

Diocesan Cash Investment Fund

ABN 16 824 150 770

Annual financial report – 31 December 2019

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 2019

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 2019.

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 (2018: \$Nil)

Interest paid on loans

During the year DCIF has recorded interest expense of \$1,637,248 (2018: \$1,656,664) on loans.

Review of operations and significant changes in the state of affairs

The return on assets for 2019 was 1.96% compared to a benchmark of 1.70%. The interest paid percentage was 1.46% compared to a benchmark of 1.23%.

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 2019 (cont)

Members

The Standing Committee of the Diocese of Sydney appoints members of the GAB for terms of up to three 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 Mark Ballantyne, BE, MBA, FIAA

Qualified Actuary; General Manager of Financial Wisdom with the Commonwealth Bank, having over 25 years' experience in all facets of financial services. He 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. He attends Macquarie Anglican Churches. Board member since 2014.

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

Economist and company director. She has over thirty years' experience in investment banking and government where she specialised in risk management, finance and public policy. Evelyn is currently Chair of the Tasmanian Superannuation Commission and a director of Tasmanian Public Finance Corporation 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. She attends St Philip's Church Hill. Board member since 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. She attends St Augustine's, Neutral Bay. Board member since 2018.

Mr David Sietsma BCom (Fin), GAICD, GDip AppFin and Inv

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.

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

CEO, Anglican Schools Corporation. Previously CFO, Anglicare Sydney, and CEO, The Sargood Centre Limited, a start-up venture to provide community re-integration services to people with spinal cord injury and other mobility impairment. Prior to that a director of McGrathNicol and big four accounting firms with 25 years' experience in Accounting, Finance, Corporate Restructuring and Advisory. He attends Caringbah Anglican Church. Board member since 2010.

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.

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2019 (cont)

Appointments

Mr David Wong was appointed as a member of the board by the Standing Committee on 18 February 2019.

Mr David Wong, BE, M Comm (Finance & Economics)

Over 38 years' experience in engineering and funds management. He was a production engineer with ICI Australia and Mobil Oil with a focus on risk management. From 1988 - 2018, David worked in the funds management industry with Westpac Investment Management, State Street Global Advisors, Insurance Australia Group (IAG), Mercers and Colonial First State Global Asset Management. During that time, he held a variety of senior roles including Head of Equities, and Director of Investments (CIO) at IAG and State Street respectively. David is a member of the CFA Institute. He attends St Andrews Roseville. Board member since 2019.

Mr Richard Jamieson was appointed as a member of the board by the Standing Committee on 15 April 2019.

Mr Richard Jamieson, B AccFin, ACA

Over 30 years of experience in the boarder finance and banking sector, including retail banking, funds management, infrastructure and retail property management. Past roles include Chief Financial Officer of Vicinity Centres Ltd, Chief Financial Officer for BT Group (Wealth Division for Westpac), Chief Financial Officer for Westpac New Zealand, Acting General Manager of Superannuation for BT and Infrastructure Fund Manager for Colonial First State Global Asset Management. He attends St Matthew's in Manly. Board member since 2019.

Continuation in office of Members

Ms Kitty Pun, Mr David Sietsma, and Mr Ross Smith were reappointed as members by the Standing Committee on 18 November 2019, for a further term of 3 years.

Chief Executive Officer

Mr Robert Wicks, BSc LLB, GAICD

Mr Wicks was appointed as Chief Executive Officer of Sydney Diocesan Services (SDS) 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 SDS. 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

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

Ms Bounds was appointed as Secretary to the Board in 2018. She has over 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.

Delegation

GAB has delegated to the Chief Executive Officer of SDS, and through the Chief Executive Officer to other senior executives of SDS, responsibility for the day to day management of the GAB. The scope of that delegated authority, and the limits on that authority, is documented and reviewed periodically by GAB.

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2019 (cont)

Committees of the Board

In 2019, the GAB had an Audit Committee and a Nominations Committee to assist it in fulfilling its responsibilities. The charters of each committee are reviewed periodically by the GAB and in September 2019, the Audit Committee was expanded to become the Audit and Risk Committee.

The main role of the Audit and Risk Committee is to monitor, report, and make recommendations to GAB about the financial reporting processes of GAB, the risk management systems of the GAB, the internal control systems and the independent audit process.

The main role of the Nominations Committee is to make recommendations to GAB, for its advice to the Standing Committee, about the preferred skills and experience of a potential candidate to fill a vacancy in the members of GAB.

