CCI Asset Management Limited Annual Financial Report for Year Ended 30 June 2016

Corporate Information

CCI Asset Management Limited
ABN 65 006 685 856

Registered Office and
Principal Place of Business
Level 8, 485 La Trobe Street
Melbourne Vic 3000

Directors
Richard M Haddock (Chairman) (Commenced as Chairman 2 December 2015)
J A (Tony) Killen (Retired 2 December 2015)
Jo Dawson
Reverend Brian J Lucas (Retired 9 September 2015)
Joan Fitzpatrick (Commenced 9 March 2016)
Jane A Tongs
Peter A Rush (Alternate Director for Richard M Haddock) (Retired 21 September 2015)
Robert Scenna (Alternate Director for Richard M Haddock (Commenced 21 September 2015)

Chief Executive Officer
Peter A Rush (Retired 21 September 2015)
Roberto Scenna (Commenced 21 September 2015)

Company Secretary
Dominic P Chila

Solicitors
Gadens Lawyers
Level 25 Bourke Place
600 Bourke Street
Melbourne Vic 3000

Bankers
National Australia Bank Limited
424 St Kilda Road
Melbourne Vic 3004

Auditors
Ernst & Young
8 Exhibition Street
Melbourne Vic 3000
Australia

Directors' Report

The Directors of CCI Asset Management Limited (the company) have pleasure in presenting their report on the financial statements of the company for the financial year ended 30 June 2016.

DIVIDENDS

Directors resolved that no dividend be paid in respect of the year ended 30 June 2016 (2015: $Nil).

CORPORATE INFORMATION

CCI Asset Management Limited is a company limited by shares that is incorporated and domiciled in Australia. Its ultimate parent entity is Catholic Church Insurance Limited.

Principal activities

The principal activity of the company during the year was to act as trustee and manager of the CCI Asset Management Trusts, which are available for investment by organisations of the Catholic Church in Australia.

Employees

Catholic Church Insurance Limited (the parent entity) provides the employees to administer the company. The associated labour costs are expensed to CCI Asset Management Limited on commercial terms and conditions.

REVIEW AND RESULTS OF OPERATIONS

	2016	2015
	$	$
Profit for the year	115,722	147,823

The company received $765,240 (2015: $793,010) in income during the period whilst incurring $649,518 (2015: $645,187) in expenses from ordinary activities and borrowing costs.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Shareholders' equity increased from $553,856 to $669,578, an overall increase of $115,722.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the company are not subject to any particular or significant environmental regulation under the law of the Commonwealth or of a State or Territory. There have been no significant breaches of any other environmental requirements applicable to the company.

DIRECTORS' SHAREHOLDINGS

No Directors hold any shares in the company.

INDEMNIFICATION OF DIRECTORS

During the financial year, the company paid a premium in respect of a contract insuring the Directors of the company, the Company Secretary, and all executive officers of the company and of any related body corporate against a liability incurred as a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as an officer or auditor.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). However this indemnity does not apply to any losses which are finally determined to have resulted from Ernst & Young negligence.

No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts).

AUDITOR'S INDEPENDENCE DECLARATION

The Directors have received a declaration from the auditors of CCI Asset Management Limited as attached after the Directors' report.

Signed in accordance with a resolution of the Directors.

Mr R M Haddock
Director

Melbourne, 5 September 2016

Auditor's Independence Declaration to the Directors of CCI Asset Management Limited

In relation to our audit of the financial report of CCI Asset Management Limited for the financial year ended 30 June 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

B A Kallio
Partner

Melbourne, 5 September 2016

CCI Asset Management Limited
Statement of Comprehensive Income
For the financial year ended 30 June 2016

	Note	2016 $	2015 $
Revenue and other income	6(a)	765,240	793,010
Expenses	6(b)	(649,518)	(645,187)
Profit from continuing operations		**115,722**	**147,823**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CCI Asset Management Limited
Statement of Financial Position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Cash and cash equivalents	7	441,840	293,206
Receivables	8	297,478	307,087
TOTAL ASSETS		739,318	600,293
Liabilities			
Trade and other payables	9	69,740	46,437
TOTAL LIABILITIES		69,740	46,437
NET ASSETS		669,578	553,856
Shareholders' Equity			
Contributed equity	10	1,004,099	1,004,099
Retained losses	11	(334,521)	(450,243)
TOTAL SHAREHOLDERS' EQUITY		669,578	553,856

The above Statement of Financial Position should be read in conjunction with the accompanying notes, and specifically note 10 and 11, with regards to the Shareholders Equity position.

