ANGLICAN INVESTMENT AND DEVELOPMENT FUND

GENERAL PURPOSE (RDR) FINANCIAL REPORT
For the year ended 31 March 2016

Contents

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2016

	Notes	***2016*** **$**	*2015* $
Revenue			
Operating activities			
Interest received	4(a)	**6,590,090**	7,126,344
Interest paid	4(b)	**(3,638,290)**	(4,686,140)
Net interest revenue		**2,951,800**	2,440,204
Other revenue	4(c)	**97,545**	278,119
Operating revenue		**3,049,345**	2,718,323
Operating expenses	4(d)	**(2,038,807)**	(1,146,085)
Profit for the year		**1,010,538**	1,572,238
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Transfer from financial asset revaluation reserve on disposal of assets		**-**	(205,831)
Loss on cash flow hedge	8	**-**	(739,826)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**-**	(945,657)
Other comprehensive loss for the year		**-**	(945,657)
Total comprehensive income for the year		**1,010,538**	626,581

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

Statement of financial position

As at 31 March 2016

	Notes	2016 $	2015 $
Assets			
Cash and short-term deposits	5	**11,853,008**	11,682,152
Receivables	6	**2,424**	7,081
Loans and advances	7	**84,119,287**	95,616,961
Prepayments		**-**	103,433
Hedging instruments	8	**80,509**	177,857
Plant and equipment	9	**129,346**	179,298
Total assets		**96,184,574**	107,766,782
Liabilities and equity			
Liabilities			
Trade and other payables	10	**497,775**	359,308
Depositors' funds	11	**48,529,932**	43,219,243
Financial liabilities	12	**39,283,208**	57,500,000
Employee benefit liabilities	13	**44,104**	73,429
Provisions	14	**24,300**	24,300
Derivatives - premium payable		**-**	116,154
Total liabilities		**88,379,319**	101,292,434
Equity			
General reserve		**7,805,255**	7,174,719
Hedge reserve	8	**-**	(700,371)
Total equity		**7,805,255**	6,474,348
Total equity and liabilities		**96,184,574**	107,766,782

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

Statement of changes in equity

For the year ended 31 March 2016

	Retained earnings $	Financial asset revaluation reserve $	Hedge Reserve $	General reserve $	Total $
At 1 April 2015	**-**	**-**	**(700,371)**	**7,174,719**	**6,474,348**
Profit for the year	**1,010,538**	**-**	**-**	**-**	**1,010,538**
Distribution to the Trustee	**(380,002)**	**-**	**-**	**-**	**(380,002)**
Reclassification adjustment of hedge reserve to profit or loss*	**-**	**-**	**700,371**	**-**	**700,371**
Total comprehensive income	**630,536**	**-**	**700,371**	**-**	**1,330,907**
Transfer from retained earnings to general reserve	**(630,536)**	**-**	**-**	**630,536**	**-**
At 31 March 2016	**-**	**-**	**-**	**7,805,255**	**7,805,255**
At 1 April 2014	-	205,831	39,455	6,102,481	6,347,767
Profit for the year	1,572,238	-	-	-	1,572,238
Distribution to the Trustee	(500,000)	-	-	-	(500,000)
Other comprehensive loss	-	(205,831)	(739,826)	-	(945,657)
Total comprehensive income/(loss)	1,072,238	(205,831)	(739,826)	-	126,581
Transfer from retained earnings to general reserve	(1,072,238)	-	-	1,072,238	-
At 31 March 2015	-	-	(700,371)	7,174,719	6,474,348

