

**ANGLICAN CHURCH OF SOUTHERN AFRICA  
DIOCESE OF JOHANNESBURG**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Diocese of Johannesburg Trustees**

**Annual Financial Statements for the year ended 31 December 2020**

General Information

Country of incorporation and domicile

South Africa

Nature of business and principal activities

Anglican Church

Trustees at the date of approval of these annual financial statements

OFFICE	NAME
Bishop of Johannesburg	Bishop Steve Moreo
Dean	Dean Xolani Dlwathi
Chancellor	Canon Rosalie Manning
Registrar	Tholoana Makhu
Bursar	Joel Dikgole
Synod Elected Member	Godfrey Ntoele
Synod Elected Member	Funeka Ndungane

Business address

St Joseph's Diocesan Centre  
Cnr. Good and Herman Street  
Sophiatown  
Johannesburg  
2092

Postal address

P O Box 39  
Westhoven  
2142

Auditors

**ECOVIS ARB Auditors Inc.:**  
Chartered Accountants (S.A.)  
Registered Auditors  
15E Riley Road  
Riley Road Office Park,  
CIB Building 1  
1st Floor  
Bedfordview, Gauteng, South Africa  
**Phone:** +27 11-4504641  
**Fax:** +27 11-4554001  
**Internet:** [www.ecovis.co.za](http://www.ecovis.co.za)

# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

Annual Financial Statements for the year ended 31 December 2020

## INDEX

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The reports and statements set out below comprise the Annual Financial Statements presented to the Trustees:

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# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

Annual Financial Statements for the year ended 31 December 2020

## TRUSTEES' RESPONSIBILITIES STATEMENT

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The Trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Annual Financial Statements and related information. The Trustees are responsible for determining that the Annual Financial Statements agree with the Canons and Constitution of the Anglican Church of Southern Africa and the Rules of the Diocese of Johannesburg.

The Trustees are also responsible for the Diocesan systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the Annual Financial Statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Financial Statements reflect a loss of R 13 023 037 (2019: R 21 488 683) for the year and show negative equity of R 35 535 841 (2019: R 22 516 010). The current year's results were significantly affected by the provisions that had to be made. In particular, a provision for doubtful debt of R8m which represents 70% of the bank overdraft of R11,7m owed by several Parishes to Standard Bank, which the Diocese will be ultimately liable for.

The Trustees have considered the financial position of the Diocese as a whole (these Financial Statements are a component of the greater Diocese) and note that the parishes have net retained income of approximately R 71 251 400 (2019 – R 68 011 977) and the insured values of the Diocesan fixed property exceed the carrying value of the property by R 2 101 818 291 (2019 – R 2 099 194 062)

The parishes as a whole have a net cash position of R 28 437 229 (2019: R 38 707 983) and current liabilities of R 18 765 922 (2019: R 34 401 481) which will allow it to settle its liabilities in the ordinary course of business.

The Trustees, have taken account of the following:

1. The Bishop of the Diocese of Johannesburg, aware of the increasing infections relating to Covid, and wanting to act responsibly in terms of the safety of our members, elected to close the Parishes, with effect from 15 March 2020 to 1 October 2020 when churches were opened for in-person worship, in line with Government restrictions on numbers as they applied from time to time.
2. The primary source of Parish revenue is pledged giving and plate collections, which most of our members prefer to do in person, as opposed to bank transfers or electronic deposits. This had a significantly negative effect on the income of the Parishes, and therefore contributions to the Diocese, as numbers of attendees did not pick up or were limited by the restriction on numbers on reopening.
3. Unlike other sectors of the economy, faith-based organisations did not receive any Government support beyond TERS, which was not clearly explained at the time, resulting in a subsequent forensic audit which we are contesting.
4. Despite this, our church continued providing funeral services, comforting the bereaved as well as responding to social needs for food and other types of support during the pandemic, and continues to do so. This ministry response is what largely contributed to the overdraft situation in parishes, as we committed to continue paying ministerial stipends and benefits, even though some allowances were reduced.  
Given these factors, the Trustees are comfortable that overall, our assets exceed our liabilities, and we are therefore a going concern.

However, the Trustees are very aware that there is a strong need for us to review ongoing sustainability and ongoing efforts are being made in this regard, including clustering of parishes, revision of the use of our fixed assets and repurposing of property, as well as revisiting our relationship with Institutions and Schools.