CCI Asset Management Limited
Statement of Changes in Equity
For the financial year ended 30 June 2016

	Contributed Equity $	Retained Earnings $	Total $
At 1 July 2014	1,004,099	(598,066)	406,033
Net profit for the period	-	147,823	147,823
Total at 30 June 2015	1,004,099	(450,243)	553,856
At 1 July 2015	1,004,099	(450,243)	553,856
Net profit for the period	-	115,722	115,722
Total at 30 June 2016	1,004,099	(334,521)	669,578

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CCI Asset Management Limited
Statement of Cash Flows
For the financial year ended 30 June 2016

	Note	2016 $	2015 $
Operating activities			
Management fees received		767,642	761,047
Bank interest received		7,207	6,206
Professional fees paid		(175,706)	(137,977)
Other operating expenses paid		(450,509)	(509,178)
Loan interest paid		-	(7,379)
Net cash flow from operating activities	12(b)	**148,634**	**112,719**
Net increase in cash and cash equivalents		148,634	112,719
Cash and cash equivalents at the beginning of the financial year		293,206	180,487
Cash and cash equivalents at the end of the financial year	12(a)	**441,840**	**293,206**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Corporate Information

CCI Asset Management Limited is a company limited by shares that is incorporated and domiciled in Australia. The entity is also registered as a charity in accordance with the Australian Charities and Not-for-profits Commission Act 2012.

The nature of the operations and principal activities of the company are described in the director's report.

2. Summary of significant accounting policies

a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on an accruals basis and is based on historical costs.

The financial statements have been prepared on a going concern basis.

The financial report is presented in Australian dollars.

b) Statement of compliance

The financial report complies with Australian Accounting Standards and the Australian equivalent of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard board.

The accounting policies have been consistently applied, unless otherwise stated.

c) Australian Accounting Standards issued but not yet effective

Australian Accounting Standards which have recently been issued or amended but are not yet effective for the annual reporting period ending 30 June 2016 have not been applied in preparing the company's financial statements. The nature of the impact of the application of these standards is disclosed only. The company will apply these standards for the annual reporting periods beginning on or after the operative dates as set out below.

Reference	Title	Summary	Application date of standard	Impact on CCIAM financial report	Application date for CCIAM
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	These amendments will have no direct impact on the amounts included in the company's financial statements	1-Jul-16
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. CCIAM does not have any financial instruments impacted by the standard.	1 January 2018	These amendments will have no direct impact on the amounts included in the company's financial statements.	01-Jul-18
AASB 15	*Revenue from Contracts with Customers*	AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.	1 January 2018	These amendments will have no direct impact on the amounts included in the company's financial statements	01-Jul-18

d) Australian Accounting Standards issued and effective

A number of new standards and amendments to standards have recently been applied or proposed. Those for which are relevant are as follow:

AASB 119 Employee Benefits:

Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

e) Income tax

The company is exempt from the requirements of the Income Tax Assessment Act.

f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand with banks or financial institutions that are readily convertible to known amounts of cash.

g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Management fees
Fees for managing the funds' investments are recognised as they accrue.

Interest income
Interest income is recognised as it accrues.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

i) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

j) Financial instruments

i) Trade and other receivables.

Trade debtors are recognised and measured at amortised cost using the effective interest rate (EIR) method, less impairment. An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

ii) Trade and other Payables.

Payables are carried at amortised cost and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

3. Critical accounting estimates and judgements

There have been no critical accounting estimates or judgements made in preparing the financial statements.

4. Risk management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the company's objectives and activities are aligned with the risks and opportunities identified by the Board.