*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 year ended 31 March 2016

	Note	**2016** $	2015 $
Operating activities			
Other income received		**97,545**	-
(Purchase)/proceeds from sale of financial assets		**(93,893)**	8,103,999
Interest received from financial assets		**347,214**	116,088
Interest received from loans		**6,249,056**	7,022,250
Interest paid to depositors/borrowings		**(3,498,121)**	(4,647,070)
Payments to suppliers and employees		**(1,855,484)**	(499,970)
Decrease/(Increase) in loans and advances		**11,497,674**	(1,876,890)
Net Payments of borrowings from bank facility		**(17,500,000)**	(500,000)
Increase/(Decrease) in depositors‘ funds		**5,310,689**	(646,192)
Distribution to the Trustee		**(380,002)**	(500,000)
Net cash flows from operating activities		**174,678**	6,572,215
Investing activities			
Purchase for plant and equipment		**(3,822)**	(4,140)
Net cash flows used in investing activities		**(3,822)**	(4,140)
Net increase in cash and cash equivalents		**170,856**	6,568,075
Cash and cash equivalents at beginning of financial year		**11,682,152**	5,114,077
Cash and cash equivalents at end of financial year	5	**11,853,008**	11,682,152

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

Notes to the financial statements

For the year ended 31 March 2016

1 FUND INFORMATION

The financial report of Anglican Investment and Development Fund (the "Fund"), a not-for-profit entity, for the year ended 31 March 2016 was authorised for issue in accordance with a resolution of the directors on 15 August 2016.

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 deposits and to invest those funds in loans or approved investments in listed companies.

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 2011 from the *Banking Act 1959* granted by the Australian Prudential Regulation Authority (APRA). Banking exemption will expire on 31 December 2016.

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 the depositors' funds and loan and advances held by the Fund (Note 7 and 11).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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 and the Fund's Ordinance. 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.

Notes to the financial statements (continued)

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The Australian Prudential Regulation Authority (APRA) has granted an exemption from the *Banking Act 1959* to religious charitable development funds (RCDFs) and the AIDF has the benefit of that exemption. The current exemption order will expire on 31 December 2016 and a new order will come into effect from 1 January 2017. A draft order was released by APRA on 30 March 2016. The major differences between the existing order and the draft order are:

- accounts offered to retail investors will be required to have a term of at least 31 days or have a minimum 31 day notice period prior to any withdrawal,
- funds may be released early if the investor demonstrates that he or she is subject to exceptional circumstances that may lead to hardship (funds must develop their own procedures setting out the basis on which the fund will determine exceptional circumstances),
- retail investors must not be offered BPAY facilities in relation to retail products,
- the words “deposit” or “at call” or any derivatives may not be used in relation to any retail products,
- there are enhanced disclosure requirements.

No new at call accounts may be offered from 1 January 2017. At call accounts in existence on 1 January 2017 must be transitioned to meet the new requirements of a 31 day notice period by 1 January 2018.

At report signing date, the final order has not been released.

Australian Securities and Investments Commission

ASIC considers that charitable investment funds (CIFs) 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 2011 (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 on the following conditions:

- an identification statement has been registered by ASIC,
- certain disclosures are made in promotion material including that the charitable investment scheme has not been approved or examined by ASIC,
- annual audited financial statements are lodged with ASIC.

ASIC is reconsidering its current exemption but, at report signing date , the new exemption has not been finalised. It is understood, however, that it is ASIC’s intention for the new exemption order to come into force on 1 January 2017 with a transition period to 1 January 2018.

The AIDF considers that its existing products can be transitioned to comply with the potential changes by APRA and ASIC as outlined above and therefore believes that these changes will not affect AIDF as a going concern.

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

Notes to the financial statements (continued)

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Diocese 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 year.

The Fund has not applied for the first time, any certain standards and amendments.

(d) Receivables

Receivables may include amounts for interest and GST recoverable from the 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.*

(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% - 33.33%
Leasehold improvement	- 14.29%
Motor vehicle	- 33.33%
Software	- 14.29% - 40%

Notes to the financial statements (continued)

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Plant and equipment (continued)

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 financial year end and adjusted prospectively, if appropriate.

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of then 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.

(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 deposits 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.

