



**CRESCENT WEALTH SUPERANNUATION FUND**

**ABN: 71 302 958 449**

**RSE: R1075182**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**CRESCENT WEALTH SUPERANNUATION FUND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

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# CRESCENT WEALTH SUPERANNUATION FUND

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	11(a)	9,184,795	2,606,331
<b>Total cash and cash equivalents</b>		<b>9,184,795</b>	<b>2,606,331</b>
<b>Receivables</b>			
Distribution receivable		3,070,937	6,119,585
Other receivables		8,037,066	30,623
<b>Total receivables</b>		<b>11,108,003</b>	<b>6,150,208</b>
<b>Investments</b>	17	<b>239,955,284</b>	<b>242,566,130</b>
<b>Other assets</b>			
Deferred tax assets	10	1,245,779	69,469
<b>Total other assets</b>		<b>1,245,779</b>	<b>69,469</b>
<b>Total assets</b>		<b>261,493,861</b>	<b>251,392,138</b>
<b>Liabilities</b>			
Payables	6	603,653	612,459
Current tax liability	10	1,243,594	1,536,301
Deferred tax liability	10	-	768,065
<b>Total liabilities (excluding member liabilities)</b>		<b>1,847,247</b>	<b>2,916,825</b>
<b>Net assets available to pay benefits</b>		<b>259,646,614</b>	<b>248,475,313</b>
<b>Member benefits</b>			
Defined contribution member liabilities	7	255,772,115	246,994,702
Unallocated to members		300,780	426,111
<b>Total member liabilities</b>		<b>256,072,895</b>	<b>247,420,813</b>
<b>Total net assets</b>		<b>3,573,719</b>	<b>1,054,500</b>
<b>Equity</b>			
Operational risk reserve	8	684,371	608,906
Administration reserve	8	206,531	245,941
Unallocated surplus	8	2,682,817	199,653
<b>Total equity</b>		<b>3,573,719</b>	<b>1,054,500</b>

The Statement of Financial Position is to be read in conjunction with the accompanying notes to the financial statements set out on pages 8 to 27.

**CRESCENT WEALTH SUPERANNUATION FUND**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Note</b>	<b>2020</b> <b>\$</b>	<b>2019</b> <b>\$</b>
<b>Superannuation activities</b>			
<b>Revenue</b>			
Changes in fair value of investments	5	(14,370,010)	1,702,175
Trust distributions		5,025,325	7,204,909
Investment management fee rebates		-	437,106
Sundry income		4,009	129,770
<b>Total revenue/(loss)</b>		<b>(9,340,676)</b>	<b>9,473,960</b>
<b>Expenses</b>			
General administration expenses	4	(2,521,463)	(2,016,979)
<b>Total expenses</b>		<b>(2,521,463)</b>	<b>(2,016,979)</b>
<b>Operating result</b>		<b>(11,862,139)</b>	<b>7,456,981</b>
Net loss/(benefit) allocated to defined contribution member accounts		12,172,345	(8,421,493)
<b>Operating result before income tax</b>		<b>310,206</b>	<b>(964,512)</b>
Income tax benefit	9(b)	2,172,958	190,903
<b>Operating result after income tax</b>		<b>2,483,164</b>	<b>(773,609)</b>

The Income Statement is to be read in conjunction with the accompanying notes to the financial statements set out on pages 8 to 27.

**CRESCENT WEALTH SUPERANNUATION FUND**

**STATEMENT OF CHANGES IN MEMBER BENEFITS  
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>Opening balance of member benefits</b>		246,994,702	194,899,346
Contributions:			
- Employer contributions		37,606,984	31,307,736
- Member contributions		1,690,217	1,243,933
- Government contributions		378,958	312,239
Transfers from other superannuation entities		23,540,925	28,596,099
Income tax on contributions		(5,713,740)	(4,715,059)
<b>Net after tax contributions</b>		<u>57,503,344</u>	<u>56,744,948</u>
Benefits to members		(36,245,436)	(12,805,191)
Insurance premiums charged to members' accounts		(272,095)	(212,971)
Reserve transferred to/(from) member:			
- Administration reserve		39,410	(52,923)
- Operational risk reserve		(75,465)	-
Net benefits allocated, comprising:			
- Net investment (loss)/income		(11,613,502)	9,123,505
- Net administration fees		(558,843)	(702,012)
<b>Closing balance of member benefits</b>	7	<u><u>255,772,115</u></u>	<u><u>246,994,702</u></u>

The Statement of Changes in Member Benefits is to be read in conjunction with the accompanying notes to the financial statements set out on pages 8 to 27.

