ANGLICAN INVESTMENT AND DEVELOPMENT FUND

General Purpose
Reduced Disclosure Requirements
Financial Report
For the period ended 31 December 2016

Contents

Statement of profit or loss and other comprehensive income
For the period ended 31 December 2016

	Notes	Nine months to 31 December 2016 $	Twelve months to 31 March 2016 $
Revenue			
Operating activities			
Interest received	4(a)	**4,278,004**	6,590,090
Interest paid	4(b)	**(2,535,994)**	(3,638,290)
Net interest revenue		**1,742,010**	2,951,800
Other revenue	4(c)	**29,486**	97,545
Operating result		**1,771,496**	3,049,345
Operating expenses	4(d)	**(1,141,219)**	(2,038,807)
Profit for the period		**630,277**	1,010,538
Other comprehensive income			
Gain on cash flow hedge	8	**21,911**	-
Total comprehensive income		**652,188**	1,010,538

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

* During the financial period the Board approved a change of accounting year end to 31 December, commencing the nine months to 31 December 2016.

Statement of financial position
As at 31 December 2016

	Notes	31-Dec-16 $	31-Mar-16 $
Assets			
Cash and short-term deposits	5	**18,676,463**	11,853,008
Receivables	6	**39,089**	2,424
Loans and advances	7	**82,426,648**	84,119,287
Other financial assets	8	**73,846**	80,509
Plant and equipment	9	**92,473**	129,346
Total assets		**101,308,519**	96,184,574
Liabilities and equity			
Liabilities			
Trade and other payables	10	**531,646**	497,775
Investor funds	11	**58,255,267**	48,529,932
Financial liabilities	12	**34,249,702**	39,283,208
Employee benefit liabilities	13	**51,961**	44,104
Provisions	14	**25,000**	24,300
Total Liabilities		**93,113,576**	88,379,319
Equity			
General reserve		**8,173,032**	7,805,255
Hedge reserve		**21,911**	-
Total equity		**8,194,943**	7,805,255
Total equity and liabilities		**101,308,519**	96,184,574

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity
As at 31 December 2016

	Retained earnings	Hedge reserve	General reserve	Total
	$	$	$	$
At 1 April 2016	**-**	**-**	**7,805,255**	**7,805,255**
Profit for the period	**630,277**	**-**	**-**	**630,277**
Distribution to the Trustee	**(262,500)**	**-**	**-**	**(262,500)**
Hedge reserve	**-**	**21,911**	**-**	**21,911**
Transfer from retained earnings to general reserve	**(367,777)**	**-**	**367,777**	**-**
At 31 December 2016	**-**	**21,911**	**8,173,032**	**8,194,943**
At 1 April 2015	-	(700,371)	7,174,719	6,474,348
Profit for the period	1,010,538	-	-	1,010,538
Distribution to the Trustee	(380,002)	-	-	(380,002)
Reclassification of adjustment of hedge reserve to profit or loss*	-	700,371	-	700,371
Transfer from retained earnings to general reserve	(630,536)	-	630,536	-
At 31 March 2016	-	-	7,805,255	7,805,255

* The reclassification adjustment is the amount reclassified to profit or loss in the current period that was recognised in other comprehensive income in the current or previous period.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows
For the period ended 31 December 2016

	Notes	Nine months to 31 December 2016 $	Twelve months to 31 March 2016 $
Operating activities			
Other income received		-	97,545
(Purchase) of financial assets		-	(93,893)
Interest received from financial assets		**258,914**	347,214
Interest received from loans		**3,982,424**	6,249,056
Interest paid to Investors/ borrowings		**(2,535,994)**	(3,498,121)
Payments to suppliers and employees		**(830,296)**	(1,855,484)
Decrease in loans and advances		**1,692,639**	11,497,674
Net payments of borrowings from bank facilities		**(5,237,215)**	(17,500,000)
Increase in investor funds		**9,725,335**	5,310,689
Net cash flows from operating activities		**7,055,807**	554,680
Investment activities			
Proceeds from sale of plant and equipment		**30,148**	-
Purchase of plant and equipment		-	(3,822)
Distribution to the Trustee		**(262,500)**	(380,002)
Net cash flows used in investment activities		**(232,352)**	(383,824)
Net increase in cash and cash equivalents		6,823,454	170,856
Cash and cash equivalents at the beginning of the financial period		**11,853,008**	11,682,152
Cash and cash equivalents at end of the financial period		**18,676,462**	11,853,008

The above statement of cash flows should be read in conjuction with the accompanying notes.

