

**CRESCENT WEALTH SUPERANNUATION FUND**  
**ABN: 71 302 958 449**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2021**

**CRESCENT WEALTH SUPERANNUATION FUND**  
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**CRESCENT WEALTH SUPERANNUATION FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Cash</b>			
Cash and cash equivalents	10(a)	14,624,106	9,184,795
		<b>14,624,106</b>	<b>9,184,795</b>
<b>Receivables</b>			
Distribution receivable		4,642,555	3,070,937
Other receivables		151,569	8,037,066
<b>Total receivables</b>		<b>4,794,124</b>	<b>11,108,003</b>
<b>Investments</b>			
Investments held at fair value	15	299,920,849	239,955,284
<b>Other assets</b>			
Deferred tax assets	9	122,556	1,245,779
		<b>122,556</b>	<b>1,245,779</b>
<b>Total assets</b>		<b>319,461,635</b>	<b>261,493,861</b>
<b>Liabilities</b>			
Amounts Payable		821,161	603,653
Current tax liability	9	1,667,509	1,243,594
Deferred tax liability	9	4,125,958	-
<b>Total liabilities (excluding member benefits)</b>		<b>6,614,628</b>	<b>1,847,247</b>
<b>Net assets available for member benefits</b>		<b>312,847,007</b>	<b>259,646,614</b>
<b>Member benefits</b>			
Defined contribution member liabilities	6(a)	305,684,189	255,772,115
Unallocated to members		479,594	300,780
<b>Total member liabilities</b>		<b>306,163,783</b>	<b>256,072,895</b>
<b>Total net assets</b>		<b>6,683,224</b>	<b>3,573,719</b>
<b>Equity</b>			
Operational risk reserve	7(a)	684,371	684,371
General reserve	7(b)	528,681	206,531
Unallocated surplus	7(c)	5,470,172	2,682,817
<b>Total equity</b>		<b>6,683,224</b>	<b>3,573,719</b>

The Statement of Financial Position is to be read in conjunction with the accompanying notes to the financial statements.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Superannuation Activities</b>			
<b>Revenue</b>			
Changes in fair value of investments	5	36,564,789	(14,370,010)
Trust distributions		6,538,499	5,025,325
Sundry income		2,416	4,009
<b>Total revenue/(loss)</b>		<b>43,105,704</b>	<b>(9,340,676)</b>
<b>Expenses</b>			
General administration and operating expenses	4	(3,253,304)	(2,521,463)
<b>Total expenses</b>		<b>(3,253,304)</b>	<b>(2,521,463)</b>
<b>Operating result before income tax</b>		<b>39,852,400</b>	<b>(11,862,139)</b>
Income tax (expense)/benefit	8	(5,186,649)	2,172,958
<b>Operating result after income tax expense</b>		<b>34,665,751</b>	<b>(9,689,181)</b>
Net benefits allocated to defined contribution member accounts		(31,878,396)	12,172,345
<b>Operating result</b>		<b>2,787,355</b>	<b>2,483,164</b>

The Income Statement is to be read in conjunction with the accompanying notes to the financial statements.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**STATEMENT OF CHANGES IN MEMBER BENEFITS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
Note	\$	\$
<b>Opening balance of Member Benefits as at 1 July</b>	255,772,115	246,994,702
Contributions:		
- Employer contributions	42,579,407	37,606,984
- Member contributions	2,063,146	1,690,217
- Government contributions	399,471	378,958
Transfers from other superannuation entities	12,820,210	23,540,925
Income tax on contributions	8(c) (6,403,659)	(5,713,740)
<b>Net after tax contributions</b>	<u>51,458,575</u>	<u>57,503,344</u>
Benefits to members	(32,715,354)	(36,245,436)
Insurance premiums charged to members' accounts	(387,392)	(272,095)
Reserve transferred to/(from) members:		
- General reserve	(322,150)	39,410
- Operational risk reserve	-	(75,465)
Net benefits allocated, comprising:		
- Net investment income/(loss)	32,545,896	(11,613,502)
- Net administration fees	(667,501)	(558,843)
<b>Closing balance of Member Benefits as at 30 June</b>	<u>6 305,684,189</u>	<u>255,772,115</u>

The Statement of Changes in Members Benefits is to be read in conjunction with the accompanying notes to the financial statements.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Operational risk reserve \$</b>	<b>General Reserve \$</b>	<b>Unallocated surplus \$</b>	<b>Total equity / reserve \$</b>
<b>Opening balance as at 1 July 2020</b>	<b>684,371</b>	<b>206,531</b>	<b>2,682,817</b>	<b>3,573,719</b>
Transfers into reserve	-	3,167,993	-	<b>3,167,993</b>
Transfers out of reserve	-	(2,845,843)	-	<b>(2,845,843)</b>
Operating result	-	-	2,787,355	<b>2,787,355</b>
<b>Closing balance as at 30 June 2021</b>	<b>684,371</b>	<b>528,681</b>	<b>5,470,172</b>	<b>6,683,224</b>

	<b>Operational risk reserve \$</b>	<b>General Reserve \$</b>	<b>Unallocated surplus \$</b>	<b>Total equity / reserve \$</b>
<b>Opening balance as at 1 July 2019</b>	<b>608,906</b>	<b>245,941</b>	<b>199,653</b>	<b>1,054,500</b>
Transfers into reserve	75,465	2,628,813	-	2,704,278
Transfers out of reserve	-	(2,668,223)	-	(2,668,223)
Operating result	-	-	2,483,164	2,483,164
<b>Closing balance as at 30 June 2020</b>	<b>684,371</b>	<b>206,531</b>	<b>2,682,817</b>	<b>3,573,719</b>