**CRESCENT WEALTH SUPERANNUATION FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Operational risk reserve \$</b>	<b>Administration Reserve \$</b>	<b>Unallocated surplus \$</b>	<b>Total \$</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	-	<b>2,704,278</b>
Transfers out of reserve	-	(2,668,223)	-	<b>(2,668,223)</b>
Operating result	-	-	2,483,164	<b>2,483,164</b>
<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>

	<b>Operational risk reserve \$</b>	<b>Administration Reserve \$</b>	<b>Unallocated surplus \$</b>	<b>Total \$</b>
<b>Opening balance as at 1 July 2018</b>	<b>608,906</b>	<b>193,018</b>	<b>973,262</b>	<b>1,775,186</b>
Transfers into reserve	-	1,924,201	-	1,924,201
Transfers out of reserve	-	(1,871,278)	-	(1,871,278)
Operating result	-	-	(773,609)	(773,609)
<b>Closing balance as at 30 June 2019</b>	<b>608,906</b>	<b>245,941</b>	<b>199,653</b>	<b>1,054,500</b>

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements set out on pages 8 to 27.

**CRESCENT WEALTH SUPERANNUATION FUND**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Note</b>	<b>2020</b> <b>\$</b>	<b>2019</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Other income received		4,079	129,809
General administration expenses paid		(2,600,241)	(1,968,174)
Insurance premiums paid		(260,507)	(208,352)
Income tax refunded		178,108	(540,878)
<b>Net cash (outflows) from operating activities</b>	<b>11(b)</b>	<b><u>(2,678,561)</u></b>	<b><u>(2,587,595)</u></b>
 <b>Cash flows from investing activities</b>			
Proceeds from sale of investments		66,824,000	12,752,000
Payments for purchase of investments		(78,509,190)	(54,295,000)
<b>Net cash (outflows) from investing activities</b>	<b>11(b)</b>	<b><u>(11,685,190)</u></b>	<b><u>(41,543,000)</u></b>
 <b>Cash flows from financing activities</b>			
Employer contributions received		37,481,654	31,390,652
Member contributions received		1,690,217	1,243,933
Government co-contributions received		378,958	312,239
Benefits paid to members		(36,193,567)	(12,880,811)
Net transfers from other funds		23,540,925	28,596,099
Income tax paid on contributions		(5,955,972)	(4,715,059)
<b>Net cash inflows from financing activities</b>		<b><u>20,942,215</u></b>	<b><u>43,947,053</u></b>
 <b>Net increase/(decrease) in cash held</b>		<b>6,578,464</b>	<b>(183,542)</b>
Cash at the beginning of the year		<u>2,606,331</u>	<u>2,789,873</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>11(a)</b>	<b><u><u>9,184,795</u></u></b>	<b><u><u>2,606,331</u></u></b>

The Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements set out on pages 8 to 27.

## **CRESCENT WEALTH SUPERANNUATION FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

#### **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 was 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. In the previous reporting period, Equity Trustees Superannuation Limited was appointed Trustee with effect from 19 October 2018. From 1 July 2018 to 18 October 2018, the Trustee of the Fund was Diversa Trustees Limited (ABN 49 006 421 638, RSE No. L0000635).

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 34 144 560 172). 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, with effect from 1 April 2020.

The financial statements were authorised and issued by the board and directors of Equity Trustees Superannuation Limited on 21 August 2020. The directors of the Trustee have the power to amend and re-issue these financial statements.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of Preparation**

Unless covered in other notes to the financial statements, the principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS") and the 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.

##### **(b) 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 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

##### **(c) 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 2020, 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.

##### **(d) 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.



## CRESCENT WEALTH SUPERANNUATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (e) Financial Instruments

###### (i) Classification

The Fund's financial assets and liabilities are classified into the categories below in accordance with AASB 9:

###### Investments

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

###### Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category short term receivables. There are no loan assets in the Fund as at 30 June 2020 (2019: Nil).

###### Other liabilities

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Other liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

###### (ii) Recognition

The Fund recognises a financial asset or financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

###### (iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. The rights to receive cash flows from the asset have expired; or
- ii. The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows full without material delay to a third party under a 'pass-through' arrangement; and
- iii. Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

###### (iv) Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in income statement.

Loans and receivables and financial liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the income statement, unless specified otherwise.