Notes to the financial statements
For the period ended 31 December 2016

1 FUND INFORMATION

The financial report of Anglican Investment and Development Fund (the "Fund"), a not-for-profit entity, for the period ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 18th May 2017.

The Fund is an unincorporated body established under the Anglican Development Fund (Diocese of Canberra and Goulburn) Ordinance 1971 (the "Ordinance"). The Anglican Church Property Trust Diocese of Canberra and Goulburn is the trustee of the Fund (the "Trustee").

The principal place of business of the Fund is Level 4, 221 London Circuit Civic, ACT 2601.

The principal activities of the Fund are to receive funds from investors and to invest those funds in loans.

An investment in the Fund is designed for those people who wish to promote the activities of the Anglican community and for whom the consideration of profit is not of primary relevance in their investment decision. Investors should be aware of the information below:

(a) The Fund, which is an income tax exempt charity, is not required to have a prospectus and trust deed under the Corporations Law pursuant to an exemption granted by the Australian Securities and Investment Commission (ASIC). The Fund is required to lodge annual audited financial statements with ASIC but has not been examined nor approved by ASIC.

(b) The Fund is a party to Banking exemption No 1 of 2016 from the *Banking Act 1959* granted by the Australian Prudential Regulation Authority (APRA).

Neither the Fund nor the Trustee is prudentially supervised by APRA. Contributions to the Fund do not obtain the benefit of the depositor protection provisions of the *Banking Act 1959*.

Under Section 9 of the Ordinance, the Fund is required to maintain a reserve fund which will be available towards meeting any losses incurred by the Board in its operation of the Fund and in meeting any liability of the Trustee under its guarantee of the Fund. The Diocese of Canberra and Goulburn guarantees investor funds, loans and advances held by the Fund (Note 7 and 11).

APRA has granted an exemption from the *Banking Act 1959* to religious charitable development funds (RCDF) and the Fund has the benefit of that exemption. Banking exemption No. 1 of 2011 was replaced by Banking exemption No. 1 of 2016, which came into effect on 1 January 2017. The major differences between the previous order and the new order are:

(i) accounts offered to retail non affiliated investors are required to have a term or call period of at least 31 days,

(ii) any existing at call accounts held by the retail non-affiliated investors must be transitioned to comply with paragraph (i) above by 1 January 2018,

1 FUND INFORMATION (continued)

(iii) funds may be released early if the investor demonstrates that he or she is subject to exceptional circumstances that may lead to hardship (RCDFs must develop their own procedures setting out the basis on which the RCDF will determine exceptional circumstances),

(iv) retail non-affiliated investors must not be offered BPAY facilities in relation to retail products,

(v) the words "deposit" or "at call" or any derivatives may not be used in relation to any retail products,

(vi) there are enhanced disclosure requirements.

The Australian Securities and Investments Commission (ASIC) considers that charitable investment funds (CIF) which seek to raise money on the basis that the money will be repaid or a monetary return will be paid on it are likely to be offering and issuing debentures or interests in managed investment schemes. In usual circumstances, the fundraising provisions of the *Corporations Act 2001* (Cth) would apply. These include having a trust deed, issuing a prospectus and product disclosure statement and holding an Australian financial services (AFS) licence.

ASIC Class Order 02/184 exempts CIFs from the fundraising provisions of the *Corporations Act* in relation to debentures and managed investment schemes. The 2002 class order was repealed and replaced with ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 which came into effect on 1 January 2017. The major differences between the 2002 order and the 2017 order are:

(i) no new accounts may be issued to retail non-associated clients after 31 December 2016 unless the CIF has an Australian Financial Services Licence,

(ii) any new accounts issued to retail non-associated clients after 31 December 2016 must have a fixed term of at least 31 days,

(iii) any existing at call accounts held by retail non-associated clients must be transitioned to comply with paragraph (ii) above by 1 January 2018,

(iv) funds may be redeemed early if the redemption would alleviate financial hardship,

(v) the words "deposit" or "at call" or any derivatives may not be used in relation to any retail products,

(vi) there are enhanced disclosure requirements.