The Trustees believe that the implementation of these measures would safeguard our sustainability and responsible stewardship going forward.

**ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF  
JOHANNESBURG**

**Annual Financial Statements for the year ended 31 December 2020**

The Annual Financial Statements, therefore, have been prepared on a going concern basis, since the Trustees have every reason to believe that the Diocese has adequate resources in place to continue in operation for the foreseeable future.

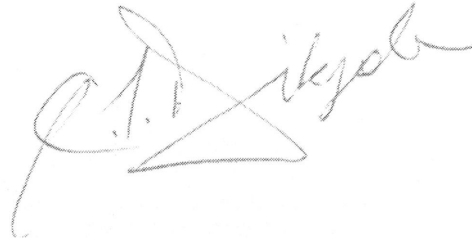
The Trustees of the Diocese confirm that as at 31st December 2020, the assets of the Diocese, fairly valued, exceeded its liabilities, fairly valued.

The Annual Financial Statements set out on page 5 - 22, were approved by the Trustees on 19<sup>th</sup> July 2021.

Approval of Financial Statements on behalf of the Diocesan Trustees.....



Rt Revd Dr S M Moreo  
Bishop of Johannesburg



Joel Tolo Dikgole  
Bursar

## Independent Auditor's Report

To the Trustees and the Synod of Anglican Church of Southern Africa - Diocese of Johannesburg

### Report on the Audit of the Annual Financial Statements

#### Opinion

We have audited the annual financial statements of Anglican Church of Southern Africa - Diocese of Johannesburg (the trust) set out on pages 9 to 22, which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Anglican Church of Southern Africa - Diocese of Johannesburg as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Canons and Constitution of the Anglican Church of South Africa, and the rules of the Diocese of Johannesburg.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Diocese in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The Diocesan Trustees are responsible for the other information. The other information comprises the Diocesan Bursar's Report as required by the Canons and Constitution of the Anglican Church of Southern Africa, and the rules of the Diocese of Johannesburg, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Diocesan Trustees for the Annual Financial Statements

The Diocesan trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Canons and Constitution of the Anglican Church of Southern Africa, and the rules of the Diocese of Johannesburg, and for such internal control as the Diocesan trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Diocesan trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Diocesan trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
- Obtain 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Diocesan trustees.
- Conclude on the appropriateness of the Diocesan trustees' 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 trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with the Diocesan trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Basis of accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the Annual Financial Statement, which describes the basis of preparation. The Annual Financial Statements are prepared to provide financial information to the members of the Diocese and to meet the requirements of the Canons and Constitution of the Anglican Church of South Africa and the Rules of the Diocese of Johannesburg. As a result, the Annual Financial Statements may not be suitable for another purpose. Our report is intended solely for the Trustees, Members and the Diocese of Johannesburg's legal filing requirements.

## Report on Other Legal and Regulatory Requirements

In terms of IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that ECOVIS ARB Auditors Inc. has been the auditor of the Anglican Church of Southern Africa - Diocese of Johannesburg for the 7 financial years ended 31 December 2020.

  
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ECOVIS ARB Auditors Inc.  
Albert Daniel Pienaar  
Director  
Chartered Accountants (SA)  
Registered Auditors

26 July 2021  
Johannesburg

# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

Annual Financial Statements for the year ended 31 December 2020

## BURSAR'S REPORT

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The Bursar has pleasure in presenting his report for the year ended 31 December 2020.

### 1. Incorporation

The Diocese of Johannesburg is not an incorporated entity and operates as an unincorporated association not for gain.

### 2. State of Affairs of the Trustees and the Diocesan Finance Board

The Diocesan Finance Board is responsible for the oversight of the financial and administrative affairs of the Diocese to ensure that the Diocese is managed on a sound financial footing. In terms of the provisions of Article XVIII of the Constitution of the Anglican Church of Southern Africa, it operates under the authority delegated to it by the Diocesan Trustees.

