis.

(f) Expenses

All expenses are recognised in profit or loss on an accruals basis.

(g) Income tax

The Fund is exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997.

(h) Interest paid on unsecured loans

Interest is payable on loans based on the net income received by the Fund.

The interest on loans are payable at the end of each quarter and recognised as an expense in the Statement of Comprehensive Income.

(i) Receivables

Receivables may include amounts for distributions, interest and securities sold where settlement has not yet occurred. Distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment.

(j) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The interest payable to lenders at the end of each reporting period is recognised separately in the Statement of financial position when lenders are presently entitled to the distributable income.

(k) Goods and service tax (GST)

The Diocesan Cash Investment Fund is a member of the Sydney Diocesan Services GST group.

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of financial position.

Cash flows are presented on a net basis. The GST components of cash flows arising from operating, investing or financing activities, which are recoverable from, or payable to the ATO, are presented as operating cash flow.

3. Financial risk management

The Fund's activities expose it to credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Fund.

Responsibility for financial risk management is with the Glebe Administration Board. The Board has appointed Mercer (Australia) Pty Ltd as its asset consultant for the purposes of:

- Providing advice on high level strategic issues concerning the investment of the Diocesan Cash Investment Fund including the investment objective, risk tolerance, strategic asset allocation, asset class investments and the distribution policy.
- Providing advice on and assisting with the implementation of the investment strategy approved by the Glebe Administration Board.
- Monitoring and reporting on all aspects of investment performance.

Glebe Administration Board has adopted an Investment Policy Statement ("IPS"). The purposes of the IPS are to (amongst other things):

- State the risk on management principles adopted by Glebe Administration Board for the investment of the Diocesan Cash Investment Fund.
- State the permitted asset classes and investment manager.
- State the requirements for periodic review of the investment of the Diocesan Cash Investment Fund and evaluation of the investment manager.

	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents	5,332,684	4,718,977
Receivables	519,988	464,742
Financial assets at fair value through profit or loss	97,037,531	97,649,801
Net financial assets	<u>102,890,203</u>	<u>102,833,520</u>
Financial liabilities		
Unsecured loans	102,371,753	102,374,959
Other payables	518,350	458,461
	<u>102,890,103</u>	<u>102,833,420</u>
Net financial assets	<u>100</u>	<u>100</u>

3. Financial risk management (cont)

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Fund manages liquidity risk by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All loans and other payables can be repaid at short notice as the underlying investments made by the Fund can be realised within a week. The liquid nature of the assets provides sufficient liquidity to repay loans and other payables as they occur.

	2018	2017
	\$	\$
Less than one year		
Unsecured loans	102,371,753	102,374,959
Other payables	518,350	458,461
	<u>102,890,103</u>	<u>102,833,420</u>

(b) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair values of financial instruments that are not traded in an active market are determined as follows –

- Investments in unlisted managed funds at exit prices published daily which approximates fair value.
- Deposit at call face value that equates to fair value.

The carrying values are assumed to approximate their fair values due to their short-term nature.

Financial assets held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in fair value recognised in profit or loss.

4. Interest and distribution income

	2018	2017
	\$	\$
Distribution from Mercer Cash Fund	1,931,579	1,460,881
Interest on deposits at call	74,880	59,207
	<u>2,006,459</u>	<u>1,520,088</u>

5. Interest expense

	2018	2017
	\$	\$
Interest paid on unsecured loans (note 2(h))	<u>1,656,664</u>	<u>1,098,444</u>

6. Cash and cash equivalents

	2018	2017
	\$	\$
Current account with Sydney Diocesan Services	20,050	39,805
Deposits at call	5,312,634	4,679,172
	<u>5,332,684</u>	<u>4,718,977</u>

7. Receivables

	2018	2017
	\$	\$
Distribution receivable from Mercer Cash Fund	515,923	464,251
Interest receivable	3,405	-
Other debtors	660	491
	<u>519,988</u>	<u>464,742</u>

8. Financial assets held at fair value through profit or loss

	2018	2017
	\$	\$
Unlisted interest investment in Mercer Cash Fund (at cost)	97,235,802	97,812,735
Fair value adjustment	(198,271)	(162,934)
	<u>97,037,531</u>	<u>97,649,801</u>

9. Unsecured loans

	2018 \$	2017 \$
Unsecured loans	102,371,753	102,374,959

10. Other payables

	2018 \$	2017 \$
Interest payable on unsecured loans	471,044	417,628
Accounts payable and accruals	47,306	40,833
	518,350	458,461

11. Related party transactions

Ultimate control vests with Synod through the sanctioning of governing Ordinances. Transactions between the Diocesan Cash Investment Fund and other Diocesan Funds are carried out on a commercial basis.