Notes to the financial statements (continued)

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are measured at amortised cost if both followings conditions are met:

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets is measured at fair value through OCI if both the following conditions are met:
(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However the Fund may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.

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.

(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.

Notes to the financial statements (continued)

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(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, depositors' 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 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.

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.

Notes to the financial statements (continued)

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iii) Derivative financial instruments and hedge accounting (continued)

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 interest rate cap and interest rate collar as hedges of its exposure to interest rate risk in forecast transactions. The ineffective portion relating to interest rate cap and interest rate collar 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 remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(i) 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.

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.

Notes to the financial statements (continued)

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of non-financial assets (continued)

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 years. 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 year 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.

Notes to the financial statements (continued)

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions and employee benefit liabilities (continued)

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 deposits

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 revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(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 AIDF 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) Depositors' funds

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

Notes to the financial statements (continued)

For the year ended 31 March 2016

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.

Financial asset revaluation reserve

The financial asset revaluation reserve records movements in the value of available for sale financial assets above or below cost. Movements are recognised in other comprehensive income and accumulated in the financial asset revaluation reserve. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. A prolonged decline in the value of an instrument is considered to determine whether an impairment has arisen.

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.

Notes to the financial statements (continued)

For the year ended 31 March 2016

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.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Notes to the financial statements (continued)

For the year ended 31 March 2016

4 REVENUE AND EXPENSES

		2016 $	2015 $
(a)	**Interest received**		
	Interest income - term deposits	**341,034**	104,094
	Interest income - loans and advances	**6,249,056**	7,022,250
		6,590,090	7,126,344
(b)	**Interest paid**		
	Interest paid to depositors	**1,441,636**	1,406,829
	Interest paid to the Trustee on reserves	**143,887**	122,050
	Interest paid on borrowings	**2,052,767**	3,157,261
		3,638,290	4,686,140
(c)	**Other revenue**		
	Revenue from available for sale financial assets	**-**	11,994
	Gain on disposal of available for sale financial assets	**-**	266,125
	Other income	**97,545**	-
		97,545	278,119
(d)	**Operating expenses**		
	Administrative expenses	**19,233**	15,332
	Advertising expense	**9,138**	20,000
	Agency fees	**58,333**	-
	Audit and accounting	**36,792**	31,350
	Bank charges	**19,481**	20,954
	Bill facility fees	**-**	2,849
	Cleaning expense	**2,024**	2,196
	Computer costs	**111,105**	122,088
	Courier service fees	**417**	334
	Depreciation of plant and equipment	**53,774**	53,606
	Electricity expense	**1,952**	2,077
	Finance costs - hedging instruments	**99,000**	112,547
	Fringe benefit tax	**11,636**	10,363
	Insurance expense	**14,626**	10,568
	Loss on derecognition of hedging instruments	**676,458**	-
	Motor vehicle expense	**16,260**	17,213
	Office expense	**3,210**	3,964
	Postage expense	**1,690**	9,397
	Printing and stationery expense	**8,727**	10,221
	Provision for annual leave	**(3,383)**	11,674
	Provision for long service leave	**8,820**	10,882
	Professional service fees	**207,068**	82,976
	Rental expense	**33,917**	36,275
	Superannuation	**51,057**	38,757
	Taxes and fees	**-**	87,168
	Telephone expense	**4,881**	4,151
	Travel expense	**6,729**	4,132
	Wages	**585,862**	425,011
		2,038,807	1,146,085

Notes to the financial statements (continued)

For the year ended 31 March 2016

5 CASH AND SHORT TERM DEPOSITS

	2016	*2015*
	$	*$*
Cash on hand	**4,914**	6,852
Cash at bank	**11,848,094**	11,675,300
	11,853,008	11,682,152

6 RECEIVABLES

	2016	*2015*
	$	*$*
Accrued interest income	**-**	6,180
GST receivable	**2,424**	901
	2,424	7,081

