

DESMOND PRENTICE CHARITABLE FUND

ABN 50 134 930 730

FINANCIAL REPORT
YEAR ENDED 30 JUNE 2017

DESMOND PRENTICE CHARITABLE FUND
ABN 50 134 930 730

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
INCOME		
Donations received	100,000	100,000
Dividends received	17,775	4,374
Interest received	877	2,144
Net gain/ (loss) on disposal of investments	4,749	9,388
Distributions received	35,670	24,277
Net changes in fair value of investments	45,159	16,838
Refund of franking credits	7,120	3,123
Product issuer rebates	106	51
Refund of goods and services tax	951	810
	212,407	161,005
LESS EXPENDITURE		
Accountancy fees	2,760	3,684
Auditors' remuneration	1,025	1,592
Donations paid	58,609	54,138
Legal fees	-	401
Management & administration costs	14,068	11,870
	76,462	71,685
NET OPERATING SURPLUS	135,945	89,320
Transfer to Trust Funds	135,945	89,320
TOTAL AVAILABLE FOR DISTRIBUTION	-	-
RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR	-	-

The accompanying notes form part of these financial statements.

DESMOND PRENTICE CHARITABLE FUND
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	115,886	90,436
Other receivables	5	34,382	19,503
TOTAL CURRENT ASSETS		150,268	109,939
NON-CURRENT ASSETS			
Financial assets	6	1,161,625	1,066,010
TOTAL NON-CURRENT ASSETS		1,161,625	1,066,010
TOTAL ASSETS		1,311,893	1,175,949
LIABILITIES			
CURRENT LIABILITIES			
Other payables	7	3,775	3,775
TOTAL CURRENT LIABILITIES		3,775	3,775
TOTAL LIABILITIES		3,775	3,775
NET ASSETS		1,308,118	1,172,174
TRUST FUNDS			
Settled sum		100	100
Reserves	8	1,308,018	1,172,074
TOTAL TRUST FUNDS		1,308,118	1,172,174

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Donations received		100,000	100,000
Investment income received		43,561	126,441
Other income received		4,057	6,172
Donations paid		(58,609)	(54,138)
Trustee fees paid		(14,068)	(12,796)
Accounting and audit fees paid		(3,785)	(4,224)
Legal fees paid		-	(401)
Net cash provided by operating activities	10	71,156	161,054
Cash flows from investing activities			
Payments for purchase of investments		(83,748)	(1,061,207)
Proceeds from sale of investments		38,042	825,839
Net cash provided by (used in) investing activities		(45,706)	(235,368)
Net increase (decrease) in cash held		25,450	(74,314)
Cash and cash equivalents at beginning of financial year		90,336	164,650
Cash and cash equivalents at end of financial year	10	115,786	90,336

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1 Basis of Preparation

In the opinion of the trustees, the trust is not a reporting entity. The financial statements of the trust have been prepared as special purpose financial statements for use by the trustee and to fulfil the trustee's duties under the trust deed to prepare financial statements.

(a) Statement of Compliance

This special purpose financial statement has been prepared for distribution to the Trustee and to satisfy the requirements of the Trust Deed, the Private Ancillary Fund Guidelines 2009 and the Australian Charities and Not-for-profits Commission Act 2012. The accounting policies used in the preparation of this report are, in the opinion of the Trustee, appropriate to meet the needs of the Trustee.

The requirements of Accounting Standards issued by the Australian Accounting Standards Board and other professional reporting requirements do not have mandatory applicability to the Trust in relation to the year ended because the Trustee has determined that the Trust is not a reporting entity. However, the Trustee has determined that in order for the financial statements to present fairly the Trust's results of operations and state of affairs, the requirements relating to the measurement, recognition and classification of assets, liabilities, revenue and expenses should be complied with, except as noted in these policies as a result of the requirements of the Trust Deed.