### 3. General review of operations

The Diocesan Finance Board exercises its oversight role effectively by reviewing the financial reports provided by the Diocesan Finance Team under the leadership of the Diocesan Executive Officer. During the year under review, the Diocesan Administration experienced a change of personnel with the former DEO and Finance Manager leaving the Diocese to pursue other opportunities. Although these vacancies were filled by employing a new DEO and an Acting Finance Manager, this change in leadership, led to the delay in tabling the Annual Financial Statements for audit. As a result, the Diocesan Finance Board was not able to table the Audited Financial Statements in April as required by the Rules of the Diocese.

The Diocese of Johannesburg like many church organizations were negatively impacted by the lockdown restrictions which were imposed on religious organizations by the President of South Africa Mr. Cyril Ramaphosa from March 2021 to July 2021 when the churches were allowed to open. As a result of the Covid restrictions and the worsening economic environment, parish contributions which comprise 72% of Diocesan revenue declined by 13%.

Furthermore, the Diocese is providing for a current liability of R8m for the overdraft of parishes of R11.7m with Standard Bank. These parishes are experiencing financial pressures and are not able to service or repay the overdraft due to the suspension of church services which impacted the dedicated giving and plate collections drastically. The Diocese has had to subsidize the stipends and allowances of priests.

The Diocese has also provided for a current liability of R1.846m for payments received from UIF TERS, which the UIF has handed to Nexus Forensic Services for investigation as unsubstantiated payments.

#### *Independent Verifiers*

We are very grateful for the time and assistance provided by the Independent Verifiers to the Diocesan Finance Board and the parishes. This is a largely unheralded task, which is undertaken quietly and efficiently by these volunteers.

#### *Implementation of the Diocesan Vision*

The Bishop and Chapter are reviewing the Diocesan structures to ensure that these are efficient and effective in implementing the Diocesan Vision. In respect of the Diocesan Finance Board, it is proposed that the following subcommittees be established in addition to the Audit and Risk and Remunerations Committees:

- Treasury and Investment Management
- Organisation and Institution Finance
- Financial Admin and Management
- Procurement

The roles and responsibilities of these Committees will be clarified and approved by the DFB and Trustees in due course.



# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

## Annual Financial Statements for the year ended 31 December 2020

### *Non-core activities*

The Diocesan Finance Board is currently reviewing the banking arrangements and the management of the Deposit Funds.

### *Diocesan Organizations and Schools*

Together with the Trustees, we have been trying to better manage both the activities and finances of the various Diocesan Organizations and Schools. As this is still work in progress, the Trustees will ensure that the matter is finalized in 2021.

### *Staff*

The DFB would like to express its appreciation to the personnel in the Diocesan Administration Office for their dedication and commitment to the implementation of the Diocesan Vision.

## **4. Going concern**

These Financial Statements present the financial position of the Diocese but do not include the assets, liabilities, and results of the 74 Parishes and 2 Chapelries, various Organizations and Schools which form part of the Diocese.

The Financial Statements reflect a loss of R 13 023 037 (2019: R 21 488 683) for the year and show a negative equity of R 35 535 841 (2019: R 22 516 010).

The current year's results were significantly affected by the provisions that had to be made. In particular, a provision for doubtful debt of R8m which represents 70% of the bank overdraft of R11,7m owed by several parishes to Standard Bank, which the Diocese will be ultimately liable for.

The Trustees have considered the financial position of the Diocese as a whole (these Financial Statements are a component of the greater Diocese) and note that the parishes have net retained income of approximately R 71 251 400 (2019: R68 011 977) and the insured values of the Diocesan fixed property exceed the carrying value of the property by R 2 101 818 291 (2019: R 2 099 194 062).

The Parishes as a whole have a net cash position of R 28 437 229 (2019: R 38 707 983) and current liabilities of R 18 765 922 (2019: R 34 401 481) which will allow them to settle those liabilities in the ordinary course of business.

At the Diocesan Council (DC) Meeting held in December 2020, a proposal to restructure the Diocese to address issues of sustainability, governance and most importantly the expansion and strengthening of mission and ministry, was presented to the DC.

The proposal was premised on the fact that the Diocese could not continue to function as it is, given the deterioration of our financial position, and also needed to seriously consider the issues of sustainability and affordability and the impact of the Covid-19 pandemic.

As a result of the Diocesan Council's decision, Archdeaconries have been restructured by clustering parishes in order to reduce parish costs in particular the clergy expenses. The benefits of this model will be assessed in due course.