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Other income received		2,696	4,079
General administration and operating expenses		(2,869,798)	(2,600,241)
Insurance premiums paid		(385,945)	(260,507)
Income tax (paid)/refunded		(83,835)	178,108
<b>Net cash (outflows) from operating activities</b>	10(b)	<b><u>(3,336,882)</u></b>	<b><u>(2,678,561)</u></b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		51,778,596	66,824,000
Payments for purchase of investments		(62,297,255)	(78,509,190)
<b>Net cash (outflows) from investing activities</b>		<b><u>(10,518,659)</u></b>	<b><u>(11,685,190)</u></b>
<b>Cash flows from financing activities</b>			
Employer contributions		42,758,220	37,481,654
Member contributions		2,063,146	1,690,217
Government co-contributions		399,471	378,958
Benefits paid to members		(32,912,817)	(36,193,567)
Net transfers from other funds		12,820,210	23,540,925
Income tax paid on contributions		(5,833,378)	(5,955,972)
<b>Net cash inflows from financing activities</b>		<b><u>19,294,852</u></b>	<b><u>20,942,215</u></b>
<b>Net increase in cash held</b>		5,439,311	6,578,464
Cash at the beginning of the financial year		9,184,795	2,606,331
<b>Cash and cash equivalents at the end of the financial year</b>	10(a)	<b><u><u>14,624,106</u></u></b>	<b><u><u>9,184,795</u></u></b>

The Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**1. GENERAL INFORMATION**

Crescent Wealth Superannuation Fund (ABN 71 302 958 449) (the "Fund") is a defined contribution superannuation fund domiciled in Australia. The purpose of the Fund is to provide retirement benefits to its members. The Fund is constituted by a Trust Deed dated 9 October 2012 as amended.

In accordance with amendments to the Superannuation Industry (Supervision) Act 1993, the Fund is registered with the Australian Prudential Regulation Authority ("APRA") as a Registrable Superannuation Entity ("RSE") (R1075182).

The Trustee of the Fund during the reporting period is Equity Trustees Superannuation Limited (the "Trustee") (ABN 50 055 641 757, AFSL 229757 RSEL L0001458) domiciled in Australia and registered with APRA. The address of the Fund's registered office is Level 1, 575 Bourke Street Melbourne Victoria 3000.

The Administrator of the Fund is Mercer Outsourcing (Australia) Limited (ABN 83 068 908 912).

The Promoter of the Fund is Crescent Wealth Funds Management (Aust) Limited (ABN 32 144 560 172).

The Custodian of the Fund is NAB Asset Servicing (ABN 12 004 044 937, AFSL 230686).

The Asset Consultant to the Fund is Mercer Investments (Australia) Limited (ABN 66 008 612 397).

**2. BASIS OF PREPARATION**

**(a) Statement of Compliance**

The Financial Statements are general purpose financial reports which have been prepared in accordance with Australian Accounting Standards, Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed.

The Financial Statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Financial Statements were authorised and issued by the board and directors of Equity Trustees Superannuation Limited on 27 September 2021. For the purposes of preparing the financial statements, the Fund is a for-profit entity.

**(b) Use of Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities.

Estimates are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Particular consideration has been given in the preparation of these financial statements, to areas that may be impacted by COVID-19. Refer to note 19.

**Assessment as investment entity**

Entities that meet the definition of an investment entity within AASB 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.



**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. BASIS OF PREPARATION (CONTINUED)**

**(b) Use of Estimates and Judgements (continued)**

- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund's product disclosure statement details its objective of providing services to members which includes investing in equities, property, infrastructure and fixed and variable income securities for the purpose of returns in the form of investment income and capital appreciation.

The Trustee has also concluded that the Fund meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

The Trustee has therefore concluded that the Fund meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changes.

**(c) New Standards and Interpretations adopted during the year**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

**(d) Accounting Standards and Interpretations issued, but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

**(e) Consolidation**

The Fund is an investment entity and, as such, does not consolidate the entities it controls. Instead, interest in subsidiaries are classified at fair value through profit and loss and measured at fair value.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented in these financial statements for the year ended 30 June 2020.

**(a) Cash and cash equivalents**

Cash comprises cash on hand and on demand deposits.

Cash equivalents are short term, highly liquid investments with maturities of three 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.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial Instruments**

**(i) Classification**

The Fund's investments are classified at fair value through profit or loss. They comprise:

Financial instruments held for trading

Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification, however, the Fund presently is not directly exposed to or involved in the use of derivative financial instruments. However, some of the underlying investments may utilise derivative financial instruments to hedge or partially hedge specific exposures. The Fund does not enter into, hold or issue derivative financial instruments for trading purposes.

Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in market quoted investments, unlisted unit trusts, equity securities and commercial paper.

These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy.

**(ii) Recognition/de-recognition**

Financial assets and financial liabilities are recognised on the date the Fund becomes a party to the contract relating to the asset. Financial assets are recognised using the quoted price at the trade date. From this date, any gains and losses arising from changes in fair value are recorded.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership.

**(iii) Measurement**

At initial recognition, the Fund measures a financial asset or liability at fair value. Transaction costs are expensed in the income statement.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses are presented in the income statement in the period in which they arise as changes in fair value of investments.