###### (v) Subsequent measurement

After initial measurement, the Fund measures investments and derivatives at fair value through profit or loss. Subsequent changes in the fair value of those investments are recorded as 'movement in fair value of investments' through the income statement. Interest earned is recorded in 'Interest revenue' according to the terms of the contract. Distribution revenue is recorded in 'Trust distributions'.

## CRESCENT WEALTH SUPERANNUATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (f) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 16.

##### (g) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

##### (h) Receivables and payables

Receivables are carried at nominal amounts due which approximate fair value. Receivables are normally settled within 30 days. Payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid when the Fund becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled on 30 day terms.

##### (i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

###### (i) *Changes in fair value*

Changes in the fair value of investments and derivatives are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the income statement.

###### (ii) *Distributions and rebates*

Distribution and rebate revenue is recognised when the Fund's right to receive payment is established. Revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the income statement.

## **CRESCENT WEALTH SUPERANNUATION FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **(j) Income Tax**

The Fund is a complying superannuation fund for the purposes of the provisions of the Income Tax Assessment Act 1997. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income.

Income tax in the income statement for the year comprises current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

##### **(k) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable; or
- When receivables and payables are stated with the amount of GST included.

## **CRESCENT WEALTH SUPERANNUATION FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **(k) Goods and Services Tax (continued)**

The net amounts of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are presented on a gross basis in the Statement of Cash Flows. The GST component of cash flows arising from investing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

##### **(l) Superannuation contribution surcharge**

The Superannuation Laws Amendment (Abolition of Surcharge) Act 2005 abolishes both the superannuation contributions surcharge and the termination payments surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

Superannuation Contribution Surcharge is levied on surchargeable contributions for a relevant year on the basis of the individual member's adjusted taxable income for that year. The liability for the Superannuation Contribution Surcharge is recognised when the assessment is received, as the Trustee considers this is when it can be reliably measured.

The superannuation surcharge liability recognised by the Fund has been charged to the relevant members' accounts.

##### **(m) Foreign currency**

The functional and presentation currency of the Fund is Australian Dollars, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions in foreign currencies are initially recorded at the functional currency spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the income statement in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

##### **(n) Member liabilities**

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

##### **(o) Insurance**

The Fund acts as an agent as defined by AASB 1056, in offering insurance cover for death, total and permanent disability and income protection for members. Insurance premiums charged to member accounts and insurance benefits paid to members via the Fund are reflected in the statement of changes in member benefits.

## CRESCENT WEALTH SUPERANNUATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (p) Reserves

The Fund maintains an Operational Risk Reserve, in accordance with the requirements established by the Australian Prudential Regulatory Authority under Prudential Standard SPS 114 Operational Risk Financial Requirement, and also holds an Administration reserve and an Unallocated Surplus Reserve.

Unallocated earnings or losses between the date of the unit process determined by the Trustee and the reporting date are shown in the statement of financial position as "Unallocated surplus/(deficit)" within equity.

##### (q) Significant accounting judgements, estimates and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

##### Fair Value of Investments

When the fair values of the investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs in these valuation techniques are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to establish fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of these investments.

##### 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;
- 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.

##### (r) 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 2020

#### 3. IMPACT ON THE FUND DUE TO THE GOVERNMENT'S RESPONSE TO THE CORONAVIRUS (COVID-19) PANDEMIC

##### *Background*

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 2019/20 and a further \$10,000 in 2020/21.

For the year ended 30 June 2020 the Fund paid out \$17.2 million in benefits to members seeking early access to their super. Subsequent to 30 June 2020, the Fund paid out further \$9.1 million to 9 August 2020.

The Trustee has considered the impact of the government's response to COVID-19 and other market volatility in preparing its financial statements. Key Statements of Financial Position items and related disclosures were as follows:

##### *Investments*

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.

Whilst all valuations contain some element of uncertainty, the impact of government response on COVID-19 on the markets in which the Fund holds unlisted investments, specifically for property investments is not fully known due to limited transactional evidence since the outbreak of the pandemic. As at 30 June 2020, the Fund has measured the fair value of its unlisted investments at their redemption price. The Fund has exercised a higher degree of judgment in measuring the fair value of its unlisted investments as at 30 June 2020. As a result, the Trustee has reclassified its investment in CDPF as an investment with a fair value hierarchy of level 3 during the year. Refer to Note 16 for further details.