The financial report does not include the disclosure requirements of the following pronouncements having a material effect:

- > AASB7: Financial Instruments: Disclosures
- > AASB110: Events after the Reporting Period
- > AASB132: Financial Instruments: Presentation

As the Trust is not a reporting entity, the Trust does not comply with IFRS. The accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements were approved by the Trustee on the date of signing of the Trustees' Declaration.

(b) Basis of Measurement

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the trust's functional currency.

It was concluded that judgements made by management in the application of Australian Accounting Standards did not have a significant effect on the financial report. No estimates with a significant risk of material adjustment in the next year were noted.

2 Summary of Significant Accounting Policies

The accounting policies that have been adopted in the preparation of the financial statements are as follows:

(a) Income Tax

The Trust is exempt from income tax being a tax-exempt entity established under the Private Ancillary Fund Guidelines 2009. The income of the Foundation is exempt from tax pursuant to section 50-5 of the Income Tax Assessment Act 1997. The Trust's income will remain exempt from tax provided it continues to comply with the requirements of the Income Tax Assessment Act.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(b) Fair Value of Assets and Liabilities

The trust measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the trust would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Other Receivables

Other receivables comprise refund of the GST and franking credits for the current reporting period but received post year-end.

(d) Cash and Cash Equivalents

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term and highly liquid financial assets with maturities of twelve months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts

(e) Revenue Recognition

Revenue is recognised when the Trust is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Investment income comprises interest, dividends and distributions from managed funds. All investment income is recognised on an accruals basis, with the exception of dividends which is recognised when the dividend has been paid, or in the case of dividend reinvestment schemes, when the dividend is credited to the benefit of the Trust.

Refunds of imputation credits are recognised as they are received.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(f) Other Payables

Other payables comprise fees for professional services rendered for the current reporting period but paid post year-end.

(g) Goods and Services Tax (GST)

Revenue, expenses and the cost of the acquisition of assets are recognised gross of the amounts of Goods and Services Tax (GST), with the refundable component of the GST disclosed as a separate revenue item.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Rounding of Amounts

Amounts in the financial statements have been rounded off to the nearest dollar.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

3 Statement of Significant Accounting Policies (Continued)

The financial statements are a special purpose report prepared for use by the trustee and the beneficiary. The trustee has determined that the trust is not a reporting entity.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

	2017	2016
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Perpetual Cash Account F04499	115,786	90,336
Cash on Hand	100	100
	115,886	90,436
5. OTHER RECEIVABLES		
CURRENT		
Good and services tax	933	810
Franking credit refund receivable	7,119	3,123
Distributions receivable	26,330	15,570
	34,382	19,503
6. FINANCIAL ASSETS		
NON-CURRENT		
Financial investments:		
Investments in managed funds	712,005	706,908
Investments in ASX listed securities	449,620	359,102
	1,161,625	1,066,010
7. OTHER PAYABLES		
CURRENT		
Accountancy fees payable	2,750	2,750
Auditor's remuneration payable	1,025	1,025
	3,775	3,775
8. RESERVES		
Analysis of Each Class of Reserve:		
Trust Funds	1,308,018	1,172,074

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Trust Funds:		
Movements during the year:		
Opening Balance	1,172,074	1,082,754
Net changes in fair value of investments	45,159	16,838
Net gain/ (loss) on disposal of investments	4,749	9,388
Current year surplus/ (loss)	86,036	63,094
	<u>1,308,018</u>	<u>1,172,074</u>

9. RELATED PARTY TRANSACTIONS

Related Parties

(a) Trustee

One of the co-trustees, Perpetual Trustee Company Limited (ABN 42 000 001 007), is a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827). The Trustee has entered into agreements with a number of Perpetual Limited subsidiaries who will perform services for the Foundation. The fee for these services is paid out of the management fee paid to the Trustee.

(b) Key management personnel

Key management personnel includes persons who were Directors of Perpetual Trustee Company Limited during the year or since the end of the year and up to the date of this report:

Directors during the year were:

Andrew Baker
Andrew Wallace
Chris Green
Rebecca Nash
Mark Smith (Retired 3 November 2016)
Gillian Larkins (Retired 3 November 2016)
Irene Worrell (Retired 2 December 2016)

(c) Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their related entities at any time during the reporting period.