The fair values of underlying investments are net of any distributions.

For further details on how the fair values of financial instruments are determined refer to note 15.

**(c) Accounts Payable**

Accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services and are recognised at their nominal value which is equivalent to fair value. These amounts are unsecured and are usually paid within 60 days of recognition.

**(d) Benefits Paid/Payable**

Benefits paid/payable are valued at the amounts due to members at reporting date. Benefits paid/payable comprise lump sum benefits of members who are due a benefit, but had not been paid at the reporting date.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Revenue recognition**

The specific recognition criteria described below must be met before revenue is recognised.

The following recognition criteria relates to the different items of revenue the Fund receives:

**(i) Interest revenue**

Interest revenue on cash and other financial assets carried is recognised in the income statement according to the terms of the contract.

**(ii) Dividend income**

Dividends recognised on the date the shares are quoted ex-dividend and if not received at reporting date, are reflected in the Statement of Financial Position as a receivable at fair value.

Dividend income is recognised gross of withholding tax in the period in which the Fund's right to receive payment is established.

**(iii) Distributions from investments**

Distributions are recognised as at the date the unit value is quoted ex-distribution and if not received at reporting date, are reflected in the Statement of Financial Position as a receivable at fair value.

**(iv) Movement in fair value of investments**

Changes in the fair value of investments are recognised as income/(losses) and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

**(f) Contributions and transfers from other funds**

Contributions and transfers in are recognised when the control and the benefits are transferred to the Fund and are recognised gross of any taxes.

**(g) Income Tax**

Income tax as a result of operations for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in members' funds, in which case it is recognised directly in the Statement of Changes in Member Benefits.

*Current Tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or

*Deferred tax*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Income Tax (continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities can be offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

Income tax has been provided in the current year at the rate of 15%, as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income.

In line with the expectation to be treated as a compliant superannuation fund, financial assets held for less than 12 months are provided to be taxed at the Fund's rate of 15%. For financial assets held for more than 12 months, the Fund is entitled to a further discount on the tax rate leading to an effective tax rate of 10% on any gains/(losses) arising from the disposal of investments.

**(h) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC), except

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of expense.
- For receivables and payables which 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 included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to the ATO, are classified as operating cash flows.

**(i) Receivables**

Receivables are carried at nominal amounts which approximate fair value. Nominal amounts refer to the actual amounts reasonably expected to be received or paid. Receivables are normally settled within 30 days.

**(j) Functional and Presentation Currency**

The financial statements are presented in Australian dollars which is the functional currency of the Fund.

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the income statement in the period in which they arise.

**(k) Comparative Amounts**

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, some line items in the notes to the financial statements have been amended. Comparative figures have been adjusted to conform to the current year's presentation.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**4. GENERAL ADMINISTRATION AND OPERATING EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Administration fees	992,698	642,931
Promoter / sponsorship fees*	1,481,752	1,404,403
Investment consulting fees	206,250	114,100
Trustee fees	177,558	176,591
Custodian fees	91,920	28,714
APRA levies	16,014	16,889
Audit fees	65,272	96,257
Tax fees	53,389	25,011
Other expenses	168,451	16,567
	<b>3,253,304</b>	<b>2,521,463</b>

For a breakdown of expenses incurred by and reimbursed to the Trustee, refer to note 13(e).

\* The Promoter of the Fund is Crescent Wealth Funds Management (Aust) Ltd (ABN 32 144 560 172).

Under the terms of the Trust Deed, the Promoter is entitled to receive compensation for services provided to the Fund. Crescent Wealth Funds Management is also the responsible entity for all investments. There has been no transactions between the Promoter and the Fund other than the promoter fees disclosed above.

**5. CHANGES IN FAIR VALUE OF INVESTMENTS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Investments held at reporting date:</b>		
Unlisted unit trusts	36,552,591	(13,711,941)
<b>Investments realised during the reporting period:</b>		
Unlisted unit trusts	12,198	(658,069)
<b>Total changes in fair value</b>	<b>36,564,789</b>	<b>(14,370,010)</b>

**6. MEMBER LIABILITIES**

**(a) Recognition and measurement of member liabilities**

The entitlements of members to benefit payments are recognised as liabilities. They are measured at the amount of the accrued benefits as at the reporting date, being the benefits that the Fund is presently obliged to transfer to members or their beneficiaries in the future as a result of the membership up to the end of the reporting period.

Defined contribution member account balances are measured using unit prices based on the underlying investment option values selected by members.

**(b) Defined Contribution Member Liabilities**

Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

Defined contribution members bear the investment risk relating to the underlying assets of the Fund. The Fund's management of the investment market risks is as disclosed within note 14.

As at 30 June 2021, the net assets attributable to defined contribution members have been substantially allocated. Unallocated contribution amounts are shown in the statement of financial position as 'Unallocated to members'.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**7. RESERVES AND UNALLOCATED SURPLUS**

The Trustee maintains an Operational Risk Reserve (ORR), General Reserve (GR) and an Unallocated Surplus.

**(a) Operational Risk Reserve (ORR)**

Under APRA Prudential Standard SPS114: Operational Risk Financial Requirement (ORFR), the Trustee determined it would maintain an ORFR Target Amount of 0.25% of the Fund's net assets wholly within the ORR.

The Trustee will review the funding methodology of the ORR if it falls below 90% of the Target Amount. The level and appropriateness of the ORR will be reviewed as part of the annual review of the Risk Management Strategy.