Attendance at Members' meetings and Committee Meetings

Year Ended 31 December 2019	Members' Meetings		Audit Committee Meetings	
	A	B	A	B
Non Executive Members				
M Ballantyne	5	5		
C Gwilliam*			2	1
G Hammond	5	5		
E Horton	5	5	1	1
R Jamieson	3	2		
J Pascoe*			1	1
K Pun	5	3		
D Sietsma	5	4	2	2
R Smith	5C	5C		
M Stead	5	4	2C	2C
D Wong	4	3		

A = meetings eligible to attend

C = Chair

B = meetings attended

* = Independent Member

☐ = not a committee member

*Under the Audit and Risk Committee Charter, GAB may appoint 'independent members' to the committee that are not members of GAB. The current independent members of the committee are Mrs Caitlin Gwilliam and Mr John Pascoe. Mrs Gwilliam is a Business Analyst at Anglicare who attends the Lower Blue Mountains Parish. Mr Pascoe is a Partner of Pascoe Whittle Chartered Accountants and former member of the GAB (2009 - 2018), who attends St Andrew's Cathedral.

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.

Statutory report of the members of the Glebe Administration Board as trustee for the Diocesan Cash Investment Fund for the year ended 31 December 2019 (cont)

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 \$22,000 (2018: \$20,000) were paid for directors' and officers' liability insurance in respect of the members of the GAB as trustee for the Diocesan Endowment (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 2019 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 except for the matter described in note 16.

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 6.

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



Member

1 April 2020



Member

1 April 2020



Auditor's Independence Declaration

As lead auditor for the audit of Diocesan Cash Investment Fund for the year ended 31 December 2019, 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 black ink that reads 'N R McConnell'.

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
1 April 2020

Diocesan Cash Investment Fund

Statement of comprehensive income For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Income			
Management fee rebate		214,670	190,576
Interest and distributions	4	2,020,794	2,006,459
Amortised costs adjustment		(60,750)	(32,178)
Total income		2,174,714	2,164,857
Expenses			
Professional fees		82,849	73,967
SDS Management fee		370,800	360,000
Audit fees	13	33,197	35,726
Insurance		50,620	38,500
Interest	5	1,637,248	1,656,664
Total expenses		2,174,714	2,164,857
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.

Diocesan Cash Investment Fund

Statement of financial position As at 31 December 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	4,206,879	5,332,684
Receivables	7	395,100	519,988
Financial assets at amortised costs	8	112,303,303	97,037,531
Total current assets		116,905,282	102,890,203
Total non-current assets		-	-
Total assets		116,905,282	102,890,203
LIABILITIES			
Current liabilities			
Unsecured loans	9	116,544,146	102,371,753
Other payables	10	361,036	518,350
Total current liabilities		116,905,182	102,890,103
Total non-current liabilities		-	-
Total liabilities		116,905,182	102,890,103
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 2019

	Notes	Capital	Accumulated surplus	Total
		\$	\$	\$
Balance at 1 January 2018		100	-	100
Total comprehensive income for the year		-	-	-
Balance at 31 December 2018		100	-	100
Total comprehensive income for the year		-	-	-
Balance at 31 December 2019	14	100	-	100

Diocesan Cash Investment Fund

Statement of cash flows For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Management fee rebate		214,670	190,576
Interest and distributions received		65,500	71,475
Interest and finance charges		(1,791,999)	(1,603,248)
Payments to suppliers		(539,369)	(501,889)
Net cash (outflow) from operating activities	12	(2,051,198)	(1,843,086)
Cash flows from investing activities			
Payments for financial assets		(34,527,000)	(24,353,000)
Proceeds from sale of financial assets		21,280,000	26,813,000
Net cash (outflow)/inflow from investing activities		(13,247,000)	2,460,000
Cash flows from financing activities			
Proceeds from borrowings		172,059,466	124,529,601
Repayment of borrowings		(157,887,073)	(124,532,808)
Net cash inflow/(outflow) from financing activities		14,172,393	(3,207)
Net (decrease)/increase in cash held		(1,125,805)	613,707
Cash at the beginning of the period		5,332,684	4,718,977
Cash at the end of the period		4,206,879	5,332,684

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 amortised cost.

New and amended accounting standards

None of the new accounting standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2019 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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. The purpose of these investments is to collect contractual cash flows that are solely payments of principal and interest. They are measured at amortised cost.

At initial recognition, DCIF measures these financial assets at their fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

"Regular way" 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.

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 on a daily basis having regard to the value of the underlying investments in the Fund. Loans made to the Fund are made by purchasing units and repayment of loans is made by redeeming units.

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.

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.

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.