The Fund will comply with the new account requirements by 31 December 2017 and, therefore, believes that these changes will not affect the Fund as a going concern.

Notes to the financial statements (continued)
For the period ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards – Reduced Disclosure Requirements, the Fund's Ordinance and the *Australian Charities and Not-for-Profits Commission Act 2012*. The financial report has also been prepared on an accruals basis of accounting and the historical cost basis, except for financial assets measured at fair value through either profit or loss or other comprehensive income (OCI).

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

During the financial period the Board approved a change of accounting year end from 31 March to 31 December, commencing the nine months to 31 December 2016. This change was made to align the Fund to the same accounting year as the Anglican Church Property Trust.

The financial report is presented in Australian dollars ($).

(b) Going Concern

The directors of the Fund have prepared the financial statements under the going concern assumption. The directors note that the Fund is subject to a level of concentration risk as loans are only provided to Diocesan entities and members. The Fund has received a letter from the Diocese of Canberra and Goulburn outlining that it will support controlled entities if required. The directors have concluded that the Diocese has sufficient capital to be able to meet these obligations if required.

(c) Changes in accounting policy, accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period. The Fund has not early adopted any new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective, except AASB 9 Financial Instruments which was early adopted for the financial year ended 31 March 2014.

(d) Receivables

Receivables may include amounts for interest and goods and services tax (GST) recoverable from the Australian Taxation Office (ATO).

Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(m). Amounts are generally received within 30 days of being recorded as receivables.

(e) Income tax

The Fund is a tax exempt body under S50-5 of the *Income Tax Assessment Act 1997.*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Fund depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are as follows:

Office furniture and equipment	10% to 33.33%
Leasehold improvement	14.29%
Motor vehicle	33.33%
Software	14.29% to 40%

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as either amortised cost or fair value on the basis of both:

(a) the entity's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

A financial asset is recognised initially at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The Fund's financial assets classified as amortised cost include receivables, term investments and loans and advances.

The Fund's financial assets classified as at fair value through other comprehensive income (OCI) include investment in fixed-income securities, investment in debentures and derivatives that are deemed effective for hedging accounting purposes.

The Fund may revise the financial asset classification when, and only when, the Fund changes its business model for managing financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Fund has transferred the contractual rights to receive the cash flows from the asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the following conditions:

(a) The Fund has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the Fund with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.

(b) The Fund is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(c) The Fund has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents.

Impairment
At the end of each reporting period, an assessment is made whether there is objective evidence that a financial assets has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are measured initially at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

The Fund's financial liabilities include trade payables, investor's funds and Bank Bill Facility.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for:

(a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value;
(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
(c) financial guarantee contracts;
(d) commitments to provide a loan at a below-market interest rate.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement or profit or loss.

(iii) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The Fund uses derivative financial instruments, namely an interest rate swap and an interest rate cap, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Fund formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Fund will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Cash flow hedges
The Fund uses an interest rate swap as a hedge against its exposure to interest rate risk in forecast transactions. The ineffective portion relating to interest rate swaps is recognised in finance costs (hedging instruments) as part of operating expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non- financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI is transferred to profit or loss.

(iv) Impairment of non-financial assets
The Fund assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Fund's of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Fund bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Fund's assets. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(j) Trade and other payables

Trade payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Fund prior to the end of the financial period that are unpaid and arise when the Fund becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Provisions and employee benefit liabilities

General

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits, which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions and employee benefit liabilities (continues)

Long service leave and annual leave

The Fund does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Fund recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(l) Cash and short term investments

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

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

(m) Revenue

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.

Interest revenue

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocation the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(n) Loans

Interest on loan accounts is accrued on a daily basis and charged to accounts at the end of each month. Interest rates are generally variable in nature and set regularly by the Fund Board. In general school interest rates are fixed for 6 month periods. Loans to parishes, schools and other diocesan entities are guaranteed by the Diocese of Canberra & Goulburn.