The ORR is part of the financial management of the Fund and is operated in accordance with the ORFR Strategy. The ORR may be used in certain circumstances to address operational risk events or claims against the Fund arising from operational risk.

At 30 June 2021, the ORR represented 0.22% (2020: 0.26%) of the Fund's Net Asset's available for members benefit which was under the lower tolerance limit (90%) of its target amount 0.25% by 0.03%. Although the target amount was not met as at the reporting date, measures have been put in place to replenish the ORR by 30 September 2021.

**(b) General Reserve (GR)**

The general reserve is used to cover operating expenses of the Fund or any Trustee expenses related to the Fund in line with the Trustee's Reserve Policy. Member administration fees are deducted monthly from member accounts and up to 0.89% deducted monthly from all members' unit prices and credited to the general reserve. The general reserve reflects all paid fund related expenses during the year.

The level of the General Reserve is reviewed by the Trustee regularly.

**(c) Unallocated Surplus**

Unallocated surplus includes unallocated earnings or losses between the date on which the unit prices are determined and the reporting date.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. INCOME TAX EXPENSE**

**(a) Recognised in the Income Statement**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current tax expense</b>		
Current year	(62,532)	(228,583)
<b>Deferred tax expense</b>		
Movement in temporary differences	5,249,181	(1,944,375)
<b>Total income tax expense (benefit) in Income Statement</b>	<u>5,186,649</u>	<u>(2,172,958)</u>

**(b) Numerical reconciliation between tax expense/(benefit) and operating result before income tax:**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Operating result before income tax	39,852,400	(11,862,139)
Tax at the complying superannuation fund tax rate of 15% (2020: 15%)	5,977,860	(1,779,321)
<i>Increase in income tax expense due to:</i>		
Non-assessable investment income	(688,096)	(308,459)
Imputation credits & foreign income tax offsets	(103,115)	(85,178)
<b>Income tax expense/(benefit)</b>	<u>5,186,649</u>	<u>(2,172,958)</u>

**(c) Recognised in the Statement of Changes in Member Benefits:**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Contributions and transfers in recognised in the Statement of Changes in Member Benefits	57,862,234	63,217,084
Tax at the complying superannuation fund tax rate of 15% (2020: 15%)	8,679,335	9,482,563
<i>Increase/(decrease) in income tax expense due to:</i>		
Member contributions	(294,256)	(192,772)
Transfer from other superannuation entities	(1,982,952)	(3,587,982)
No-TFN contribution tax	1,532	11,931
<b>Income tax on contributions</b>	<u>6,403,659</u>	<u>5,713,740</u>

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**9. TAX ASSETS AND LIABILITIES**

**Current tax assets and liabilities**

The current tax payable for the Fund of \$1,667,509 (2020: \$1,243,594 payable) represents the amount of income taxes payable in respect of current and prior financial periods.

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets/(Liabilities)</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Deferred tax assets</b>		
Capital gains on investments	-	1,185,411
Other payables	122,556	60,368
<b>Total deferred tax assets</b>	<b>122,556</b>	<b>1,245,779</b>
<b>Deferred tax liabilities</b>		
Capital losses on investments	(4,125,958)	-
Other receivables	-	-
<b>Total deferred tax liabilities</b>	<b>(4,125,958)</b>	<b>-</b>
<b>Net deferred tax (liabilities)/assets</b>	<b>(4,003,402)</b>	<b>1,245,779</b>

**Movement in temporary differences during the year**

	<b>Balance 1 July 2020</b>	<b>Recognised in Income Statement</b>	<b>Balance 30 June 2021</b>
<b>Deferred tax assets</b>			
Other payables	60,368	62,188	122,556
	<b>60,368</b>	<b>62,188</b>	<b>122,556</b>
<b>Deferred tax assets/(liabilities)</b>			
Capital gains/(losses) on investments	1,185,411	(5,311,369)	(4,125,958)
	<b>1,185,411</b>	<b>(5,311,369)</b>	<b>(4,125,958)</b>
	<b>1,245,779</b>	<b>(5,249,181)</b>	<b>(4,003,402)</b>



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**10. CASH FLOWS RECONCILIATION**

**(a) Reconciliation of cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank - Operation accounts	14,624,106	9,184,795
<b>Total cash and cash equivalents</b>	<b>14,624,106</b>	<b>9,184,795</b>

**(b) Reconciliation of cash flows from operating activities**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax	2,787,355	2,483,164
Adjustments for:		
Net changes in fair value of financial instruments	(36,564,789)	14,370,010
Insurance premiums	(387,392)	(272,095)
Decrease/(Increase) in distributions receivable	(1,571,618)	3,048,648
Decrease/(Increase) in other receivables	7,885,497	(8,006,443)
(Decrease)/increase in payables	217,508	(8,806)
(Decrease)/increase in income tax payable	423,915	(292,707)
Increase/(Decrease) in Allocation to members' accounts	31,878,396	(12,172,345)
Decrease/(Increase) in Distribution reinvestments	(13,254,935)	116,388
Decrease/(Increase) in deferred tax assets	1,123,223	(1,176,310)
Increase/(Decrease) in deferred tax liability	4,125,958	(768,065)
<b>Net cash (outflows) from operating activities</b>	<b>(3,336,882)</b>	<b>(2,678,561)</b>

**11. COMMITMENTS**

There are no commitments the Trustee is aware of as of 30 June 2021 (2020: NIL).