##### *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.

# CRESCENT WEALTH SUPERANNUATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 4. GENERAL ADMINISTRATION EXPENSES

	2020	2019
	\$	\$
Administration fees	642,931	600,430
Promoter fees	1,404,403	1,098,992
Investment consulting fees	114,100	1,431
Trustee fees	176,591	177,907
Custodian fees	28,714	29,996
APRA levies	16,889	13,104
Audit fees	96,257	79,655
Tax fees	25,011	13,186
Other expenses	16,567	2,278
	<u>2,521,463</u>	<u>2,016,979</u>

During the year no expenses were paid directly by the Promoter on behalf of the Fund.

For expenses incurred by and reimbursed to the trustee, refer to note 14(e).

### 5. CHANGES IN FAIR VALUE OF INVESTMENTS

	2020	2019
	\$	\$
<b>Unrealised (losses)/gains on investments held at reporting date:</b>		
Unlisted unit trusts	(13,711,941)	2,542,695
<b>Realised (losses) on investments during the reporting period:</b>		
Unlisted unit trusts	(658,069)	(840,520)
<b>Total changes in fair value</b>	<u>(14,370,010)</u>	<u>1,702,175</u>

### 6. PAYABLES

	2020	2019
	\$	\$
<b>Due within 12 months</b>		
Benefits payable	183,666	143,999
Administration fees payable	108,858	198,427
Promoters fees payable	111,904	164,626
Group life insurance premiums payable	30,463	18,874
Benefit payments tax	17,536	5,334
Service providers fees payables	105,664	-
Other payables	45,562	81,199
	<u>603,653</u>	<u>612,459</u>

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### 7. 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.

## CRESCENT WEALTH SUPERANNUATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 7. MEMBER LIABILITIES (CONTINUED)

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. Unit prices are updated on a daily basis for movements in investment markets. The Fund's management of the investment market risks is as disclosed within note 15(e).

As at 30 June 2020, the net assets attributable to defined contribution members have been substantially allocated. Unallocated amounts are shown in the statement of financial position as 'Unallocated to members'.

Defined contribution members' liabilities are fully vested as at 30 June 2020 and 30 June 2019.

	2020	2019
	\$	\$
Defined contribution member liabilities	255,772,115	246,994,702

#### 8. RESERVES

The Trustee maintains an Operational Risk Reserve (ORR) and an Administration Reserve.

	2020	2019
	\$	\$
Operational risk reserve	684,371	608,906
Administration reserve	206,531	245,941
Unallocated surplus	2,682,817	199,653

##### (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 Target Amount has been met. 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 2020, the ORR represented 0.264% (2019: 0.245%) of the Fund's Net Asset Value which is slightly over the target amount but within the tolerance limit set by the Trustee.

##### (b) Administration Reserve

The administration 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. On a monthly basis, the administration reserve is funded via administration fees which is a deduction of fixed dollar fees from member accounts and up to 0.89% pa (2019: 0.565% pa) is deducted from all members' unit prices on a monthly basis and credited to the administration reserve. The reserves also partially fund increases that may be required for the ORR.

The level of the Administration 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 FOR THE YEAR ENDED 30 JUNE 2020

### 9. INCOME TAX

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

	2020 \$	2019 \$
<b>Current tax expense</b>		
Current year	(228,583)	46,725
<b>Deferred tax expense</b>		
Movement in temporary differences	(1,944,375)	(237,628)
<b>Total income tax benefit in Income Statement</b>	<u>(2,172,958)</u>	<u>(190,903)</u>

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

	2020 \$	2019 \$
Operating result before income tax	(11,862,139)	7,456,981
Tax at the complying superannuation fund tax rate of 15% (2019: 15%)	(1,779,321)	1,118,547
<i>Increase/(decrease) in income tax expense due to:</i>		
Non-assessable investment income	(308,459)	(1,119,059)
Imputation credits & foreign income tax offsets	(85,178)	(190,391)
<b>Income tax benefit</b>	<u>(2,172,958)</u>	<u>(190,903)</u>

# CRESCENT WEALTH SUPERANNUATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 10. TAX ASSETS AND LIABILITIES

#### Current tax assets and liabilities

The current tax payable for the Fund of \$1,243,594 (2019: \$1,536,301 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:

	Assets		Liabilities		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Other payables	60,368	69,469	-	-	60,368	69,469
Capital gains/(losses) on investments	1,185,411	-	-	(768,065)	1,185,411	(768,065)
<b>Net tax assets/(liabilities)</b>	<b>1,245,779</b>	<b>69,469</b>	<b>-</b>	<b>(768,065)</b>	<b>1,245,779</b>	<b>(698,596)</b>

#### Movement in temporary differences during the year

	2020			2019		
	Opening Balance	Recognised in Income	Closing Balance	Opening Balance	Recognised in Income	Closing Balance
<b>Deferred tax assets</b>						
Other payables	69,469	(9,101)	60,368	47,257	22,212	69,469
	69,469	(9,101)	60,368	47,257	22,212	69,469
<b>Deferred tax assets/(liabilities)</b>						
Capital gains/(losses) on investments	(768,065)	1,953,476	1,185,411	(983,481)	215,416	(768,065)
	(768,065)	1,953,476	1,185,411	(983,481)	215,416	(768,065)
	(698,596)	1,944,375	1,245,779	(936,224)	237,628	(698,596)

# CRESCENT WEALTH SUPERANNUATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 11. CASH FLOWS RECONCILIATION

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

	2020 \$	2019 \$
Cash at bank - Operation accounts	9,184,795	2,606,331
<b>Total cash and cash equivalents</b>	<b>9,184,795</b>	<b>2,606,331</b>

#### (b) Reconciliation of cash flows from operating and investing activities

	2020 \$	2019 \$
Profit/(Loss) after income tax	2,483,164	(773,609)
Adjustments for:		
Net changes in fair value of financial instruments	14,370,010	(1,702,175)
Insurance premiums	(272,095)	(212,971)
Decrease/(Increase) in distributions receivable	3,048,648	(375,256)
(Increase) in other receivables	(8,006,443)	(2,587)
(Decrease) in payables	(8,806)	(19,570)
(Decrease) in income tax payable	(292,707)	(494,154)
Allocation to members' accounts	(12,172,345)	8,421,493
Distribution reinvestments	116,388	(6,754,031)
Fee rebates	-	(437,106)
(Increase) in deferred tax assets	(1,176,310)	(22,212)
(Decrease) in deferred tax liability	(768,065)	(215,416)
<b>Net cash (outflows) from operating activities</b>	<b>(2,678,561)</b>	<b>(2,587,594)</b>
<b>Cash flow from investing activities</b>		
Net purchase of assets measured at fair value	(11,685,190)	(41,543,000)
<b>Net cash (outflows) from investing activities</b>	<b>(11,685,190)</b>	<b>(41,543,000)</b>
<b>Net cash (outflows) from operating and investing activities</b>	<b>(14,363,751)</b>	<b>(44,130,594)</b>

### 12. COMMITMENTS

There are no commitments the Trustee is aware of as of 30 June 2020 (2019: NIL).

### 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no outstanding contingent assets or liabilities as at 30 June 2020 (2019: NIL).

### 14. RELATED PARTY DISCLOSURES

#### (a) Trustee

The Trustee of the Fund is Equity Trustees Superannuation Limited (ACN 055 641 757, RSE Licensee L0001458). Prior to 19 October 2018, the Trustee of the Fund was Diversa Trustees Limited.

## CRESCENT WEALTH SUPERANNUATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 14. RELATED PARTY DISCLOSURES (CONTINUED)

##### (b) Directors

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

Name	Title
Mr Anthony Jude Lally	Non-Executive Director and Chairman
Mr Michael O'Brien	Managing Director and Executive Director
Ms Catherine Robson	Non-Executive Director (Resigned 05-May-2020)
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 (Appointed 27-Aug-2019)
Mr Jezy (George) Zielinski	Non-Executive Director (Appointed 06-Jul-2020)

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

##### (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 period.

##### (d) Remuneration of directors of the Trustee

There have been no transactions between Equity Trustees Superannuation Limited and the Fund other than the trustee fees disclosed in the Income Statement and the notes below. The directors of the Trustee do not receive remuneration directly from the Fund.

##### (e) Trustee Fees

	2020 \$	2019 \$
Trustee Fees to Equity Trustees Superannuation Limited	176,591	110,269
Trustee Fees to Diversa Trustees Limited	-	67,638
	<u>176,591</u>	<u>177,907</u>

As at 30 June 2020, \$32,080 (30 June 2019: \$36,307) was payable to the Trustee and is included in the statement of financial position.