Some of the potential risks to the company are:

- Operational risk
- Interest rate risk
- Credit risk and
- Market risk.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified. These include the following:

- The maintenance and use of management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets
- Monitoring and overseeing the company's financial position
- Ensuring that compliance and risk management systems are in place
- Determining that satisfactory arrangements are in place for auditing the company
- Complying with statutory duties and obligations
- Ensuring that the company and its officers act legally, ethically and responsibly in all matters

a) Operational risk

Operational risk is the risk of loss arising from inadequate systems and controls, human error or management failure.

The company's exposure to operational risk is mitigated by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, positions and documentation, maintaining key backup procedures, and undertaking regular contingency planning.

Financial risks (credit and interest risks) are considered in note 5.

5. Financial risk

The operating activities of the company expose it to market, credit and liquidity risks.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The following table details the company's exposure to interest rate risk at 30 June:

2016	Average Interest Rate	Less than 1 Year	1 – 5 Years	More than 5 Years	Non – Interest Bearing	Total
		$	$	$	$	$
Financial Assets	1.48%					
Cash and cash equivalents		441,740	-	-	100	441,840
Receivables		-	-	-	297,478	297,478
		441,740	-	-	297,578	793,318
Financial Liabilities	0%					
Payables – Intercompany transactions		-	-	-	69,740	69,740
		-	-	-	69,740	69,740

2015	Average Interest Rate	Less than 1 Year	1 – 5 Years	More than 5 Years	Non – Interest Bearing	Total
		$	$	$	$	$
Financial Assets	1.54%					
Cash and cash equivalents		293,106	-	-	100	293,206
Receivables		-	-	-	307,087	307,087
		293,106	-	-	307,187	600,293
Financial Liabilities	0%					
Payables – Intercompany transactions		-	-	-	46,437	46,437
		-	-	-	46,437	46,437

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation.

(i) Credit exposure

The financial assets and liabilities are stated in the balance sheet at the amount that best represents the maximum credit risk exposure at balance date.

The following tables provide information regarding the aggregate credit risk exposure of the company at the balance date in respect of the major classes of financial assets. There is no significant concentration of credit risk, as the company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company. The analysis classifies the assets according to Standard & Poor's counterparty credit ratings. AAA is the highest possible rating. Rated assets falling outside the range of AAA to BBB are classified as speculative grade.

2016	AAA $	AA $	A $	BBB $	Not Rated $	Total $
Cash and cash equivalents	-	441,740	-	-	100	441,840
Receivables	-	-	-	-	297,478	297,478

2015	AAA $	AA $	A $	BBB $	Not Rated $	Total $
Cash and cash equivalents	-	293,106	-	-	100	293,206
Receivables	-	-	-	-	307,087	307,087

The above tables should be read in conjunction with notes 7 and 8.

The carrying amounts of all the company's financial assets and financial liabilities at the balance sheet date approximate their fair values.

c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties in meeting its obligations with financial liabilities.

The following tables summarises the maturity profile of financial liabilities of the company based on the remaining undiscounted contractual obligations.

2016	On demand $	Less than 3 months $	3 Months to 1 year $	1 to 5 years $	Greater than 5 years $	Total $
Intercompany account	69,740	-	-	-	-	69,740

2015	On demand $	Less than 3 months $	3 Months to 1 year $	1 to 5 years $	Greater than 5 years $	Total $
Intercompany account	46,437	-	-	-	-	46,437

The above tables should be read in conjunction with note 9.

			2016	2015
			$	$
Note -	**6**	**Operating profit**		
		Operating profit has been determined after:		
	(a)	Revenue and other income:		
		Management fee	758,033	786,804
		Interest income	7,207	6,206
			765,240	793,010
	(b)	Expenses:		
		Professional fees	175,706	137,977
		Other general and administration expenses	473,812	507,210
		Expenses from ordinary activities	649,518	645,187

The borrowing cost represents a related party expense.

			2016	2015
Note -	**7**	**Cash and cash equivalents**		
		Cash on hand	100	100
		Cash at bank	441,740	293,106
			441,840	293,206

The company does not have a bank overdraft facility.

