

Diocesan Cash Investment Fund

ABN 16 824 150 770

Annual financial report – 31 December 2023

Trustee: Glebe Administration Board

Diocesan Cash Investment Fund

Statement of comprehensive income For the year ended 31 December 2023

	Notes	2023 \$	2022 \$
Income			
Management fee rebate		24,469	26,821
Interest and distributions	3	4,305,120	1,460,679
Fair value adjustment in financial asset		(191,510)	89,365
Total income		<u>4,138,079</u>	<u>1,576,865</u>
Expenses			
Professional fees		22,261	30,061
SDS Management fee		199,728	189,540
Audit fees	13	27,031	37,756
Insurance		58,519	55,601
Interest	4	3,830,515	1,263,882
Other expenses		25	25
Total expenses		<u>4,138,079</u>	<u>1,576,865</u>
Surplus/(deficit) for the year		<u>-</u>	<u>-</u>
Other comprehensive income			
Other comprehensive income		-	-
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u><u>-</u></u>	<u><u>-</u></u>

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Diocesan Cash Investment Fund

Statement of financial position As at 31 December 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	85,846,035	4,472,203
Term deposits	6	24,075,706	89,166,343
Receivables	7	1,273,373	1,074,191
Financial assets	8	4,133,495	6,698,845
Total current assets		115,328,609	101,411,582
Total non-current assets		-	-
Total assets		115,328,609	101,411,582
LIABILITIES			
Current liabilities			
Unsecured loans	9	114,102,631	100,743,940
Other payables	10	1,225,878	667,542
Total current liabilities		115,328,509	101,411,482
Total non-current liabilities		-	-
Total liabilities		115,328,509	101,411,482
Net assets		100	100
FUNDS			
Accumulated funds		100	100
Total funds		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 funds For the year ended 31 December 2023

	Accumulated funds	Total
	\$	\$
Balance at 1 January 2022	100	100
Total comprehensive income for the year	-	-
Balance at 31 December 2022	100	100
Total comprehensive income for the year	-	-
Balance at 31 December 2023	100	100

The above Statement of changes in funds should be read in conjunction with the accompanying notes.

Diocesan Cash Investment Fund

Statement of cash flows For the year ended 31 December 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Management fee rebate		25,405	26,821
Interest and distributions received		3,572,381	441,914
Interest and finance charges		(3,258,640)	(659,533)
Payments to suppliers		(320,894)	(308,891)
Net cash inflow/(outflow) from operating activities	12	18,252	(499,689)
Cash flows from investing activities			
Payments for financial assets		(18,393,748)	(7,464,926)
Proceeds from sale of financial assets		21,300,000	18,500,000
Net decrease/(increase) in term deposits		65,090,637	(9,651,343)
Net cash inflow from investing activities		67,996,889	1,383,731
Cash flows from financing activities			
Proceeds from borrowings		81,058,107	84,865,544
Repayment of borrowings		(67,699,416)	(94,812,057)
Net cash inflow/(outflow) from financing activities		13,358,691	(9,946,513)
Net increase/(decrease) in cash held		81,373,832	(9,062,471)
Cash at the beginning of the period		4,472,203	13,534,674
Cash at the end of the period		85,846,035	4,472,203

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*. 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 by way of loans to the DCIF. Glebe Administration Board (GAB) is the trustee of DCIF.

DCIF is registered with the Australian Charities and Not-for-profits Commission, and is a Charitable Investment Fundraiser in accordance with ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.

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.

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

These financial statements comply with Australian Accounting Standards – Simplified Disclosures 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 amortised cost.

2. Summary of significant accounting policies (cont)

(b) Financial assets at amortised cost

DCIF has classified financial assets based on the Fund's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

DCIF's investments in the Mercer Cash Fund are financial assets and carried at fair value through profit or loss.

Purchases and sales of financial assets are recognised on trade date, being the date on which DCIF commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and DCIF has transferred substantially all the risks and rewards of ownership.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Distributions from investment units are brought to account when declared and receivable from the investment.

Although these financial assets are held as long-term strategic investments that are not expected to be sold in the short to medium term, they are linked with the loans which have been made to the DCIF. These loans are repayable on demand and as such the DCIF may have to sell these financial assets in order to repay these loans. On that basis these financial assets have been classified as current assets.

(c) Impairment of financial assets

Financial assets carried at amortised cost including distribution receivable from these financial assets are subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

DCIF assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Financial assets at amortised cost are considered to have low credit risk, and the identified impairment loss was immaterial. DCIF considers the financial assets are 'low credit risk' as the investment in assets are mainly with the big four Australian banks.

(d) Financial liabilities at amortised cost

The unsecured loans are financial liabilities at amortised cost. Unsecured non-recourse loans are made to the Fund by entities which are "affiliates" as defined in the DCIF Participation Policy. These loans are repayable at the lenders' option and are financial liabilities. For record keeping purposes the Fund is operating as if it has been unitised, meaning that interests in the Fund are divided into units. The price of a unit is calculated having regard to the value of the underlying investments in the Fund.

They are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. They are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

The loans are repayable at the lenders' option and are therefore classified as current financial liabilities.

(e) 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.

(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.

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 DCIF 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.