## **5. Basis of accounting**

The Diocese comprises 74 Parishes and 2 Chapelries and some associated Organisations and Schools which operate under the Diocesan mandate all of which prepare and present their own Financial Statements. These Financial Statements therefore only include the results of the activities of the Diocesan Trustees the Diocesan Finance Board and the Diocesan Deposit Fund.

# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

## Annual Financial Statements for the year ended 31 December 2020

### 6. Events after the reporting period

The Trustees have noted that the liquidation process of Bishop Bavin School has not been finalized. However, it is important to note that the moveable assets of Bishop Bavin School have been auctioned by the liquidators appointed by the Master of the Johannesburg Court on 27<sup>th</sup> August 2020. The first meeting of creditors was scheduled to be held on 25<sup>th</sup> June 2021 and the necessary claims of the Diocese have been lodged.

It has also been noted that the Johannesburg High Court has ruled in favour of the Diocese in the matter between the Parish of Mayfair and Dragon City which has been ordered to pay the legal costs incurred in this matter.

### 7. Auditors

Albert Daniel Pienaar of ECOVIS ARB Auditors Inc. will continue in office for the next financial year.

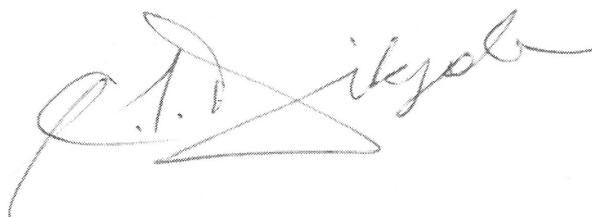
### 8. Trustees

The Trustees of the Diocese during the year and to the date of this report are as follows:

OFFICE	NAME	DATE AND NATURE OF CHANGE	MEETINGS ATTENDED DURING 2020	
			POSSIBLE	ATTENDED
Bishop of Johannesburg	Bishop Steve Moreo		4	4
Chancellor	Canon Rosalie Manning	Appointed 2019	4	4
Deputy Chancellor	Dolly Mokgatle	Deceased 2021	4	4
Registrar	Tholoana Makhu		4	0
Dean of Johannesburg	Dean Xolani Dlwati		4	3
Bursar	Joel Dikgole	Appointed 2019	4	4
Deputy Bursar	Charmel Flemming	Resigned April 2021	4	3
Synod Elected Member	Godfrey Ntoele		4	3
Synod Elected Member	Funeka Ndungane		4	4

### 9. Diocesan Finance Board

The composition of the Diocesan Finance Board was amended at the synod held in 2018 and Rule C 5.3 now provides that the Board shall consist of the Bishop, the Vicar General, the Dean (if different from the Vicar General) the Diocesan Executive Officer, the Diocesan Bursar and the Deputy Bursar(s) of the Diocese, together with one representative from each Archdeaconry appointed by the Archdeacon and two of the Diocesan Trustees nominated by them. On the recommendation of the Board, the Bishop may also appoint a maximum of four additional advisors to provide greater representativity or specific expertise.



Joel Tolo Dikgole – Bursar

21 July 2021

**ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF  
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Annual Financial Statements for the year ended 31 December 2020

**STATEMENT OF FINANCIAL POSITION**

	Note(s)	2020 R	2019 R
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed property held by the Trustees	2	12,021,224	12,021,224
Computers and office equipment held by the Diocesan Finance Board	2	120,328	150,212
Short- and medium-term loans	3	4,459,709	1,237,194
		<u>16,601,261</u>	<u>13,408,629</u>
<b>Current assets</b>			
Inventories	4	185,985	180,879
Parish and other debtors		1,145,640	766,941
Other accounts receivable		183,771	75,208
Short term deposit Stanlib		4,596,297	9,170,892
Cash at bank and on hand	5	2,538,805	1,937,739
		<u>8,650,497</u>	<u>12,131,658</u>
		<u>25,251,758</u>	<u>25,540,287</u>
<b>Liabilities</b>			
<b>Non-Current liabilities</b>			
<b>Specific funds</b>			
Funds administered by the Diocesan Finance Board	8	25,230,361	23,267,681
<b>Current liabilities</b>			
Funds received for short term investment	6	18,647,387	16,641,441
Accounts payable	7	16,806,679	5,944,876
Taxation payable		103,173	2,202,302
		<u>35,557,238</u>	<u>24,788,619</u>
<b>Net assets</b>		<u>(35,535,841)</u>	<u>(22,516,012)</u>
<b>Equity</b>			
<b>Reserves</b>			
Diocesan Finance Board		(45,747,357)	(32,524,727)
Trustees		10,211,516	10,008,715
		<u>(35,535,841)</u>	<u>(22,516,012)</u>

**ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF  
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Annual Financial Statements for the year ended 31 December 2020

**STATEMENT OF COMPREHENSIVE INCOME**

	Note(s)	2020 R	2019 R
Revenue		10 194 786	11 233 648
Operating expenses		22 273 011	31 870 977
Operating deficit		<b>(12 078 225)</b>	(20 637 329)
Finance income		3 770 287	3 489 691
Finance costs		4 911 926	3 894 366
Deficit before taxation		<b>(13 219 864)</b>	(21 042 004)
Taxation charge	9	<b>(196 827)</b>	446 679
Total comprehensive deficit for the year		<b>(13 023 027)</b>	(21 488 683)

**ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF  
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Annual Financial Statements for the year ended 31 December 2020

**STATEMENT OF CHANGES IN EQUITY**

	Retained income Diocesan Finance Board	Retained income Diocesan Trustees	Total equity
<b>Balance as at 01 January 2019</b>	(10 417 808)	9 390 480	(1 027 328)
Deficit for the year	(21 488 684)	0	(21 488 684)
Transfer from Diocesan Deposit Fund	(618 235)	618 235	0
<b>Balance as at 31 December 2019</b>	(32 524 727)	10 008 715	(22 516 012)
Deficit for the year	(13 023 037)	0	(13 023 037)
Adjustment to agree to Trial Balance	3,208	0	3,208
Transfer of surplus/(deficit) attributable to Trustees	(202 801)	202 801	0
<b>Balance as at 31 December 2020</b>	(45 747 357)	10 211 516	(35 535 841)

# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

Annual Financial Statements for the year ended 31 December 2020

## ACCOUNTING POLICIES

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### 1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Canons and Constitution of the Anglican Church of Southern Africa and the Rules of the Diocese of Johannesburg. The Annual Financial Statements have been prepared on the historical cost basis except for certain financial instruments carried at fair value and incorporate the principal accounting policies set out below. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

##### Critical judgements in applying accounting policies

The Trustees did not make critical judgements in the application of accounting policies apart from those involving estimations, which would significantly affect the Annual Financial Statements.

##### Key sources of estimation uncertainty

The Financial Statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

The Diocese is the registered taxpayer for all activities in the Diocese and is responsible for consolidating the results of all Diocesan units and submitting them to the tax authorities. As this work cannot be undertaken until all returns have been received no estimate of the total liability for taxation is included in the Financial Statements as all tax incurred by the Diocesan entities is recovered from the relevant entities. Provision is made for taxation on the commercial income of the Diocesan Office.

#### 1.2 Property held by the Diocesan Trustees

Property held by the Diocesan Trustees is carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of investment property comprises its purchase price and any directly attributable costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

All land and buildings acquired by parishes and institutions are registered in the name of the Diocesan Trustees as required by the Canons of the Anglican Church of Southern Africa but only those acquired directly by the Diocesan Trustees are reflected in the statement of financial position.

Land and buildings are stated at cost. Improvements to freehold property are not depreciated. All repairs and minor renovations of buildings are written off immediately.

# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

Annual Financial Statements for the year ended 31 December 2020

## ACCOUNTING POLICIES

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### 1.3 Fixed assets

Fixed assets are tangible items that are held for use in the supply of services and are expected to be used during more than one period.

Fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses.

Costs include costs incurred initially to acquire or construct computers and office equipment held by the Diocesan Finance Board and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognized in the carrying amount of computers and office equipment held by the Diocesan Finance Board the carrying amount of the replaced part is de-recognized.

Depreciation is provided using the straight-line method to write down the cost less estimated residual value over the useful life of the computers and office equipment held by the Diocesan Finance Board as follows:

Item	Average useful life
Furniture and fixtures	10 years
Office equipment	5 years
IT equipment	3 years
Computer software	2 years

The residual value depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

### 1.4 Parochial contributions

Each Parish promises of its own volition an annual contribution to Diocesan expenses. The financial position of each Parish varies through the year, and this may affect their ability to meet the promised contribution. Accordingly, the Diocesan Finance Board only brings to account contributions actually received during the year.