(o) Investor's funds

Interest on investor's funds is accrued on a daily basis and for call accounts is credited to accounts on 31 March and 30 September. Interest on term investments are paid in terms of arrangements with customers. Unpaid interest on term investments which has accrued in the financial period has been treated as an interest cost for the period and the ongoing accrued liability recognised in the statement of financial position. Investor funds are guaranteed by the Diocese of Canberra & Goulburn.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Goods and services tax (GST)

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

- When the GST incurred on a 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;

- When receivables and payables are stated with the amount of GST included.

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

(q) Reserves

General reserve

The general reserve records amounts set aside from retained earnings to help ensure certain levels of equity are maintained to meet funding requirements.

Hedge reserve

The hedge reserve records movements in the fair value of derivatives. Amounts in the reserve are reclassified to the statement of profit or loss and other comprehensive income during the periods that the hedged forecast cash flows affect profit or loss.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Fund's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not believe that there were any key estimates or key judgments used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

Notes to the financial statements
For the period ended 31 December 2016

4 REVENUE AND EXPENSES

	31-Dec-16	31-Mar-16
	$	$
(a) Interest received		
Interest income - term deposits	**258,914**	341,034
Interest income - loans and advances	**4,019,090**	6,249,056
	4,278,004	6,590,090
(b) Interest paid		
Interest paid to investors	**1,313,619**	1,441,636
Interest paid to the Trustee on reserves	**130,337**	143,887
Interest paid on borrowings	**1,092,038**	2,052,767
	2,535,994	3,638,290
(c) Other revenue		
Other income	**29,486**	97,545
	29,486	97,545
(d) Operating expenses		
Administrative expenses	**6,200**	19,233
Advertising expense	**10,042**	9,138
Agency fees	**299,997**	58,333
Audit and accounting	**25,000**	36,792
Bank charges	**11,311**	19,481
Cleaning expense	**1,656**	2,024
Banking and office systems cost	**88,277**	111,105
Courier service fees	**384**	417
Depreciation of plant and equipment	**36,212**	53,774
Electricity expense	**1,414**	1,952
Amortisation	**213,723**	99,000
Fringe benefit tax	**4,182**	11,636
Insurance expense	**2,846**	14,626
(Loss) / gain on hedges	**28,574**	-
Loss on derecognition of hedging instruments	**-**	676,458
Motor vehicle expense	**10,333**	16,260
Office expense	**1,385**	3,210
Postage expense	**1,589**	1,690
Printing and stationery expense	**8,335**	8,727
Provision for annual leave	**6,333**	(3,383)
Provision for long service leave	**1,524**	8,820
Professional service fees	**39,193**	207,068
Rental expense	**27,750**	33,917
Superannuation	**20,018**	51,057
Telephone expense	**3,025**	4,881
Travel expense	**1,787**	6,729
Wages	**290,129**	585,862
	1,141,219	2,038,807

5 CASH AND SHORT TERM DEPOSITS

Cash on hand	**10,065,445**	4,914
Cash at bank	**8,611,018**	11,848,094
	18,676,463	11,853,008

Notes to the financial statements
For the period ended 31 December 2016

6 RECEIVABLES

	31-Dec-16	31-Mar-16
	$	$
Debtors	**36,931**	-
GST receivable	**2,158**	2,424
	39,089	2,424

There are no amounts within receivables that are impaired or past due. It is expected that funds will be received when due.

7 LOANS AND ADVANCES

At amortised cost:		
Loans to schools	**65,545,540**	66,198,362
Loans to the Trustee (Note 15(a))	**12,757,194**	12,453,172
Personal loans (unsecured)	**156,722**	217,935
Mortgage loans	**2,321,216**	3,839,020
Advances to parishes	**1,645,976**	1,410,798
	82,426,648	84,119,287
Less: Provision for impairment in the value of loans	**-**	-
	82,426,648	84,119,287

At the reporting date no loans were considered impaired and consequently no specific provisions have been made. Loans to parishes, schools and other diocesan entities are guaranteed by the Trustee. A quarterly report on the position of these loans is provided to the Trustee and Bishop-in-Council.