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

	2016	*2015*
	$	*$*
At amortised cost:		
Loan to schools	**66,198,362**	71,123,185
Loan to the Trustee (Note 15(a))	**12,453,172**	17,933,296
Personal loans (unsecured)	**217,935**	271,928
Mortgage loans	**3,839,020**	3,855,495
Advances to parishes	**1,410,798**	2,433,057
	84,119,287	95,616,961
Less: Provision for impairment in the value of loans	**-**	-
	84,119,287	95,616,961

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 March:	**4,180,058**	4,260,196

Notes to the financial statements (continued)

For the year ended 31 March 2016

8 HEDGING INSTRUMENTS

	2016	2015
	$	$
At fair value through OCI:		
Interest rate cap	**80,509**	142,035
Interest rate collar	**-**	35,822
	80,509	177,857

The interest rate cap and collar are used to hedge cash flow risk associated with future transactions. Gains and losses arising from changes in the fair value are initially recognised directly in a hedge reserve in the equity section of the statement of financial position. At the date of the transactions, amounts included in the hedge reserve are transferred from equity and included in the statement of profit or loss and other comprehensive income.

During the year AIDF refinanced their borrowings (please see note 12 for details). As part of this the existing derivatives (cap and collar) were no longer deemed to be effective hedges or paid out, as such the amount in the hedge reserve along with additional fair value movements of the derivatives during the year were released into the profit or loss. Post year end a number of new swaps have been entered into by the Fund to manage the interest rate risk of the refinanced debt, these have been deemed effective.

9 PLANT AND EQUIPMENT

	2016	2015
	$	$
Office furniture and equipment		
At cost	**19,784**	15,960
Accumulated depreciation	**(9,002)**	(8,414)
Net carrying amount	**10,782**	7,546
Leasehold improvement		
At cost	**81,440**	81,440
Accumulated amortisation	**(54,218)**	(42,584)
Net carrying amount	**27,222**	38,856
Motor vehicle		
At cost	**42,391**	42,391
Accumulated depreciation	**(35,497)**	(21,368)
Net carrying amount	**6,894**	21,023
Software		
At cost	**195,992**	195,992
Accumulated depreciation	**(111,544)**	(84,119)
Net carrying amount	**84,448**	111,873
Total plant and equipment		
At cost	**339,607**	335,783
Accumulated depreciation and amortisation	**(210,261)**	(156,485)
Net carrying amount	**129,346**	179,298

Notes to the financial statements (continued)

For the year ended 31 March 2016

9 PLANT AND EQUIPMENT (continued)

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

	Office furniture and equipment $	Leasehold improve-ments $	Motor vehicles $	Software $	Total $
Balance at 1 April 2015	7,546	38,856	21,023	111,873	179,298
Addition - at cost	3,823	-	-	-	3,823
Depreciation expense	(587)	(11,634)	(14,129)	(27,425)	(53,774)
Carrying amount at 31 March 2016	**10,782**	**27,222**	**6,894**	**84,448**	**129,347**

10 TRADE AND OTHER PAYABLES

	2016 ***$***	*2015* *$*
Trade payables	**1,116**	2,818
Accrued interest	**496,659**	356,490
	497,775	359,308

11 DEPOSITORS' FUNDS

	2016 ***$***	*2015* *$*
Call accounts	**6,665,197**	9,860,124
Cheque accounts	**1,297,857**	1,453,569
Term deposits	**22,399,112**	23,383,857
Cash management accounts	**18,167,766**	8,521,693
	48,529,932	43,219,243

12 FINANCIAL LIABILITIES

	2016 ***$***	*2015* *$*
Commonwealth Bank Bill Facility	-	57,500,000
ANZ Bank Bill Facility	**40,000,000**	-
Capitalised transaction costs	**(716,792)**	-
	39,283,208	57,500,000
Balance at 1 April	**57,500,000**	58,000,000
Principal paid	**(57,500,000)**	(500,000)
Amount utilised	**39,283,208**	-
Balance at 31 March	**39,283,208**	57,500,000

Notes to the financial statements (continued)

For the year ended 31 March 2016

12 FINANCIAL LIABILITIES (continued)

During the financial year, the Fund negotiated new loan facilities with ANZ and Westpac. The ANZ loan facilities were signed on 25 November 2015 for a total of $40m ($15m and $25m respectively), with the Westpac loan facility signed on the 30 March 2016 for $20m.