### 1.5 Leases

The Diocesan Office has a 60-month lease on a photocopier machine.

### 1.6 Inventories

Inventories are measured at the lower of cost and estimated net selling price on the first-in first-out (FIFO) basis.

### 1.7 Impairment of assets

The Diocese assesses at each reporting date whether there is any indication that the moveable assets loans and advances held by the Diocesan Finance Board may be impaired.

If there is any such indication the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

Annual Financial Statements for the year ended 31 December 2020

## ACCOUNTING POLICIES

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If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.8 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as leave pay and sick leave bonuses and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

#### Benefits for Retired Stipendiary Clergy and their spouses

Stipendiary Clergy with at least sixteen years of service within the diocese and subject to certain other qualifying criteria shall be entitled to a monthly grant to meet the cost of medical aid premiums for a member and (if applicable) a spouse equal to the total contributions for pensioner membership of the medical aid scheme selected from time to time by the Diocese.

Certain Clergy who have been retired for many years whose pensions are inadequate receive ex gratia supplementary grants, which are expensed as incurred. Stipendiary Clergy are required to belong to either the defined benefit pension fund (now closed to new members) or a defined contribution provident fund that serve the Anglican Church of Southern Africa. Contributions are paid by parishes and members monthly.

### 1.9 Provisions and contingencies

Provisions are recognized when the Diocese has an obligation at the reporting date as a result of a past event; it is probable that the Diocese will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are not recognized for future operating losses.

A contingency arises when there is a situation for which the outcome is uncertain, and which should be resolved in the future possibly creating a loss. The accounting for a contingency is essentially to recognize only those losses that are probable and for which a loss amount can be reasonably estimated

### 1.10 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

### 1.11 Trade and other receivables

Trade and other receivables originated by the Diocese are stated at cost less provision for doubtful debts.



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Annual Financial Statements for the year ended 31 December 2020

**ACCOUNTING POLICIES**

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**1.12 Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

**1.13 Investment income**

Interest is recognized on a time proportion basis taking account of the principal outstanding and the effective rate over the period.

**ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand

**2. Fixed assets**

**Summary of property and equipment**

	2020			2019		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Fixed Property owned by the Trustees	12 021 224	-	12 021 224	12 021 224	-	12 021 224
Computers and Office equipment	1 131 066	1 010 738	120 328	1 099 465	949 253	150 212
<b>Total</b>	<b>13 152 290</b>	<b>1 010 738</b>	<b>12 141 552</b>	<b>13 120 689</b>	<b>949 253</b>	<b>12 171 436</b>

**Reconciliation of property plant and equipment – 2020**

	Opening balance	Additions	Disposals	Depreciation	Total
Fixed Property owned by the Trustees	12 021 224	-	-	-	12 021 224
Computers and Office equipment	150 212	-	-	(29 884)	120 328
<b>Total</b>	<b>12 171 436</b>	<b>-</b>	<b>-</b>	<b>(29 884)</b>	<b>12 141 552</b>

**Reconciliation of property plant and equipment – 2019**

Fixed Property owned by the Trustees	11 623 673	397 551	-	-	12 021 224
Computers and Office equipment	140 928	43 971	-	(34 687)	150 212
<b>Total</b>	<b>11 764 601</b>	<b>441 522</b>	<b>-</b>	<b>(34 687)</b>	<b>12 171 436</b>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2020 R	2019 R
<b>Fixed Property owned by the Trustees at Cost</b>		
Bishop's House 4 Crescent Drive Westcliff	274 529	274 529
St. Joseph's Home – Sophiatown	11 191 266	11 191 266
Portion 1 Lot 52 12th Avenue Ruimsig	120 000	120 000
Community Centre in Randfontein	245 720	245 720
Undeveloped property in Cosmo City	167 158	167 158
Linden Cottages	22 551	22 551
	12 021 224	12 021 224

	2020 R	2019 R
<b>3. Short- and medium-term loans</b>		
Loans to parishes and institutions by the Trustees	898 088	1 172 240
Medium term loans to Diocesan Units	18 719 626	15 222 958
	19 617 714	16 395 198
Less provision for doubtful debts	(15 158 004)	(15 158 004)
	4 459 709	1 237 194

The loans to parishes and institutions and Diocesan Organizations are unsecured bear interest at prime less 2% (2018 – prime less 2%) and are being repaid at agreed monthly rates based on the individual circumstances of the borrower.

