

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Special Purpose Annual Financial Statements

For the year ended 30 June 2016

Desmond Prentice Charitable Fund

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Special Purpose Annual Financial Statements

For the year ended 30 June 2016

Contents to financial statements

	Page No
Statement of comprehensive income	1
.....	
Statement of financial position	2
.....	
Statement of cash flows	3
.....	
Notes to the financial statements	4-11
.....	
Compilation report	12
.....	
Trustees' declaration	13
.....	

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Statement of comprehensive income

	Note	2016 \$	2015 \$
Revenue and other income			
Donations received	2(e)	100,000	100,000
Investment income	2(e), 2	30,795	146,714
Other income	2(e), 3	3,984	6,182
Net gain/(loss) on disposal of available-for-sale investments	2(g)	9,388	-
Total revenue and other income		144,167	252,896
Expenditure			
Professional fees	2(f), 4	5,676	5,246
Management & administration costs	2(f)	11,870	9,892
Donations paid	2(f)	54,138	51,811
Total expenditure		71,684	66,949
Net surplus for the year		72,483	185,947
Other comprehensive income			
Net changes in fair value of available-for-sale financial investments		16,838	(139,305)
Other comprehensive income for the year		16,838	(139,305)
Total comprehensive income for the year		89,321	46,642
Trust funds at beginning of the year		1,082,753	1,036,111
Trust funds at end of the year		1,172,074	1,082,753

The statement of comprehensive income is to be read in conjunction with the attached notes.

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Statement of financial position

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	2(c), 5	90,436	164,750
Income receivable	2(h)	15,570	111,164
Other receivables	2(i), 7	3,933	6,172
Total current assets		109,939	282,086
Non-current assets			
Available-for-sale financial investments	2(c), 6	1,066,010	804,415
Total non-current assets		1,066,010	804,415
Total assets		1,175,949	1,086,501
Liabilities			
Current liabilities			
Other payables	2(j), 8	3,775	3,648
Total current liabilities		3,775	3,648
Total liabilities		3,775	3,648
Net assets		1,172,174	1,082,853
Funds			
Settlement Sum		100	100
Trust Funds		1,172,074	1,082,753
Total trust funds		1,172,174	1,082,853

The statement of financial position is to be read in conjunction with the attached notes.

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Statement of cash flows

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Donations received		100,000	100,000
Investment income		126,441	80,322
Other income		6,172	10,984
Donations paid		(54,138)	(51,811)
Trustee fees paid		(12,796)	(10,673)
Accounting & audit fees paid		(4,224)	(5,499)
Legal fees paid		(401)	-
Net cash inflow from operating activities		161,054	123,323
Cash flows from investing activities			
Payments for purchase of investments		(1,061,207)	-
Proceeds from sale of investments		825,839	-
Net cash outflow from investing activities		(235,368)	0
Net increase/(decrease) in cash		(74,313)	123,323
Cash and cash equivalents at the beginning of the financial year		164,750	41,427
Cash and cash equivalents at the end of the financial year		90,436	164,750

The statement of comprehensive income is to be read in conjunction with the attached notes.

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Notes to the financial statements

1. Statement of significant accounting policies

(a) Basis of preparation

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, Australian Charities and Not-for-profits Commission Act 2012 and the Private Ancillary Fund Guidelines 2009. 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 financial statements have also been prepared on an accruals basis and are based on historical costs, except for investments, which have been measured at market values.

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 30 June 2016 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:

- > AASB 7 *Financial Instruments: Disclosures*
- > AASB 110 *Events after the Reporting Period*
- > AASB 132 *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.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the functional currency of the Trust.

Use of estimates and judgement

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.

(b) Income tax

The Foundation 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 Foundation's income will remain exempt from tax provided it continues to comply with the requirements of the Income Tax Assessment Act.

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Notes to the financial statements (continued)

(c) Valuation of available-for-sale financial investments

Assets are included in the Statement of Financial Position at net market value as at balance date and movements in the net market value of investment assets are recognised in the Statement of Comprehensive Income in the periods in which they occur.

The Trust recognises financial assets on the date it becomes party to the contractual provisions of the asset. Costs of realisation are not included in the determination of net market value.

Net market values have been determined as follows:

Listed equities and other listed securities

Australian listed equities are valued at the last trade price quoted on the Australian Securities Exchange as at the close of the last business day of the reporting period or, lacking any sales, at the last available price.