(d) Other transactions within the Trust

Apart from those details discussed in this note, no key management personnel have entered into a contract with the Trust since the end of the previous financial year and there were no contracts involving directors' interests existing at year end.

(e) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

The following transactions occurred with related parties:

i Trustee fees

The Trustee fees are calculated in accordance with the Trust Deed. The Trustee's fee is set at 0.28% per annum on the first \$236,000 plus 5.50% per annum on the income earned by the Trust (after taking account of GST and reduced input tax credits) and is disclosed in the statement of comprehensive income.

Value of related party transaction	14,068	11,871
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ii Investments

The Trust also held investments in schemes which are also managed by the Trustee or its related parties and the aggregate market value of these investments at reporting date is disclosed in this note. Income receivable from these investments are not included in this disclosure.

Value of related party transaction	650,538	643,543
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10. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of financial year as included in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Perpetual Cash Account F04499	115,786	90,336
	115,786	90,336

(b) Reconciliation of profit attributable to beneficiaries to net cash provided by operating activities

Profit for the year	135,945	89,321
Non-cash flows in profit:		
(Gain) / loss on disposal of investments	(4,750)	(9,388)
Movement in fair value of investments	(45,160)	(16,839)
Changes in assets and liabilities:		
Other receivables	(14,879)	97,833
Other payables	-	127
Net cash provided by operating activities	71,156	161,054

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DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In accordance with a resolution of the directors, the directors of the trustee company declare that:

1. the financial statements and notes which comprise the statement of financial position as at 30 June 2017, the statements of comprehensive income and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes present fairly the trust's financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements;
2. in the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.
3. the financial statements and notes are in accordance with the requirements of the Trust Deed, the Australian Charities and Not-For-Profits Commission Act 2012, the Australian Charities and Not-For-Profits Commission Regulation 2013 and the Private Ancillary Fund Guidelines 2009.

Director



Dated: 27 FEB 2010



Independent Auditor's Review Report

To the members of **Desmond Prentice Charitable Fund**

Conclusion

We have reviewed the accompanying **Financial Report** of Desmond Prentice Charitable Fund (the Trust).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Financial Report of Desmond Prentice Charitable Fund is not in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC)*, the Trust Deed and the *Private Ancillary Funds Guideline 2009*, including:

- giving a true and fair view of the Trust's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- complying with *Australian Accounting Standards* to the extent described in Note 2 and Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2017
- Statement of comprehensive income and statement of cash flows for the year ended on that date
- Notes including a summary of significant accounting policies and other explanatory information
- The Directors' Declaration of the Trust

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 1 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Trustees' financial reporting responsibilities under the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, the Trust Deed and the *Private Ancillary Funds Guideline 2009*. As a result, the Financial Report and this Auditor's Report for the review of the Financial Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of the Trust and ACNC and should not be used by parties other than the members of the Trust and ACNC. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of the Trust or for any other purpose than that for which it was prepared.

Responsibilities of the Trustees for the Financial Report

The Trustees of the Trust are responsible for:

- The preparation of the Financial Report in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013*, the Trust Deed and the *Private Ancillary Funds Guideline 2009*.
- Determining that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the requirements of the ACNC, the Trust Deed and the *Private Ancillary Funds Guideline 2009*. The basis of preparation is also appropriate to meet the needs of the members.
- For such internal control as the Trustees determine is necessary to enable the preparation of the Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Financial Report

Our responsibility is to express a conclusion on the Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2415 Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Financial Report is not in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC)*, the Trust Deed and the *Private Ancillary Funds Guideline 2009* including: giving a true and fair view of the Trust's financial position as at 30 June 2017 and its performance for the year ended on that date; and complying with *Australian Accounting Standards* to the extent described in Note 2 and Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*.

A review of a Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.



KPMG



Andrew Reeves
Partner

Sydney
27 February 2018