**4. Inventories**

Books, stationery and Church supplies	185 985	180 079
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**5. Cash at bank and on hand**

Clergy and Family Education Fund	1 228 319	1 697 649
Deposit Fund	1 303 340	240 089
Diocesan Finance Board	7 146	-
	2 538 805	1 937 738

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**6. Funds received for short term investment**

Parishes	1 799 086	3 337 309
Diocesan Organisations	16 848 300	13 304 132
	<u>18 647 387</u>	<u>16 641 441</u>

**7. Accounts payable**

Provision for audit fees	160 000	160 000
Provision for costs relating to property sales	83 935	379 195
Provision for leave pay	605 994	265 994
Contingent liabilities - Grobank	5 000 000	5 000 000
Provision for legal fees – Bishop Bavin	500 000	0
Provision for UIF TERS – unsubstantiated payments	1 846 284	0
Provision for doubtful debts	8 000 000	0
Sundry payables	610 464	139 687
	<u>16 806 679</u>	<u>5 944 876</u>

**8. Diocesan Finance Board - specific funds**

**Reconciliation of Diocesan Finance Board - specific funds – 2020**

	Opening balance	Additions	Utilized during the year	Closing Balance
Clergy and Family Education Fund	1 379 410	76 417	(41 745)	1 414 082
Group Life Benefit Fund	3 570 852	253 498	(60 000)	3 764 351
Joint Ordination Candidates Fund	650 000	10 693		660 693
Pensioners Medical Fund	17 667 415	3 310 057	(1 586 235)	19 391 237
	<u>23 267 677</u>	<u>3 650 665</u>	<u>(1 687 980)</u>	<u>25 230 361</u>

**Reconciliation of Diocesan Finance Board - specific funds – 2019**

	Opening balance	Additions	Utilized during the year	Closing Balance
Clergy and Family Education Fund	1 325 534	115 078	(61 201)	1 379 411
Group Life Benefit Fund	3 409 397	227 467	(66 012)	3 570 852
Joint Ordination Candidates Fund	650 000	-	-	650 000
Pensioners Medical Fund - Pre 1955	15 526 974	3 348 729	(1 208 287)	17 667 416
	<u>20 911 905</u>	<u>3 691 274</u>	<u>(1 335 500)</u>	<u>23 267 679</u>

# ANGLICAN CHURCH OF SOUTHERN AFRICA - DIOCESE OF JOHANNESBURG

Annual Financial Statements for the year ended 31 December 2020

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 9. Contingencies

Lombard Insurance issued a demand guarantee of R12 million in favour of Grobank in August 2018. To cover this, Bishop Bavin School issued an indemnity in favour of Lombard Insurance. Grobank called up the Lombard guarantee on 8 April 2020 to the value of R10 779 575. Lombard Insurance is now calling on the indemnity. The Diocese has provided R 5 million against this exposure.

The Diocese has a Contingent Liability in respect of the funding of future contributions towards the retired clergy in respect of post-retirement medical aid.

In view of the fact that all properties at parishes are registered in the name of the Trustees of the Diocese of Johannesburg, the Trustees are ultimately responsible for repayment of loans raised against security of these properties and any unpaid services accounts.

The potential exists for estate costs of Bishop Bavin for the 2021 Financial Year at an estimated R900 000.00.

### 10. Taxation

The Diocese inclusive of all parishes and those Diocesan Organizations which have not registered as Public Benefit Organizations in their own right has been approved as a Public Benefit Organization in terms of Section 30 of the Income Tax Act ("the Act"). Accordingly receipts and accruals derived from activities that are integral to the functioning of the Diocese in pursuit of its principal objectives and which do not result in unfair competition with taxable entities are exempt from income tax in terms of section 10(1) (cN) of the Act. Income tax is payable on the net commercial income of the Diocese at 28% (2018: 28%).

Only the tax attributable to the affairs of the Diocese is reflected in these accounts whilst tax attributable to the relevant parishes and Diocesan Organizations is accounted for by those entities.