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no outstanding contingent assets or liabilities as at 30 June 2021 (2020: NIL).

**13. RELATED PARTY DISCLOSURES**

**(a) Trustee**

The Trustee of the Fund is Equity Trustees Superannuation Limited (ABN 50 055 641 757, RSE Licensee L0001458).

**(b) Directors**

Key management personnel include persons who were directors of Equity Trustees Superannuation Limited at any time during the reporting period as follows.

<b>Name</b>	<b>Title</b>
Mr Anthony Jude Lally	Non-Executive Director and Chairman
Mr Michael O'Brien	Managing Director and Executive Director
Mr Ellis Varejes	Non-Executive Director
Mr Mark Blair	Executive Director
Ms Susan Granville Everingham	Non-Executive Director
Mr Paul Douglas Rogan	Non-Executive Director
Mr Jezy (George) Zielinski	Non-Executive Director (Appointed 06-Jul-2020)

None of the above directors of the Trustee are members of the Fund.

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**13. RELATED PARTY DISCLOSURES (CONTINUED)**

**(c) Other key management personnel**

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the reporting period.

**(d) Remuneration of the Trustee**

There have been no transactions between Equity Trustees Superannuation Limited (or its related parties) and the Fund other than the trustee fees and reimbursements for expenses disclosed in the Income Statement and the notes below.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trustee Fees to Equity Trustees Superannuation Limited	177,558	176,591
	<u>177,558</u>	<u>176,591</u>

As at 30 June 2021, \$60,103 (30 June 2020: \$32,080) was payable to the trustee and is included in the statement of financial position.

The Directors of the Trustee do not receive remuneration directly from the Fund.

**(e) Expenses paid by and reimbursed (to be reimbursed) to the Trustee**

The following expenses incurred were paid by and reimbursed (to be reimbursed) to the trustee by the Fund for the reporting period.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
External audit fees – RMF & Compliance	4,306	3,344
Internal audit fees	7,179	3,418
Regulatory fees – ASIC & AFCA	19,517	16,889
	<u>31,002</u>	<u>23,651</u>

**14. FINANCIAL RISK MANAGEMENT**

**(a) Financial instruments management**

The investments of the Fund (other than cash held for meeting daily administrative and benefit expenses), are managed on behalf of the Trustee by specialist fund managers in accordance with the investment strategy to achieve the Fund's investment objectives.

The Trustee has engaged Mercer Investments (Australia) Limited ABN 66 008 612 397 Australian Financial Services Licence #244385, an asset consultant, to monitor and provide regular reports on the Fund's investments to the Trustee. The Trustee may seek information from the manager of each collective investment (and also may seek independent advice from other qualified persons) so as to determine the nature and extent of any risks, and the expected returns, associated with each investment prior to determining its suitability as an investment for the Fund.

The Trustee has engaged NAB Asset Servicing (NAS) (ABN 12 004 044 937), as the custodian to provide services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions.

The Fund's financial assets and liabilities adopted in the Statement of Financial Position are carried at their fair value.

**(b) 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 3 to the Financial Statements.

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Capital risk management**

The Trustee has established an Operational Risk Reserve ("ORR") to provide funding for incidents where material losses may arise from an operational risk event (as opposed to investment risk) relating to the Fund. The level of reserve is determined by the Trustee based on an assessment of the risks faced by the Fund. The Trustee has an operational risk financial requirement strategy to manage assets held in the ORR. According to Superannuation Prudential Standard 114: Operational Risk Financial Requirement, (SPS 114) which became effective 1 July 2013, the financial resources held to meet the ORR must be held either as:

- An operational risk reserve held within an RSE;
- Operation risk trustee capital held by the RSE Licensee; or
- A combination of both an operational risk reserve held within an RSE and operational risk trustee capital held by the RSE Licensee.

The Fund achieves its ORR target amount via an operational risk reserve held within the Fund. At 30 June 2021, the ORR represented 0.22% (2020: 0.26%) of the Fund's Net Asset's available for members benefit which was under the lower tolerance limit (90%) of its target amount 0.25% by 0.03%. Although the target amount was not met as at the reporting date, measures have been put in place to replenish the ORR by 30 September 2021.

**(d) Financial risk management objectives**

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Fund's risk management and investment policies, approved by the Trustee, seek to minimise the potential adverse effects of these risks on the Fund's financial performance. These policies may include the use of certain financial derivative instruments.

It is ultimately the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Fund. The Trustee has developed, implemented and maintains a Risk Management Framework ("RMF").

The RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Fund. Annually, the Trustee is required to certify to APRA whether adequate strategies have been put in place to monitor those risks, that the Trustee has systems in place to ensure compliance with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMF.

**(e) Investment risk**

The Fund's assets principally consist of financial instruments which comprise of investments in unlisted unit trusts. These unlisted unit trusts invest in cash, listed international and Australian securities, fixed interest bonds, floating interest notes, preference shares redeemable, and listed and unlisted property trusts.

The Fund's investment activities expose it to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

To mitigate market risk, the Fund undertakes due diligence prior to the approval of fund managers to ensure that they have appropriate expertise and skill for monitoring of the market conditions and benchmark analysis. Further the Fund's asset consultant provides additional expert advice as required.

