ANNUAL REPORT

2018

Anglican Investment & Development Fund

Guiding Principles

+ Prayer is essential for our common life.

+ Reading, teaching and living in response to the Scriptures is a first order priority.

+ Word and sacrament are the basis of worship.

+ As a diverse diocese, we value different worship styles and we learn from each other

+ Building relationships with all people since the good news of the kingdom of God is for everyone.

+ Growing disciples by sharing the Gospel with friends and neighbours; baptising and nuturing new believers in order to transform God’s world.

+ Alleviating human need and addressing injustice through advocacy, peace-building, reconciliation and loving service.

+ Safeguarding the integrity of creation through responsible stewardship.

+ Partnerships with other ministry agencies, Christian Churches and associations.

+ Governance that is effective and transparent.

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FOREWORD FROM +MARK

I am delighted to introduce the Anglican Investment and Development Fund (AIDF) Annual Report for 2018.

I had the wonderful opportunity to join with the Board and Senior Executive at their planning day in April this year. As part of that gathering, I shared a short reflection on the parable told by Jesus in Luke about the story of a shrewd manager who built relationships for the future which has an important message for our mission. In this kingdom age, the children of the kingdom are called to use God's resources for kingdom purposes. Central to these purposes are the growth in relationships that will last into the age to come.

As I have travelled across the Diocese over recent months, it has been a delight to see some of the kingdom-focused projects funded by the AIDF.

The AIDF has contributed to building transformative partnerships both within our Anglican community and the wider community and I have been greatly encouraged to see these strong relationships developed. I am also encouraged that new opportunities for members of the Anglican family to invest their resources in God's work through the AIDF are being explored.

I do wish to thank the Board, CEO, staff and in particular the clients of the AIDF for your ongoing support and interest in the Diocese of Canberra and Goulburn. I am very grateful the AIDF continues to provide a professional service with the utmost integrity and honesty so that vital financial products are made available to our Diocese.

God has called us to engage a world of difference with the love and truth of Jesus.

Let us continue to invest our God-given resources in that God-given task.

Richest blessings in Christ Jesus,

+Mark Short
Diocesan Bishop

REPORT FROM THE CHAIR

I am pleased to present the AIDF Annual Report for the period to 31 December 2018. This is my fourth year as Chair of the AIDF and it is gratifying to advise that 2018 represented another successful year for the AIDF both in terms of operational activities and financial management.

I want to particularly acknowledge the work undertaken by the staff and my Board colleagues during 2018 in fully implementing our governance framework. This involved establishing the Audit Committee under the leadership of Liz Stamford and the further development of the AIDF Risk Register consolidation by the Risk Committee under the leadership of the Deputy Chair, Mark Glover. The work of these committees, supported by our staff, means that the AIDF continues to comply with all regulatory requirements and covenant obligations it owes to our external funders.

In the wake of the Banking Royal Commission, it is worth noting that the reputation and culture of the AIDF stands in stark contrast to those revealed elsewhere within the financial services sector. Our thorough and careful approach to our ethical position and compliance with regulators provides a firm basis for the future growth of the AIDF.

The financial performance of the AIDF has continued to remain strong. The AIDF's 2018 financial results were:

(1) Operating surplus of $990,878 (2017: $1,012,093);

(2) The Reserves also increased to $9,431,089 (2017: $8,829,454).

The AIDF continues to work hard, ensuring we provide personalised service and tailored products to our customers, in line with the mission of the Diocese.

In closing, I wish to thank the management and staff of the AIDF for their continued commitment to the AIDF and the great support they have provided to our clients, the broader Diocese and to the Board.

Mark Brandon-Baker
Chair

REPORT FROM THE CHIEF EXECUTIVE OFFICER

The AIDF has continued to grow and develop as a major agency of the Diocese. It is rewarding to be a part of an organisation where our clients view an investment in the AIDF as an investment in (and support for) the ministries of the Diocese. Every dollar invested enables the AIDF to assist the mission of schools, community service providers, other agencies and parishes through the provision of loans and investment accounts.

The AIDF delivers significant support and services to the Diocese and its agencies through the provision of:

- loans to the Diocese and Diocesan entities to facilitate their activities;
- a competitive interest rate environment for loans and investor funds;
- fee free services;
- an ethical financial investment option, with an emphasis on personal service and providing same day solutions either personally or online;
- customised products;
- direct crediting to assist parishes with the administration of giving programs;
- sponsorship/advertising when mutually beneficial; and
- grants and interest payments to the Diocese.

During 2018 the AIDF continued to strengthen its financial position and progress its strategies to deliver improved service standards and products. The AIDF has continued to pursue the application for the Australian financial services licence with ASIC and we remain hopeful of an approval in the near future. In addition, we have strived to ensure our values and purpose continue to align with those of the Diocese.

I do wish to thank the staff for their dedication to the AIDF and the Board for their continuing support.

Trevor Ament
Chief Executive Officer

BACKGROUND

The AIDF was originally established by *The Diocesan Development Fund Ordinance of 1966*.

It is now governed by the *Anglican Investment and Development Fund Ordinance 2016* (the AIDF Ordinance).

PURPOSES

The purposes of the Fund are established by section 3 of the Ordinance:

3.2 The purposes of the Fund are:

(a) to provide a means for the Diocese, Diocesan agencies and Ministry units to finance developments that promote, support and expand the mission of the Diocese;

(b) to provide parishioners, Diocesan agencies and others with an opportunity to support the mission of the Diocese by investing with and lending to the Fund on appropriate terms as to interest or otherwise but which will provide funds for the developments contemplated by the Diocese, Diocesan agencies or Ministry units.