Loans approved but not advanced as at 31 December:	**6,852,041**	4,180,058

8 OTHER FINANCIAL ASSETS

a) Derivatives not designated as hedging instruments

The Fund has an interest rate cap which was derecognised as a hedging instrument in 2015/2016. Movements in the fair value of the cap are recognised directly to the Statement of Profit or Loss. The fair value of the cap as at 31 December 2016 was:

Interest rate cap at fair value through profit or loss	**51,935**	80,509

b) Derivatives designated as hedging instruments

The interest rate cap and swap is used to hedge a portion of cash flow risk associated with potential future increases in the interest rates incurred by bank facility draws (Note 12). The continuing requirement for bank facility draw downs is highly probable. The cash flow hedge was assessed as effective, and as at 31 December 2016, a net unrealised gain of $21,911 was included in OCI in respect of this contract.

Interest rate swap at fair value through OCI	**21,911**	-
Total other financial assets	**73,846**	80,509

Notes to the financial statements
For the period ended 31 December 2016

9 PLANT AND EQUIPMENT

	31-Dec-16	*31-Mar-16*
	$	*$*
Office furniture and equipment		
At cost	**19,784**	19,784
Accumulated depreciation	**(9,556)**	(9,002)
Net carrying amount	**10,228**	10,782
Leasehold improvement		
At cost	**81,440**	81,440
Accumulated amortisation	**(62,983)**	(54,218)
Net carrying amount	**18,457**	27,222
Motor vehicle		
At cost	**42,391**	42,391
Disposal at cost	**(42,391)**	-
Accumulated depreciation	**-**	(35,497)
Net carrying amount	**-**	6,894
Software		
At cost	**195,992**	195,992
Accumulated depreciation	**(132,204)**	(111,544)
Net carrying amount	**63,788**	84,448
Total plant and equipment		
At cost	**339,607**	339,607
Disposal at cost	**(42,391)**	-
Accumulated depreciation and amortisation	**(204,743)**	(210,261)
Net carrying amount	**92,473**	129,346

Reconciliation of carrying amounts at the beginning and end of the period

	Office furniture and equipment	**Leasehold improve-ments**	**Motor vehicles**	**Software**	**Total**
Balance at 1 April 2016	10,782	27,222	6,894	84,448	129,346
Addition - at cost	-	-	-	-	-
Disposal - at cost	-	-	(6,232)	-	(6,232)
Depreciation on disposals	-	-	(662)	-	(662)
Depreciation expense	(554)	(8,765)	-	(20,660)	(29,979)
Carrying amount at 31 December 201(	**10,228**	**18,457**	**-**	**63,788**	**92,473**

Notes to the financial statements
For the period ended 31 December 2016

10 TRADE AND OTHER PAYABLES

	31-Dec-16	31-Mar-16
	$	$
Trade payables	**56,061**	1,116
Accrued interest	**475,585**	496,659
	531,646	497,775

11 INVESTOR FUNDS

Call accounts	**6,599,551**	6,665,197
Cheque accounts	**1,276,513**	1,297,857
Term investments	**24,972,380**	22,399,112
Cash management accounts	**25,406,823**	18,167,766
	58,255,267	48,529,932

12 FINANCIAL LIABILITIES

Bank Bill Facilities	**35,000,000**	40,000,000
Capitalised transaction costs	**(750,298)**	(716,792)
	34,249,702	39,283,208

Balance at 1 April 2016	**39,283,208**	57,500,000
Principal paid	**(5,000,000)**	(57,500,000)
Facility drawn during the period	**-**	40,000,000
Movement in capitalised transaction costs	**(33,506)**	(716,792)
Balance at 31 December 2016	**34,249,702**	39,283,208

The Fund had at the end of the period three cash advance bank facilities with a total timit of $60m as follows:

	Bank	Term	Limit	Drawn	Undrawn
Facility 1	ANZ	3 years	$25m	$20m	$5m
Facility 2	ANZ	18 months	$15m	$15m	-
Facility 3	Westpac	5 years	$20m	-	$20m
Total Facilities			**$60m**	**$35m**	**$25m**

The facilities are secured over Anglican property by a first letter of comfort by the Trustee over Episcopal Certificate from the Bishop of the Anglican Diocese of Canberra and Goulburn.

Principal is not required to be paid until maturity and all loans are at a variable interest rate.