At 30 June, the fair value of investments exposed to price risk were as follows:

	\$ 2021	\$ 2020
Unlisted unit trusts	299,920,849	239,955,284
	<u>299,920,849</u>	<u>239,955,284</u>

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Investment risk (continued)**

**(i) Currency risk**

Currency risk arises on financial instruments that are denominated in a foreign currency that is in a currency other than that in which they are measured. The Fund does not currently have any investments denominated in a foreign currency.

*Sensitivity analysis - currency risk*

There is no significant risk in this Fund. The Fund does not currently have any investments denominated in a foreign currency. The Fund's total net exposure to fluctuations in foreign currency exchange rates due to underlying managed investment schemes' investments held in foreign currency denominated investments is as follows:

2021	Change in Variable	Carrying Amount \$	Net assets attributable to members		Change for the year in net assets	
			\$ (Decrease)	\$ Increase	\$ (Decrease)	\$ Increase
International equities	+/- 10.0%	110,265,601	(11,026,560)	11,026,560	(11,026,560)	11,026,560

  

2020	Change in Variable	Carrying Amount \$	Net assets attributable to members		Change for the year in net assets	
			\$ (Decrease)	\$ Increase	\$ (Decrease)	\$ Increase
International equities	+/- 10.0%	84,342,877	(8,434,288)	8,434,288	(8,434,288)	8,434,288

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund does not have interest bearing investments as it is managed based on Islamic investment principles. Hence, the Fund does not hold investments that are directly exposed to interest rate risk.

**(iii) Other market price risk**

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As all of the Fund's financial instruments are carried at fair value with changes recognised in the Income Statement, all changes in market conditions will directly affect changes in fair value.

The Fund's assets are invested in unlisted unit trust investments which invest in cash, listed international and Australian securities, fixed interest bonds, floating interest notes, preference shares redeemable, and listed and unlisted property trusts. The Fund's exposure to other market price risk is therefore limited to the market price movement of these investments.

The Trustee has determined that these investments are appropriate for the Fund and are in accordance with the Fund's investment strategy.

*Sensitivity analysis - other market price risk by asset*

The table below illustrates the impact of other market price risk to the unlisted investment schemes, where the Fund invests, should each type of financial asset fluctuate by a 10% increase or decrease from the investment objective. This analysis assumes that all other variables remain constant.

2021	Change in Variable	Carrying Amount \$	Net assets attributable to members		Change for the year in net assets	
			\$ (Decrease)	\$ Increase	\$ (Decrease)	\$ Increase
Australian listed equities unit trusts	+/- 10.0%	42,994,886	(4,299,489)	4,299,489	(4,299,489)	4,299,489
International listed equities unit trusts	+/- 10.0%	110,265,601	(11,026,560)	11,026,560	(11,026,560)	11,026,560
Property listed and unlisted unit trusts	+/- 10.0%	89,647,706	(8,964,771)	8,964,771	(8,964,771)	8,964,771

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Investment risk (continued)**

(iii) Other market price risk (continued)

2020	Change in Variable	Carrying Amount \$	Net assets attributable to members		Change for the year in net assets	
			\$ (Decrease)	\$ Increase	\$ (Decrease)	\$ Increase
Australian listed equities unit trusts	+/- 5.0%	25,910,626	(2,591,063)	2,591,063	(2,591,063)	2,591,063
International listed equities unit trusts	+/- 5.0%	84,342,877	(8,434,288)	8,434,288	(8,434,288)	8,434,288
Property listed and unlisted unit trusts	+/- 5.0%	78,754,055	(7,875,406)	7,875,406	(7,875,406)	7,875,406

An increase/(decrease) by the average return at reporting date would have increased/(decreased) the change for the year in net assets available to pay benefits by the amounts shown above.

**Credit risk**

Credit risk refers to the risk that the counterparty to the financial instrument will default on its contractual obligations resulting in a financial loss to the Fund.

The Fund does not directly hold any debt securities or derivatives and as such there is no significant credit risk.

The carrying amounts of financial assets best represent the maximum credit risk exposure at reporting date. No collateral is held as security or other credit enhancement exists for all financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Fund's financial assets exposed to credit risk amounted to the following:

	2021 \$	2020 \$
Cash and cash equivalents	14,624,106	9,184,795
Trust distributions and other receivables	4,794,124	11,108,003
	<u>19,418,230</u>	<u>20,292,798</u>

**Liquidity risk**

Liquidity risk is the risk that the Fund will not be able to meet its obligations when they fall due. The risk is controlled through the Fund's investment in financial instruments which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating conditions. The Fund's overall liquidity risks are monitored by the Trustee at least annually and in accordance with policies and procedures in place.

The following table summarises the maturity profile of the Fund's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay.

*Maturities of financial liabilities*

The tables below show the Fund's financial liabilities based on their contractual maturities using undiscounted cash flows. Liabilities to defined contribution members are payable upon request. The Fund considers it unlikely that all liabilities to members would fall due at the same time.

	Less than 1 month	1-3 months	Greater than 3 months	Total
At 30 June 2021	\$	\$	\$	\$
Creditors and accruals	-	762,551	57,267	819,819
Member liabilities	306,163,783	-	-	306,163,783
Benefits payable	1,342	-	-	1,342
Current tax liabilities	-	-	1,667,509	1,667,509
<b>Total financial liabilities</b>	<u>306,165,125</u>	<u>762,551</u>	<u>1,724,776</u>	<u>308,652,453</u>

  

	Less than 1 month	1-3 months	Greater than 3 months	Total
At 30 June 2020	\$	\$	\$	\$
Creditors and accruals	-	419,987	-	419,987
Member liabilities	256,072,895	-	-	256,072,895
Benefits payable	183,666	-	-	183,666
Current tax liabilities	-	-	1,243,954	1,243,954
<b>Total financial liabilities</b>	<u>256,256,561</u>	<u>419,987</u>	<u>1,243,954</u>	<u>257,920,142</u>

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Investment risk (continued)**

**Liquidity risk (continued)**

Member benefits have been included, if applicable, in the "less than one month" column, as this is the amount that members could call upon at year-end. This is the earliest date on which the Fund can be required to pay members' benefits; however, the Trustee does not anticipate that members will call upon amounts accrued to them during this time.