Shares that are primarily traded on overseas exchanges are generally valued at the last trade price at the close of trading at the end of the period on their respective exchanges, and those values are then translated into Australian dollars at the application exchange rate as at valuation date.

Certain costs incurred in acquiring investments such as brokerage and stamp duty are capitalised in the initial cost of investments.

Unit trusts and managed investments

Unit trusts and managed investments are valued at the redemption price, or other valuation as advised by the investment managers, as at the last business day of the reporting period and are based on the net market values of the underlying investments. The price is exclusive of any implicit distribution due on the investment.

Unit values denominated in foreign currency are translated into Australian dollars as at the valuation date.

Fixed income securities

Fixed income securities are valued as at the last business day of the reporting period with reference to the face value of the security or, if such prices are not readily available, either at cost or at price for securities of comparable maturity, quality and type.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with a bank or financial institution and other highly liquid investments with short periods to maturity (that is, less than twelve months from the date of issue).

The net changes in the fair value of available-for-sale investments are included in the statement of comprehensive income as 'Other Comprehensive Income'.

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Notes to the financial statements (continued)

(d) Goods and services tax

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.

(e) Revenue recognition

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

Donations received

Donations are recognised as revenue when the Trust gains control of the donation and the amount can be measured reliably.

Investment income

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.

Other income

Other income comprises refund of franking credits and GST.

(f) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with the use of the resources.

Professional fees

Professional fees for the year relate to payments for professional accounting, auditing and consultancy services rendered to the Trust during the year.

Management and administration costs

Management and administration costs are those incurred in connection with the administration of the Trust, its investments and compliance with constitutional and statutory requirements.

Donations paid

Donations paid relate to payments to eligible entities during the year as resolved by the Trustees of the Trust.

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Notes to the financial statements (continued)

(g) Net gain on disposal of available-for-sale investments

The gain or loss on disposal of all non-current assets and available-for-sale financial investments have been determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

(h) Investment income receivable

Investment income receivable relates to distributions from the Trust's available-for-sale financial investments, which were paid post year-end but relates to the last quarter of the current reporting period.

(i) Other receivables

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

(j) Other payables

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

(k) Auditor's remuneration

Auditor's remuneration for the 30 June 2016 year is \$1,025 (2015: \$898). This expense also includes adjustments for over/under accrual of prior years' auditor remuneration payable.

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
2. Investment income			
Dividends from listed shares		4,374	-
Interest income from cash-at-bank and short term deposits		2,144	1,871
Distributions from managed funds		24,277	144,843
Total investment income	2(e)	30,795	146,714
3. Other income			
Refund of franking credits		3,123	5,454
Refund of goods and services tax		810	728
Product fee rebates		51	-
Total other income	2(e)	3,984	6,182
4. Professional fees			
Accountancy fees		3,684	3,840
Auditors' remuneration		1,591	1,148
Legal fees		401	258
Total professional fees	2(f)	5,676	5,246
5. Cash and cash equivalents			
Perpetual Cash Account		90,336	164,650
Cash on hand		100	100
Total cash and cash equivalents	2(c)	90,436	164,750
6. Available-for-sale financial investments			
Investments in ASX listed securities		359,102	-
Investments in managed funds		706,908	804,415
Total available-for-sale financial investments	2(c)	1,066,010	804,415

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
7. Other receivables			
Franking credit refund receivable		3,123	5,444
GST refundable		810	728
Total other receivables	2(i)	3,933	6,172
8. Other payables			
Accountancy fee payable		2,750	2,750
Auditors' remuneration payable		1,025	898
Total other payables	2(j)	3,775	3,648

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Notes to the financial statements (continued)

9. Related parties and related-party transactions

(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 Trust. 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:

Chris Green (Appointed 1 October 2008)
Andrew Thomas (Appointed 29 March 2012, Resigned 15 July 2015)
Mark Smith (Appointed 7 January 2013, Resigned 3 November 2016)
Gillian Larkins (Appointed 7 January 2013, Resigned 3 November 2016)
Glenn Foster (Alternate for Gillian Larkins) (Appointed 25 January 2013, Resigned 3 November 2016)
Joanne Hawkins (Alternate for Gillian Larkins) (Appointed 25 January 2013, Resigned 3 November 2016)
Rodney Ellwood (Alternate for Chris Green) (Appointed 1 November 2013)
Andrew Baker (Appointed 17 August 2015)
Irene Worrell (Appointed 24 September 2015, Resigned 2 December 2016)
Rebecca Nash (Appointed 3 November 2016)
Andrew Wallace (Appointed 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) Trustee fees and other transactions

Trustee fees

The Trustee's fee is set at 0.28% per 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.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable/receivable at year-end between the Trust and the Trustee were as follows:

	2016	2015
	\$	\$
Trustee fees paid and payable directly by the Trust	<u>11,870</u>	<u>9,892</u>

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Notes to the financial statements (continued)

Investments

The Trust also held investments in the following schemes which are also managed by the Trustee or its related parties. Income receivable from these investments are not included in this disclosure.