The following persons held office as a member of the Glebe Administration Board during the year.

Mr R Smith	Mr G Hammond OAM
Mr J Pascoe (resigned 31 December 2018)	Bishop M Stead
Mr M Ballantyne	Ms Kitty Pun (appointed 26 March 2018)
Rev E Brush (retired 9 December 2018)	Mr David Sietsma
Mr A Stanley (resigned 31 December 2018)	Ms Evelyn Horton (appointed 10 December 2018)

During 2018 key management personnel also included the following Sydney Diocesan Services executives below who had the greatest authority for the strategic direction and management of the entity.

<i>Name</i>	<i>Position</i>
Mr R J Wicks	Chief Executive Officer
Mr M A Blaxland	Chief Financial Officer
Mr I J Kuruvilla	Head of Investments

The members of Glebe Administration Board receive no remuneration. Key management personnel compensation is paid by Sydney Diocesan Services and is recovered by way of management fee to DCIF.

11. Related party transactions (cont)

During the year unsecured non-recourse loans were made to the Diocesan Cash Investment Fund by entities which are "affiliates" as defined in the DCIF Participation Policy. At 31 December 2018 the balance of these loans was \$102,371,753 (2017: \$102,374,959). During the year interest of \$1,656,664 (2017: \$1,098,444) was paid in respect of these loans.

Management fees of \$360,000 (2017: \$250,000) was charged to Diocesan Cash Investment Fund by the Sydney Diocesan Services.

At year end Diocesan Cash Investment Fund had a balance of \$20,050 (2017: \$39,805) in a current account with Sydney Diocesan Services.

12. Reconciliation of surplus/(loss) to net cash outflow from operating activities

	2018 \$	2017 \$
Surplus/(loss) for the year	-	-
Net realised and unrealised loss on investments	32,178	168,598
Distributions reinvested	(1,415,656)	(294,241)
Changes in assets and liabilities		
(Increase) in receivables	(519,497)	(464,742)
Increase in other payables	59,889	458,461
Net cash (outflow) from operating activities	<u>(1,843,086)</u>	<u>(131,924)</u>

13. Remuneration of auditors

The audit fee expense for 2018 is \$35,726 (2017: \$30,600).

14. Capital

	2018 \$	2017 \$
Balance 1 January	100	100
Capital introduced	-	-
Balance 31 December	<u>100</u>	<u>100</u>

Glebe Administration Board provided the initial seed capital of \$100 under the *Diocesan Cash Investment Fund Ordinance 2016*.

15. Contingent liabilities and contingent assets

The members are not aware of any contingent liabilities or contingent assets as at the reporting date.

16. Events occurring after the reporting period

The members are not aware of any events occurring after reporting date that impact on the financial statements as at 31 December 2018.

The financial statements were authorised for issue by the members on 27 March 2019.

GLEBE ADMINISTRATION BOARD as trustee for the Diocesan Cash Investment Fund

MEMBERS' DECLARATION

The members of the Glebe Administration Board as Trustee for the Diocesan Cash Investment Fund declare that the financial statements and notes set out on pages 8 to 20:

- (a) comply with Accounting Standards–Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- (b) give a true and fair view of the Fund's financial position as at 31 December 2018 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

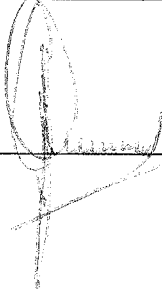
In the members' opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the members.



Member

27 March 2019



Member

27 March 2019



Independent auditor's report

To the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and to the members of Glebe Administration Board for Diocesan Cash Investment Fund

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Diocesan Cash Investment Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the members' declaration.

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

Independence

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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.

PricewaterhouseCoopers, ABN 52 780 433 757

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Other information

The members of Glebe Administration Board as trustee for the Fund are responsible for the other information. The other information comprises the information included in the annual financial report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the members for the financial report

The members of Glebe Administration Board as trustee for the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the members determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 the 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.



Compliance with Ordinance

The financial report also complies with the requirements of the *Diocesan Cash Investment Fund Ordinance 2016* as amended and the *Accounts, Audits and Annual Report Ordinance 1995*.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', written in a cursive style.

Peter Buchholz
Partner

Sydney
27 March 2019