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. Interest and distribution income

	2023	2022
	\$	\$
Distribution from Mercer Cash Fund	532,412	56,892
Interest on term deposits and deposits at call	3,772,708	1,403,787
	<u>4,305,120</u>	<u>1,460,679</u>

4. Interest expense

	2023	2022
	\$	\$
Interest paid and payable on unsecured loans (note 2(h))	<u>3,830,515</u>	<u>1,263,882</u>

5. Cash and cash equivalents

	2023	2022
	\$	\$
Current account with Sydney Diocesan Services	4,941	4,628
Deposits at call or 35 days	85,841,094	4,467,575
	<u>85,846,035</u>	<u>4,472,203</u>

6. Term deposits

	2023	2022
	\$	\$
Bank of Queensland Limited	-	14,000,000
Members Equity Bank Limited	-	2,019,720
National Australia Bank Limited	8,000,000	41,121,623
Westpac Banking Corporation	16,075,706	32,025,000
	<u>24,075,706</u>	<u>89,166,343</u>

7. Receivables

	2023	2022
	\$	\$
Distribution receivable from Mercer Cash Fund	41,326	35,075
Interest receivable	1,231,164	1,037,090
Management fee rebate receivable	883	1,817
Other debtors	-	209
	<u>1,273,373</u>	<u>1,074,191</u>

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

	2023	2022
	\$	\$
Mercer Cash Fund Term Deposit units - unlisted	4,133,495	6,698,845
	<u>4,133,495</u>	<u>6,698,845</u>

9. Unsecured loans

	2023	2022
	\$	\$
Unsecured loans	114,102,631	100,743,940

10. Other payables

	2023	2022
	\$	\$
Interest payable on unsecured loans	1,194,378	622,503
Accounts payable and accruals	31,500	45,039
	<u>1,225,878</u>	<u>667,542</u>

11. Related party transactions

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

The following persons held office as a member of the Glebe Administration Board during part or all of the year and up to the date of this report:

Mr M Clancy	Mr G Hammond OAM (Retired 24 November 2023)
Ms C Hawkins AM	Bishop M Stead
Mr D Wong (Retired 11 September 2023)	Mr D Sietsma
Ms E Horton	The Rev M Wormell
Ms R Williams (Appointed 13 February 2023)	Mr J Ng (Appointed 27 March 2023)

During 2023 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 J K P Lau	Chief Financial Officer
Mr I J Kuruvilla	Head of Investments

The members of Glebe Administration Board receive no remuneration. Key management personnel's compensation is paid by Sydney Diocesan Services and is recovered through a cost recovery charge to the DCIF.

11. Related party transactions (cont)

During the year unsecured non-recourse loans were made to the DCIF by entities which are "affiliates" as defined in the DCIF Participation Policy. At 31 December 2023 the balance of these loans was \$114,102,631 (2022: \$100,743,940). During the year interest of \$3,830,515 (2022: \$1,263,882) was expensed in respect of these loans from affiliates.

Glebe Administration Board is the trustee of this fund and also the trustee of the Diocesan Endowment and the Long Term Pooling Fund (LTPF). At year end the Diocesan Endowment had provided loans to this fund of \$2,963,616 and LTPF has provided loans to DCIF of \$17,370,688. Both LTPF and the Diocesan Endowment received interest proportional to their loans on the same terms as other lenders to DCIF.

Management fees of \$199,728 (2022: \$189,540) were charged to Diocesan Cash Investment Fund by Sydney Diocesan Services.

At year end Diocesan Cash Investment Fund had a balance of \$4,941 (2022: \$4,628) in a current account with Sydney Diocesan Services.

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

	2023	2022
	\$	\$
Surplus/(deficit) for the year	-	-
Net realised and unrealised loss/(gain) on investments	191,510	(89,365)
Distributions reinvested	(532,412)	(56,892)
Changes in assets and liabilities		
(Increase) in receivables	(199,182)	(961,571)
Increase in other payables	558,336	608,139
Net cash inflow/(outflow) from operating activities	<u>18,252</u>	<u>(499,689)</u>

13. Remuneration of auditors

The audit fee expense for 2023 is \$27,031 (2022: \$37,756).

14. Contingent liabilities and contingent assets

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

15. 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 2023.

The financial statements were authorised for issue by the members on 12 June 2024.

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 2 to 11:

- (a) comply with Australian Accounting Standards Accounting Standards – Simplified Disclosures and other mandatory professional reporting requirements;
- (b) comply with the *Diocesan Cash Investment Fund Ordinance 2016* as amended, and the *Accounts, Audits and Annual Reports Ordinance 1995*; and
- (c) give a true and fair view of the Fund's financial position as at 31 December 2023 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.



12 June 2024

Member



12 June 2024

Member

Independent Auditor's Report

To the members of the Glebe Administration Board as Trustee of the Diocesan Cash Investment Fund

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report of the Glebe Administration Board as Trustee of the Diocesan Cash Investment Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in funds 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 members' declaration.

In our opinion, the financial report of the Diocesan Cash Investment Fund has been prepared in accordance with the *Diocesan Cash Investment Fund Ordinance 2016*, and the *Accounts, Audits and Annual Reports Ordinance 1995*, including:

- 1 giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- 2 complying with Australian Accounting Standards - Simplified Disclosures.

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 Registered Entity 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 audit opinion.

Responsibilities of the members for the financial report

The Trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with the requirements of Australian Accounting Standards – Simplified Disclosures, the *Diocesan Cash Investment Fund Ordinance 2016*, and the *Accounts, Audits and Annual Reports Ordinance 1995*, and for such internal control as the Trustee 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 Trustee 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 Trustee either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

James Winter

James Winter
Partner – Audit & Assurance
Sydney, 12 June 2024