	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	4,206,879	5,332,684
Receivables	395,100	519,988
Financial assets at amortised cost	112,303,303	97,037,531
Net financial assets	<u>116,905,282</u>	<u>102,890,203</u>
Financial liabilities		
Unsecured loans at amortised cost	116,544,146	102,371,753
Other payables	361,036	518,350
	<u>116,905,182</u>	<u>102,890,103</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. The liquidity risk is that the entity may have to repay the loans within a short period of time. This risk is addressed by ensuring that the investments that DCIF makes are liquid and can be liquidated in the short term. At the same time the entity is maintaining a cash balance to ensure that the loans repayments requests can be repaid within a short period of that. The entity monitors the level of loans redemptions and adjust its cash balance accordingly.

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. All unsecured loans and other payables are due in less than one year. The amounts based on contractual undiscounted cash flows are -

	2019	2018
	\$	\$
Less than one year		
Unsecured loans	116,544,146	102,371,753
Other payables	361,036	518,350
	<u>116,905,182</u>	<u>102,890,103</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 assets 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 at amortised cost that approximates to fair value.

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

4. Interest and distribution income

	2019 \$	2018 \$
Distribution from Mercer Cash Fund	1,956,818	1,931,579
Interest on deposits at call	63,976	74,880
	<u>2,020,794</u>	<u>2,006,459</u>

5. Interest expense

	2019 \$	2018 \$
Interest paid on unsecured loans (note 2(h))	<u>1,637,248</u>	<u>1,656,664</u>

6. Cash and cash equivalents

	2019 \$	2018 \$
Current account with Sydney Diocesan Services	9,708	20,050
Deposits at call	4,197,171	5,312,634
	<u>4,206,879</u>	<u>5,332,684</u>

7. Receivables

	2019 \$	2018 \$
Distribution receivable from Mercer Cash Fund	393,219	515,923
Interest receivable	1,881	3,405
Other debtors	-	660
	<u>395,100</u>	<u>519,988</u>

8. Financial assets held at amortised cost

	2019 \$	2018 \$
Unlisted interest investment in Mercer Cash Fund (at cost)	112,555,899	97,235,802
Amortised costs adjustment	(252,596)	(198,271)
	<u>112,303,303</u>	<u>97,037,531</u>

9. Unsecured loans

	2019 \$	2018 \$
Unsecured loans	116,544,146	102,371,753

10. Other payables

	2019 \$	2018 \$
Interest payable on unsecured loans	316,293	471,044
Accounts payable and accruals	44,743	47,306
	361,036	518,350

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 R Jamieson (appointed 15 April 2019)	Bishop M Stead
Mr M Ballantyne	Ms K Pun
Mr D Wong (appointed 18 February 2019)	Mr D Sietsma
Ms E Horton	

During 2019 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 2019 the balance of these loans was \$116,544,146 (2018: \$102,371,753). During the year interest of \$1,637,248 (2018: \$1,656,664) was expensed in respect of these loans.

Management fees of \$370,800 (2018: \$360,000) was charged to Diocesan Cash Investment Fund by the Sydney Diocesan Services.

At year end Diocesan Cash Investment Fund had a balance of \$9,708 (2018: \$20,050) in a current account with Sydney Diocesan Services.

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

	2019 \$	2018 \$
Surplus/(loss) for the year	-	-
Net realised and unrealised loss on investments	60,750	32,178
Distributions reinvested	(1,563,599)	(1,415,656)
Changes in assets and liabilities		
(Increase) in receivables	(391,035)	(519,497)
(Decrease)/increase in other payables	(157,314)	59,889
Net cash (outflow) from operating activities	<u>(2,051,198)</u>	<u>(1,843,086)</u>

13. Remuneration of auditors

The audit fee expense for 2019 is \$33,197 (2018: \$35,726).

14. Capital

	2019 \$	2018 \$
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 2019. Subsequent to 31 December 2019 the COVID-19 Coronavirus pandemic has resulted in significant volatility in a range of asset classes. The impact of this on the Diocesan Cash Investment Fund cannot be estimated at the date the financial statements were authorised for issue by the members as investment markets continue to exhibit volatility in prices.

The financial statements were authorised for issue by the members on 1 April 2020.

GLEBE ADMINISTRATION BOARD as trustee for the Diocesan Cash Investment Fund

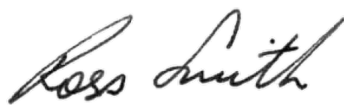
MEMBERS' DECLARATION

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 7 to 19:

- (a) comply with Australian Accounting Standards Accounting Standards–Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) comply with the *Diocesan Cash Investment Fund Ordinance 2016* as amended, 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 2019 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

1 April 2020



Member

1 April 2020



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 2019 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 2019
- 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 (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.

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 2019, 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 black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'N R McConnell' in a cursive script.

N R McConnell
Partner

Sydney
1 April 2020