			2016	2015
Note -	**8**	**Receivables**		
		Accrued management fees	297,478	307,087
			297,478	307,087

Accrued management fees are non-interest bearing
and are recognised as they accrue. They are settled on a 30-day term.

			2016	2015
Note -	**9**	**Trade and other payables**		
		Balance of intercompany account with parent entity	69,740	46,437
			69,740	46,437

The balance of the payables account is all due to related party transactions.

The balance of the intercompany account with the parent entity includes administrative costs incurred by the parent entity on behalf of the company and represents the amount owing at balance date. This is a non-interest bearing liability and is normally settled on monthly terms.

			2016	2015
			$	$
Note -	**10**	**Contributed equity**		

	2016	2015
1,000,100 Ordinary shares of $1 each	1,000,100	1,000,100
399,900 Ordinary shares paid	3,999	3,999
	1,004,099	1,004,099

The total amount outstanding on paid shares at the end of the year is $395,901 (2015: $395,901)

Terms and conditions of contributed equity
Ordinary shares carry one vote per share and carry the right to dividends. In the event of winding up the company, the shareholder has the right to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

The company is 100% owned by Catholic Church Insurance Limited.

Note - 11 Retained losses

	2016	2015
Retained losses at the beginning of the financial year	(450,243)	(598,066)
Net profit attributable to members of the company	115,722	147,823
Retained losses at the end of the financial year	(334,521)	(450,243)

Note - 12 Statement of cash flows reconciliation

	2016	2015
(a) Reconciliation of cash flows		
Cash balance comprises:		
- cash on hand	100	100
- cash at bank	441,740	293,106
	441,840	293,206
(b) Reconciliation of the operating profit to the net cash flows from operations		
Profit/(loss) from continuing operations	115,722	147,823
Changes in assets and liabilities:		
Decrease / (Increase) in receivables	9,609	(25,756)
Increase / (Decrease) in payables	23,303	(1,969)
Increase / (Decrease) in loan interest payable	-	(7,379)
Cash flows from operating activities	148,634	112,719

Note - 13 Related parties transactions

Directors

The names of persons who were Directors of CCI Asset Management Limited at any time during the financial year are as follows:

Richard M Haddock (Chairman) *(Commenced 2 December 2015)*
J A (Tony) Killen *(Retired 2 December 2015)*
Jo Dawson
Reverend Brian J Lucas *(Retired 9 September 2015)*
Joan Fitzpatrick (*Commenced 9 March 2016*)
Jane A Tongs
Peter A Rush *(Alternative Director for R Haddock) (Retired 21 September 2015)*
Robert Scenna *(Alternate Director for R Haddock) (Commenced 21 September 2015)*

Wholly owned group transactions

Expenses paid for by Catholic Church Insurance Ltd and reimbursed by CCI Asset Management Ltd total $649,518 (2015:$645,187). Of this $69,740 remains outstanding (2015: $46,437).

	2016 $	2015 $

Note - 14 Director and executive disclosures

Compensation of key management personnel

(a) Executives

Catholic Church Insurance Limited (the parent entity) provides the employees to administer the company. The associated labour costs and directors' fees are expensed to the company on commercial terms and conditions.

(b) Directors

	2016 $	2015 $
Short-term	46,693	55,949
Post employment	4,436	5,315

The short term category includes salaries and fees. The post employment category includes superannuation.

Note - 15 Auditors' remuneration

Amounts received or due and receivable by Ernst & Young Australia for:

	2016 $	2015 $
- an audit of the financial report of the entity	11,220	11,000

Note - 16 Additional financial instruments disclosure

a) Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 of the financial statements.

b) As at balance date the company had no capital commitments or contingent liabilities (2015: $0)

Note - 17 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the company disclosed in the statement of financial position as at 30 June 2016 or on the results and cash flows of the company for the reporting period ended on that date.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of CCI Asset Management Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with the Australian equivalents of International Financial Reporting Standards as disclosed in note 1(b); and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Mr R M Haddock
Director

Melbourne, 5 September 2016