**15. FAIR VALUE MEASUREMENTS**

**Fair value hierarchy**

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. Table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1 fair value measurements are those instruments valued based on quoted prices unadjusted) in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices). The unlisted investment schemes, where the fund invests, values fixed interest securities using broker quotes and units in unit trusts using the redemption price at reporting date as advised by the investment managers. The Fund does not currently have any investments denominated in a foreign currency.
- based on observable market data, examples include discount rates and other material unobservable inputs. The Trustee values units in unit trusts classified as level 3 using the unit price provided by the underlying fund manager. These unit trusts hold illiquid investments such as unlisted property and private equity. The Fund classifies suspended and delisted securities that have not been actively traded at least in the last 3 months as Level 3 investments, and these securities are priced in the accounting system based on the last available price.

The table below sets out the Fund's financial assets and liabilities at fair value according to the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
At 30 June 2021	\$	\$	\$	\$
<b>Assets</b>				
Units in unit trusts	-	236,513,782	63,407,067	299,920,849
	-	236,513,782	63,407,067	299,920,849
	Level 1	Level 2	Level 3	Total
At 30 June 2020	\$	\$	\$	\$
<b>Assets</b>				
Units in unit trusts	-	161,201,229	78,754,055	239,955,284
	-	161,201,229	78,754,055	239,955,284

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2021	2020
	\$	\$
<i>Property unlisted unit trust</i>		
Opening balance	78,754,055	-
Transfers in through reclassification of investments	-	91,243,998
Total realised/ unrealised gains and (losses)	(142,582)	(5,594,135)
Purchases/Applications	(196,022)	2,907,050
(Sales)/(Redemptions)	(18,751,600)	(13,800,000)
Trust distributions and other receivables	3,743,216	3,997,142
Closing balance	63,407,067	78,754,055

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**15. FAIR VALUE MEASUREMENTS (CONTINUED)**

Quantitative information of significant unobservable inputs including sensitivity analysis – Level 3:

Description	Valuation Technique	Significant unobservable inputs		
Unlisted unit trusts	Application price based on NAV	Underlying valuations that support the NAV and discount/premium used for calculation of application price		
	Amount*	Sensitivity used**	Increase	Decrease
2021	63,407,067	5%	3,170,353	(3,170,353)
2020	78,754,055	5%	3,937,703	(3,937,703)

\* The fair value of the asset would increase/decrease if the discount rate increase/decreases. The fair value would increase/decrease if other inputs increase/decrease.

\*\* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

Gains or losses included in profit or loss are presented in change in fair value of financial assets and liabilities at fair value through profit or loss as follows:

	2021 \$	2020 \$
Net (losses) included in profit or loss for the year	(142,582)	(5,594,135)
Net (losses) included in profit or loss for the year for assets held	(699,056)	(5,670,852)

**16. STRUCTURED ENTITIES**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Fund considers all investments in managed investment schemes (MIS) to be structured entities. The Fund invests in underlying managed funds for the purpose of capital appreciation and or earning investment income.

The objectives of the investee MIS are to achieve medium to long term capital growth. The investee MIS invest in a number of different financial instruments, including equities.

The exposure to investments in investee funds at fair value, by investment strategy, is disclosed below:

At 30 June 2021	2021 \$	2021 % held	2020 \$	2020 % held
Crescent Australian Equity Fund	42,994,886	100.00%	25,910,626	100.00%
Crescent Cash Fund Retail	36,696,524	100.00%	40,494,272	92.00%
Crescent Diversified Property Fund	63,407,067	97.00%	78,754,055	97.00%
Crescent International Equity Fund	88,147,024	100.00%	68,209,226	100.00%
Crescent Islamic Fixed Income Fund	20,231,385	100.00%	10,453,454	100.00%
Crescent International Passive Equities Fund	22,118,577	100.00%	16,133,651	100.00%
Crescent Listed Real Estate Fund	26,240,639	98.00%	-	-
Crescent Alternative Assets Fund	84,747	100.00%	-	-
	<u>299,920,849</u>		<u>239,955,284</u>	

The fair value of financial assets, 2021: \$299,920,849 (2020: \$239,955,284) is included in investments in the statement of financial position.

The Fund's maximum exposure to loss from its interests in investee MIS's is equal to the total fair value of its investments in the investee funds.

The financial assets of the fund are domiciled in Australia.

The Promoter is the responsible entity for the above investee funds.

During the year the Fund earned fair value gains and distribution income as a result of its interests in other funds.

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**17. EXTERNAL AUDITOR'S REMUNERATION**

During the reporting period, the following fees were paid or payable to the auditors of the Fund:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Audit and review of financial statements and compliance</b>		
Ernst & Young	65,271	57,200
<b>Audit and review of the risk management framework</b>		
Deloitte	4,306	4,510
<b>Total Auditor's Remuneration</b>	<b>69,577</b>	<b>61,710</b>

**18. INSURANCE ARRANGEMENTS**

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third-party insurance company to insure these death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members' accounts and insurance claim proceeds credited to members accounts are recognised in the statement of changes in member benefits.