Both ANZ facilities have been fully utilised to their combined value of $40m. The $20m (2015: $10.5m of the CBA) of the Westpac facility remains unused as at 31 March 2016. Both 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.

The ANZ facilities have a terms of 18 months ($15m) and 3 years ($25m) from 3 December 2015. The Westpac facility has terms of 5 years from 20 April 2016. Principal is not paid until maturity and all at a variable interest rate.

13 EMPLOYEE BENEFIT LIABILITIES

	2016	*2015*
	$	*$*
Long service leave	**33,011**	46,310
Short-term employee benefit	**11,093**	27,119
	44,104	73,429

14 PROVISIONS

	2016	*2015*
	$	*$*
Audit fees	**24,300**	24,300
	24,300	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 depositors' funds and loan and advances held by the Fund (Note 7 and 11).

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

	2016	*2015*
	$	*$*
Deposits	**1,553,294**	1,661,508
Loans to the Trustee	**12,453,172**	17,933,296

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

Notes to the financial statements (continued)

For the year ended 31 March 2016

15 RELATED PARTY DISCLOSURES (continued)

(b) Employees

At 31 March 2016 there were three (2015: 4) employees of the Fund. Any employee's accounts with the Fund are conducted on normal commercial terms.

(c) Directors

The Directors of the Fund during the reporting period were:

Roderick Stanley Sutherland (Resigned: 6 May 2015)	Chairman, Stockbroker
Nicholas Symons (Appointed: 16 October 2015)	Retired Solicitor
Robert Hugh Arthur	Business Manager
Timothy Randall McGhie	Economist
Trevor Ament	Diocesan Registrar
David Arthur Kenyon (Resigned: 6 May 2015)	Fund's Director
Mark Brandon Baker (Appointed: 5 June 2015)	Retired Financial industry Professional
Lorraine Jeanette Lenthall	Retired Financial industry Professional
Mark Glover	Retired Financial industry Professional

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.

During 2016 and 2015, there were no directors' loans outstanding at the reporting date and no directors' loan made, guaranteed or secured during the financial years.

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 Chief Executive Officer of the Fund.

Compensation of key management personnel of the Fund

	2016	*2015*
	$	*$*
Total compensation paid to key management personnel	**428,938**	268,927

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 March 2016 (2015: $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 March 2016 (2015: $nil).

Notes to the financial statements (continued)

For the year ended 31 March 2016

17 EVENTS AFTER THE REPORTING DATE

On the 9 June 2016, the AIDF entered into an interest swap hedge derivative with Westpac Bank. The Notional amount of the hedge is $4.125m and has a termination date of 20 July 2021. The fixed rate of the swap is 2.28% per annum with the floating rate linked to the Australian Bank Bill Swap Rate (BBSW). The AIDF intends to apply AASB 9 hedge accounting to the transaction as the AIDF has designated the interest rate swap as a cash flow hedge applied to the drawn down component of the $20m Westpac Bank finance facility. At the time of the hedge transaction the amount drawn down from the facility was $7.5m.

Directors' declaration

In accordance with a resolution of the directors of 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 year ended 31 March 2016:

  (i) presents fairly the Fund's financial position as at 31 March 2016 and its performance for the year ended on that date;

  (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Fund's Ordinance;

(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 15 August 2016.

On behalf of the Board

Mark Brandon-Baker
Chair, Board of Management

15 August 2016