	2016	2015
	\$	\$
Trust Company Bond Fund	-	332,485
Trust Company Diversified Property Fund	-	235,016
Trust Company Share Imputation Fund	-	236,914
Perpetual Growth Opportunities Fund	104,798	-
Perpetual Pure Value Share Fund	63,088	-
Perpetual Income Opportunities Fund	158,063	-
Implemented Real Estate Portfolio	123,708	-
Implemented Fixed Income Portfolio	193,886	-
Total related party investments	643,543	804,415

Income receivable from these investments are not included in this disclosure.

**Special purpose compilation report to the Trustees of the
Desmond Prentice Charitable Fund**

Scope

We have compiled the special purpose financial statements for the Trustees of the abovenamed Trust, which comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is to satisfy the requirements of the Trust Deed and/or the reporting requirements for as required by the *Australian Charities and Not-for-profits Commission Act 2012*.

The responsibility of the Trustees

The Trustees are solely responsible for the information contained in the special purpose financial statements and have determined that the accounting policies used are consistent with the financial reporting requirements of the abovenamed Trust's Trust Deed and are appropriate to meet the needs of the Trustee.

Our responsibilities

On the basis of information provided by the Trustee, we have compiled the accompanying special purpose financial statements in accordance with *APES 315: Compilation of Financial Information*.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Trustees provided, into the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly, no assurance is expressed.

The special purpose financial statements were prepared for the benefit for the Trustees of the abovenamed Trust and for the purpose identified above. We do not accept responsibility to any other person for the contents of this special purpose financial statement.

Perpetual Trustee Company Limited

ABN 42 000 001 007
Level 12, 123 Pitt Street
Sydney, NSW 2000


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Dated: 23 January 2017

Desmond Prentice Charitable Fund

ABN 50 134 930 730

Financial statements for the year ended 30 June 2016

Trustees' declaration

In the opinion of the Trustees of the Desmond Prentice Charitable Fund

- (a) the Trust is not publicly accountable nor a reporting entity;
- (b) the financial statements and notes, set out on pages 1 to 11, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:
 - (i) giving a true and fair view of the financial position of the Trust as at 30 June 2016 and of its performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations), the requirements of the Trust deed and the *Private Ancillary Fund Guidelines 2009* to the extent described in Note 2, and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated: 23 January 2017



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Director

Perpetual Trustee Company Limited



Independent audit report to the members of Desmond Prentice Charitable Fund

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Desmond Prentice Charitable Fund (the Trust), which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income and the statement of cash flows for the year ended on that date, Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information and the trustees' declaration of the Trust.

This audit report has also been prepared for the members of the Trust in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC), the Trust Deed and the *Private Ancillary Funds Guideline 2009*.

Trustees' responsibility for the financial report

The Trustees of the Trust are responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the ACNC, the Trust Deed and the *Private Ancillary Funds Guideline 2009* and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the ACNC, the Trust Deed and the *Private Ancillary Fund Guidelines 2009* and is appropriate to meet the needs of the members. The Trustees' responsibility also includes such internal control as the Trustees determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report, being a special purpose financial report, based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of the financial report that gives a true and fair view 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 Trust's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards to the extent described in Note 1 and the ACNC, the Trust Deed and the *Private Ancillary Funds Guideline 2009*, a true and fair view which is consistent with our understanding of the Trust's financial position and of its performance.



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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Private Ancillary Funds Guideline 2009*.

Auditor's opinion

In our opinion, the financial report of Desmond Prentice Charitable Fund is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Private Ancillary Funds Guideline 2009* including:

- (a) giving a true and fair view of the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the ACNC, the Trust Deed and the *Private Ancillary Fund Guidelines 2009*. As a result, the financial report may not be suitable for another purpose.

KPMG

KPMG

Andrew Reeves
Partner

Sydney

23 January 2017