The Trustee determined that the Fund is not exposed to material insurance risk because:

- members (or their beneficiaries) will only receive insurance benefits if the external insurer pays the claim;
- insurance premiums are only paid through the Fund for administrative reasons; and
- insurance premiums are effectively set directly by reference to premiums set by an external insurer.

**19. CORONAVIRUS (COVID-19) PANDEMIC**

**Background**

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. Since that time, the pandemic has had a significant impact on the community, the economy, investment markets, and the operations of businesses across the country and world.

On 22 March 2020 the federal government announced a temporary measure due to the effects of coronavirus on the economy. This new rule allowed individuals to access up to \$10,000 of their superannuation in financial year 2019/20 and a further \$10,000 in financial year 2020/21. This measure ended on 31 December 2020.

For the year ended 30 June 2021 the Fund paid out \$10.4 million (2020: \$9.1 million) in benefits to members seeking early access to their super. statements. The financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business and whilst the situation remains uncertain, the Trustee remains confident that the Fund will be able to continue as a going concern and has sufficient liquidity to meet its debts as and when they fall due.

The key areas of impact were as follows:

**Investments**

The global pandemic has impacted global economic activity and, to varying degrees, financial markets around the world. As a result, assessing fair value as at reporting date involves increased uncertainties around the underlying assumptions for valuations given the very wide range of potential paths forward for both economies, policy responses and asset fundamentals.

At the previous reporting date, reduced transaction volume was driven by the unfolding crisis, and therefore the quality of estimates of the value of assets was impacted. Whilst liquidity has returned to markets, the price of certain assets has been heavily influenced by government intervention. For example, for most of the reporting period the Reserve Bank of Australia has taken steps to maintain the target of 10 basis points for the cash rate and the yield on 3-year Australian Government bonds, the latter through on market purchase of these bonds. As a result, our assessment of fair value is partly dependent on governments maintaining their stated policies to manage investment market conditions.

The value of more than 78.86% of the Fund's investments is valued based upon observable market prices as of 30 June 2021.

The Fund's financial investments include holding in Crescent Diversified Property Fund (CDPF), an unlisted property investment, which is measured at FVTPL in accordance with the Fund's accounting policies. CDPF hold a significant investment in an unlisted property managed investments scheme, which holds a portfolio of investment properties.



**CRESCENT WEALTH SUPERANNUATION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**19. CORONAVIRUS (COVID-19) PANDEMIC (CONTINUED)**

**Recoverability of Deferred Tax Balances**

In assessing whether a deferred tax asset can be recognised and given the macro-economic conditions arising from COVID-19 existed at the reporting date, the Trustee has ensured the projections of future taxable earnings is robust and based on reasonable assumptions regarding the Fund's future investment performance and taxable contribution levels.

**Risk management**

The Trustee's robust risk management framework continues to be applied across the Funds operations and the Trustee continues to monitor the impact of government's response to COVID 19 on the Fund's risk profile. Non financial risks emerging from global movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Trustee's risk management framework.

The management of liquidity risk is a key element of the investment process. The risk is controlled through the Fund's investment in financial instruments which are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating conditions as well as additional cash requirements to fund the benefits to members seeking early access to their super.

**20. EVENTS SUBSEQUENT TO REPORTING DATE**

There has not arisen, in the interval between the end of the financial year and the date of this financial report, any item, transaction or event of an unusual nature likely to affect significantly the operations of the Fund, the result of the operations, or the state of affairs of the Fund.

**CRESCENT WEALTH SUPERANNUATION FUND**  
**TRUSTEE'S DECLARATION TO THE MEMBERS**

**In the opinion of the directors of the Trustee of Crescent Wealth Superannuation Fund:**

1. The accompanying Financial Statements and notes set out on pages 1 to 25 are in accordance with:
  - Australian Accounting Standards and other mandatory professional reporting requirements, and
  - present fairly the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date
2. The Fund has been conducted in accordance with its constituent Trustee Deed and the requirements of the *Superannuation Industry (Supervision) Act 1993* and its accompanying Regulations; the relevant requirements of the *Corporations Act 2001* and Regulations; the requirements under section 13 of the *Financial Sector (Collection of Data) Act 2001*, during the year ended 30 June 2021, and
3. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of Equity Trustees Superannuation Limited (ABN 50 055 641 757) as Trustee for Crescent Wealth Superannuation Fund.



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Director

Melbourne  
27th September 2021

## Part 1 – Independent Auditor’s report on financial statements

Independent Auditor’s report approved form for an RSE that is a reporting entity

Crescent Wealth Superannuation Fund [ABN 71 302 958 449]

Report by the RSE Auditor to the trustee and members

### Opinion

I have audited the financial statements of Crescent Wealth Superannuation Fund (the “Fund”) for the year ended 30 June 2021 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in equity.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Crescent Wealth Superannuation Fund as at 30 June 2021 and the results of its operations, cash flows, changes in equity/reserves and changes in members’ benefits for the year ended 30 June 2021.

### Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor’s responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence 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 my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the trustee for the Financial Statements

The RSE’s trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my 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 these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the audit. I also:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



Kieren Cummings  
Partner  
Sydney

27 September 2021