##### (f) Other entities with significant influence over the Fund

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.

##### Remuneration of the Promoter

There have been no transactions between the Promoter and the Fund other than the promoter fees disclosed in the income statement. The compensation received or due and receivable by the Promoter in connection with the services provided to the Fund was \$1,404,403 (2019: \$1,098,992) as disclosed in Note 4.

##### Expenses paid by the Promoter

The total expenses paid by the Promoter was \$nil (2019: \$17,250). There were no other transactions between the Promoter and the Fund during the year.

## **CRESCENT WEALTH SUPERANNUATION FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

#### **15. 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 2 to the Financial Statements.

##### **(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 target amount has been met at the reporting date.

##### **(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.

# CRESCENT WEALTH SUPERANNUATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Investment risk

The Fund's assets principally consist of financial instruments which comprise of cash, listed securities, listed and unlisted unit trusts, and collective investment vehicles such as pooled superannuation trusts and managed investment schemes. The Trustee has determined that this type of investment is appropriate for the Fund and is in accordance with the Fund's investment strategy.

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:

	2020 \$	2019 \$
Unlisted unit trusts	239,955,284	242,566,130
	<u>239,955,284</u>	<u>242,566,130</u>

#### (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*

The Fund's total net exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

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)

2019	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%	66,251,247	(6,625,125)	6,625,125	(6,625,125)	6,625,125

# CRESCENT WEALTH SUPERANNUATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Investment risk (continued)

##### Market risk (continued)

##### (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.

Investments of the Fund (other than cash held for liquidity purposes), comprise of units in unit 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 Fund should each asset class fluctuate by a 10% (2019: 5%) increase or decrease from the investment objective. This analysis assumes that all other variables remain constant.

2020	Change in Variable	Carrying Amount \$	Net assets attributable to members		Change for the year in net assets	
			\$(Decrease)	\$ Increase	\$(Decrease)	\$ Increase
Australian equities	+/- 10.0%	25,910,626	(2,591,063)	2,591,063	(2,591,063)	2,591,063
International equities	+/- 10.0%	84,342,877	(8,434,288)	8,434,288	(8,434,288)	8,434,288
Property	+/- 10.0%	78,754,055	(7,875,406)	7,875,406	(7,875,406)	7,875,406
2019	Change in Variable	Carrying Amount \$	Net assets attributable to members		Change for the year in net assets	
			\$(Decrease)	\$ Increase	\$(Decrease)	\$ Increase
Australian equities	+/- 5.0%	23,144,111	(1,157,206)	1,157,206	(1,157,206)	1,157,206
International equities	+/- 5.0%	66,251,247	(3,312,562)	3,312,562	(3,312,562)	3,312,562
Property	+/- 5.0%	91,243,998	(4,562,200)	4,562,200	(4,562,200)	4,562,200

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.

# CRESCENT WEALTH SUPERANNUATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Investment risk (continued)

##### Credit risk (continued)

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:

	2020 \$	2019 \$
Cash and cash equivalents	9,184,795	2,606,331
Trust distributions and other receivables	11,108,003	6,150,208
	<u>20,292,798</u>	<u>8,756,539</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*

	Less than 1 month \$	1-3 months \$	Greater than 3 \$	Total \$
<b>At 30 June 2020</b>				
Creditors and accruals	-	419,987	-	419,987
Member liabilities	256,072,895	-	-	256,072,895
Benefits payable	183,666	-	-	183,666
Current tax liabilities	1,243,594	-	-	1,243,594
<b>Total financial liabilities</b>	<u>257,500,155</u>	<u>419,987</u>	<u>-</u>	<u>257,920,142</u>

	Less than 1 month \$	1-3 months \$	Greater than 3 \$	Total \$
<b>At 30 June 2019</b>				
Creditors and accruals	-	468,460	-	468,460
Member liabilities	247,420,813	-	-	247,420,813
Benefits payable	143,999	-	-	143,999
Current tax liabilities	1,536,301	-	-	1,536,301
<b>Total financial liabilities</b>	<u>249,101,113</u>	<u>468,460</u>	<u>-</u>	<u>249,569,573</u>

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.