### 11. Going concern

These Financial Statements present the financial position of the Diocese and do not include the assets, liabilities and results of the 74 Parishes and 2 Chapelries, various Organizations and Schools which form part of the Diocese. The Diocesan Trustees and the Diocesan Finance Board are satisfied that the Diocese remains a going concern and will be able to meet its liabilities on an ongoing basis.

The going concern is based on significant events happening, as per the Trustees' Responsibilities Statement, and that the Diocese will continue to receive contributions from the Parishes and Diocesan Organizations and Schools to pay its liabilities, as funds become available.

The Financial Statements reflect a loss of R 13 023 037 (2019: R 21 488 683) for the year and show negative equity of R 35 535 841 (2019: R 22 516 010).

The current year's results were significantly affected by the provisions that had to be made. In particular, a provision for doubtful debt of R8m which represents 70% of the bank overdraft of R11,7m owed by several Parishes to Standard Bank, which the Diocese will be ultimately liable for.

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**Annual Financial Statements for the year ended 31 December 2020**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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The Trustees have considered the financial position of the Diocese as a whole (these Financial Statements are a component of the greater Diocese) and note that the parishes have net retained income of approximately R71 251 400 (2019: R68 011 977) and the insured values of the Diocesan fixed property exceed the carrying value of the property by R 2 101 818 291 (2019: R 2 099 194 062).

The Parishes as a whole have a net cash position of R 28 437 229 (2019: R 38 707 983) and current liabilities of R18 765 922 (2019: R 34 401 481) which will allow it to settle its liabilities in the ordinary course of business.

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**DETAILED INCOME STATEMENT (UNAUDITED)**

	2020 R	2019 R
<b>Revenue</b>		
<b>Trustees</b>		
Rent received	283 020	789 592
Interest received	479 968	420 895
Donations received	560 000	-
Other revenue	-	255 000
	1 322 988	1 465 487
<b>Chapter</b>		
Recovery from vacant parishes	-	-
<b>Diocesan Activities</b>		
Parochial contributions	7 266 670	8 370 842
Organisational contributions	41 300	2 100
Donations	901 488	667 566
	8 209 458	9 040 508
<b>Administrative activities</b>		
Finance administration fees	344 149	261 526
Interest received Deposit Fund	3 290 319	3 068 795
Publications	36 621	116 979
Payroll levy	761 538	770 044
	4 432 627	4 217 377
<b>Total Diocese income</b>	13 965 073	14 723 339
<b>Expenditure</b>		
<b>Trustees</b>		
Diocesan centre expenses	206 995	204 532
Interest paid - Diocesan Centre	908 073	639 742
Legal expenses	5 119	2 978
	1 120 187	847 252

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**DETAILED INCOME STATEMENT (UNAUDITED)**

	2020 R	2019 R
<b>Chapter</b>		
Parish subsidies	413 624	396 233
<i>Pastoral care</i>		
Pension augmentation	0	42 552
Subsidy - pensioner medical aid	126 136	353 572
Other assistance	138 720	122 496
<i>School for Ministries</i>		
Administration	420 617	409 405
Bursaries	49 969	35 100
Tuition fees and subsidies	1 026 493	704 025
	<u>2 175 559</u>	<u>2 062 383</u>
<b>Diocesan Activities</b>		
Allowances - Dean and Archdeacons	625 289	678 468
Bishop's office	1 560 110	1 740 128
Legal expenses	1 441 838	699 497
Other expenses	43 558	172 459
Provincial assessment	1 418 557	1 660 920
Synod expenses	1 800	(10 863)
	<u>5 091 152</u>	<u>4 940 609</u>
<b>Administrative activities</b>		
Accommodation costs	185 773	230 560
Bad and doubtful debts	8 000 000	19 610 191
Communication costs	276 911	253 041
Employment costs	5 583 191	3 945 414
Other office expenses	748 311	620 748
Interest paid - internal	1 144 504	1 028 882
Interest paid	2 859 349	2 225 741
	<u>18 798 039</u>	<u>27 914 098</u>
<b>Taxation</b>	<u>(196 827)</u>	<u>446 679</u>
<b>Total Diocese expenses</b>	<u><u>26 988 109</u></u>	<u><u>36 212 021</u></u>
<b>Net deficit for the year</b>	<u><u>(13 023 037)</u></u>	<u><u>(21 488 682)</u></u>