13 EMPLOYEE BENEFIT LIABILITIES

	31-Dec-16	31-Mar-16
	$	$
Long service leave	**34,535**	33,011
Short-term employee benefit	**17,426**	11,093
	51,961	44,104

Notes to the financial statements
For the period ended 31 December 2016

14 PROVISIONS

	31-Dec-16 $	31-Mar-16 $
Audit fees	**25,000**	24,300
	25,000	24,300

15 RELATED PARTY DISCLOSURES

(a) The Trustee

The Anglican Church Property Trust Diocese of Canberra and Goulburn is the Trustee of the Fund.

Under Section 9 of the Ordinance, the Fund is required to maintain a reserve fund which will be available towards meeting any losses incurred by the Board in its operation of the Fund and in meeting any liability of the Trustee under its guarantee of the Fund. The Diocese of Canberra and Goulburn guarantees the investors' funds and loan and advances held by the Fund (Note 7 and 11).

The value of investments held on behalf of the Trustee and the value of the loans to the Trustee as at reporting date are as follows:

	31-Dec-16 $	31-Mar-16 $
Investments	**4,755,846**	1,553,294
Loans to the Trustee	**12,757,194**	12,453,172

Investments lodged in the Fund by the Trustee and loans to the Trustee are transacted on normal commercial terms.

(b) Employees

At 31 December 2016 there were four (31 March 2016: 3) employees of the Fund. Any employee's accounts with the Fund are conducted on normal commercial terms.

(c) Directors

According to Section 5 of the Ordinance, the Trustee must be represented by at least one director on the Fund's Board. One director must also be a member of Bishop-in-Council. During the reporting period, Mr Arthur represented the Trustee and Mr McGhie represented Bishop-In-Council. The Registrar holds an ex-officio appointment to the Board.

The Directors of the Fund during the reporting period were:

Mark Brandon Baker	Retired Financial Industry Professional
Nicholas Symons	Retired Solicitor
Robert Hugh Arthur	Business Manager
Timothy Randall McGhie	Economist
Trevor Ament	Diocesan Registrar
Lorraine Jeanette Lenthall	Retired Financial Industry Professional
Mark Glover	Retired Financial Industry Professional

Notes to the financial statements
For the period ended 31 December 2016

15 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Directors (continued)

There were no directors' loans outstanding at the reporting date and no directors' loan made, guaranteed or secured during both of the 2016 financial periods.

The Directors receive no remuneration and any accounts with the Fund are conducted on normal commercial terms.

(d) Key Management Personnel

In relation to AASB124 - Related Party Disclosures, the Board has determined that key management personnel are the Directors and the positions of the Chief Executive Officer, Chief Finance Officer, and the Director of Risk and Compliance. These positions are provided to the Fund under a Service Level Agreement with Anglican Diocesan Services and so are not paid directly by the Fund.

	31-Dec-16	*31-Mar-16*
	$	*$*
Compensation of key management personnel of the Fund	-	428,938

16 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Commitments

There are no commitments as at the reporting date which would have a material effect on the Fund's financial statements as at 31 December 2016 (31 March 2016: $nil).

Contingencies

There are no contingent assets or contingent liabilities as at the reporting date which would have a material effect on the Fund's financial statements as at 31 December 2016 (31 March 2016: $nil).

17 EVENTS AFTER THE REPORTING DATE

The Fund has reduced the limit that can be drawn for its bank facilities from $60m to $40m as detailed below:

	Bank	**Previous limit**	**New limit**
Facility 1	ANZ	$25m	$25m
Facility 2	ANZ	$15m	$5m
Facility 3	Westpac	$20m	$10m
Total Facilities		**$60m**	**$40m**

Directors' declaration

In accordance with a resolution of the directors of the Anglican Investment and Development Fund, we state that:

In the opinion of the directors:

(a) The financial statements and notes of the Anglican Investment and Development Fund for the financial period ended 31 December 2016:

(i) present fairly the Fund's financial position as at 31 December 2016 and its performance for the period ended on that date;

(ii) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Fund's Ordinance and satisfy the requirements of the *Australian Charities and Not-for-Profit Commission Act 2012*; and;

(b) 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 directors dated 18 May 2017.

On behalf of the Board

Mark Brandon-Baker
Chair, Board of Management
18/05/2017