## CRESCENT WEALTH SUPERANNUATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 16. FAIR VALUE MEASUREMENTS

**(a) Classification of financial instruments under the 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 (that is, as prices) or indirectly. The Trustee values fixed interest securities held by the Fund using broker quotes, units in unit trusts using the unit price provided by the underlying fund manager.
- Level 3 fair value measurements are those instruments valued based on inputs where one or more of the significant inputs are not 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. for the asset or liability that are not based on observable market data (unobservable inputs).

	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

	Level 1	Level 2	Level 3	Total
At 30 June 2019	\$	\$	\$	\$
<b>Assets</b>				
Units in unit trusts	-	242,566,130	-	242,566,130
	-	242,566,130	-	242,566,130

## Valuation Technique

### Unlisted unit trusts

The Fund invests in unlisted unit trusts which are not quoted in an active market and which may be subject to restrictions on redemptions. The Fund considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value.

The Fund classifies these funds as either Level 2 or Level 3. These funds are valued at redemption price.

### Valuation process for Level 3 valuations

Valuations are the responsibility of the Trustee.

Transactions in unlisted investments which are not quoted in an active market do not occur on a regular basis. The Fund values these investments by using the prices supplied by fund managers. Depending on whether the significant inputs to calculate the prices are market observable, the Fund classifies these investments as either Level 2 or Level 3 financial instruments. These valuations are monitored by the Fund and the Investment Consultant.

## CRESCENT WEALTH SUPERANNUATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### (b) Level 3 reconciliation

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	2020 \$	2019 \$
<i>Unlisted property</i>		
Opening balance	-	-
Transfers in through reclassification of investments	91,243,998	-
Total realised/ unrealised gains and (losses)	(5,594,135)	-
Purchases/Applications	2,907,050	-
(Sales)/(Redemptions)	(13,800,000)	-
Trust distributions and other receivables	3,997,142	-
Closing balance	<u>78,754,055</u>	<u>-</u>

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:

	2020 \$	2019 \$
Net (losses) included in profit or loss for the year	(5,594,135)	-
Net (losses) included in profit or loss for the year for assets held	(5,670,852)	-

#### (c) Transfers Between Hierarchy Levels

There has been net transfer of investment from Level 2 to Level 3 of \$91,243,998 during the year.

#### 17. STRUCTURED ENTITIES

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

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

## CRESCENT WEALTH SUPERANNUATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 17. STRUCTURED ENTITIES (CONTINUED)

The Fund held the following investments in investee funds at fair value:

At 30 June 2020	2020 \$	2020 % held	2019 \$	2019 % held
Crescent Australian Equity Fund	25,910,626	100.00%	23,144,111	100.00%
Crescent Cash Fund Retail	40,494,272	92.00%	61,926,774	93.40%
Crescent Diversified Property Fund	78,754,055	97.00%	91,243,998	80.42%
Crescent International Equity Fund	68,209,226	100.00%	66,251,247	100.00%
Crescent Islamic Fixed Income Fund	10,453,454	100.00%	-	-
Crescent International Passive Equities Fund	16,133,651	100.00%	-	-
	<u>239,955,284</u>		<u>242,566,130</u>	

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

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

#### 18. EXTERNAL AUDITOR'S REMUNERATION

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

	2020 \$	2019 \$
<b>Audit and review of financial statements and compliance</b>		
Ernst & Young	57,200	37,000
<b>Audit and review of the risk management framework</b>		
Deloitte	4,510	3,250
<b>Total Auditor's Remuneration</b>	<u>61,710</u>	<u>40,250</u>

#### 19. 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.

#### 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. Accordingly, no adjustment has been made to the net assets of the Fund.

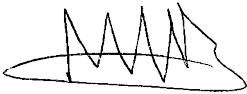
## CRESCENT WEALTH SUPERANNUATION FUND

### 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 27 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 2020 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 2020, 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, AFSL 229757) as Trustee for Crescent Wealth Superannuation Fund.



Mark Blair  
Director

Melbourne

21 August 2020

## Part 1 - Independent Auditor's report on financial statements

### For a Reporting Entity

Independent Auditor's report approved form for an RSE which is a reporting entity

Crescent Wealth Superannuation Fund (ABN 49 006 421 638)

Report by the RSE Auditor to the trustees and members

### Opinion

I have audited the financial statements of Crescent Wealth Superannuation Fund (the "Fund") for the year ended 30 June 2020 comprising the statement of financial position, income statement, statement of changes in member benefits, statement of cash flows and statement of changes in reserves.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of the Fund as at 30 June 2020 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2020.

### 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* (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

21 August 2020