(c) to provide a means whereby the Diocese may access funds from financial institutions so as to provide funds for the developments contemplated by the Diocese, Diocesan agencies or Ministry units.

TRUSTEE

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

BOARD ROLES AND RESPONSIBILITIES

The AIDF is managed by a Board of Management established by section 6 of the AIDF Ordinance:

6 The functions of the Board are to direct and oversee the operation of the Fund, including:

(a) to receive investments for any or all of the purposes of the Fund and to pay interest on such investments at such rates as shall be determined by the Board;

(b) to make loans to the Diocese, Diocesan agencies and to Ministry units for developments, including buildings and other purposes that support the mission of the Diocese;

(c) to make loans to clergy and staff of the Diocese and Diocesan agencies for the purpose of purchasing a home;

(d) to make loans from the Fund to clergy and staff of the Diocese, Diocesan agencies and Ministry units for the purposes of personal expenditure;

(e) in accordance with section 15 to borrow funds and enter into transactions as necessary and prudent for the purposes of the Fund;

(f) to make grants to the Diocese out of any surpluses from its operations for use by Bishop-in-Council for such purposes as Bishop-in-Council may determine; and

(g) to make investments of the moneys in the Fund in accordance with section 16.

GUARANTEE AND INDEMNITY

The operations of the AIDF are guaranteed by the Diocese by section 22 of the AIDF Ordinance:

22.1 The Fund shall be guaranteed by the Diocese.

ST STEPHENS ANGLICAN CHURCH, MAJORS CREEK (BRAIDWOOD)

BOARD COMMITTEES

Audit Committee

The Board must appoint a Board Audit Committee as required by section 11 of the AIDF Ordinance:

11.1 The Board must appoint a Board Audit Committee.

11.2 The Board Audit Committee shall consist of:

(a) the CEO and the Chief Financial Officer, as ex officio members of the committee but without the right to vote; and

(b) 3 Members appointed by the Board at least 2 of whom must be Independent Members.

11.3 The function of the Board Audit Committee is to assist the Board by providing an objective non-executive review of the effectiveness of the Fund's financial reporting and financial risk management framework.

Risk Committee

The Board must appoint a Board Risk Committee as required by section 12 of the AIDF Ordinance:

12.1 The Board must appoint a Board Risk Committee.

12.2 The Board Risk Committee shall consist of:

(a) the CEO and the Director, Risk and Legal, as ex officio members of the committee but without the right to vote; and

(b) 3 Members appointed by the Board at least 2 of whom must be Independent Members.

12.3 The function of the Board Risk Committee is to assist the Board by providing an objective non-executive oversight of the implementation and operation of the Fund's risk management framework.

ST PETER'S ANGLICAN COLLEGE

RESERVE

Sub-clause 20.1 of the AIDF Ordinance provides that the Board is required to maintain a Reserve within the Fund which is to be managed as follows:

(a) The Reserve will be available to meet any losses incurred by the Fund and in meeting the liability of the Diocese under Part 9.

(b) The Reserve will not fall below an amount as is at the time ascertained in accordance with a method determined by the Board with the approval of Bishop-in-Council.

(c) In making the determination referred to in paragraph (b), the Board shall have regard to good commercial practice for the management of investment funds and the requirements of any relevant regulatory agency.

(d) The Board shall meet all the obligations and requirements imposed by external lenders to the Fund.

(e) In each year, the Board shall, out of the profits of its operations in the preceding year, pay into the Reserve any amount determined by the Board necessary to ensure that the Reserve remains at the amount required under paragraph (b).

(f) The Board must pay as a grant to the Diocese from the surplus remaining after the payment referred to in paragraph (e), such amount as is determined by the Board to be prudent.

(g) The funds in the Reserve –

  (i) are funds of the Diocese and are to be invested by the Board for the purposes of paragraph (a); and

  (ii) shall be applied for the purposes of paragraph (a).

(h) The Board shall pay to the Diocese interest on the funds in the Reserve at such rate as is determined by the Board.

(i) Payments under paragraph (f) shall be deemed to be expenses incurred by the Board in operating the Fund.

CHAPTER 2

Membership & Governance

BOARD MEMBERS

Mark Brandon-Baker Chairman *(Appointed June 2015)*

Mark has held senior roles within the private and public sectors and within political circles. Currently a partner of strategic advisory firm Endeavour Consulting, Mark was previously Westpac's Group Head of Government Relations and Regulatory Affairs and served as a Senior Adviser to then Prime Minister John Howard. He spent 15 years with Advance Bank, culminating in his appointment as Chief Executive – ACT Region. He also served as Secretary of the Department of Business, Arts, Sport and Tourism (ACT Govt) and was President of the ACT Chamber of Commerce.

Mark Glover Deputy Chair *(Appointed October 2011)*

Mark was first appointed as an AIDF Director in 2011 and then as Deputy Chair in 2016. Up to March 2011 Mark was Director and Country Treasurer responsible for the funding and liquidity risk of the combined Bank of America Merrill Lynch Australian- group of entities. Mark is a qualified geologist with BSc (Hons) in Mining Geology from Leicester University and also has a Financial Diploma from the Australian Financial Markets Association. (MAICD)

Tim McGhie Director *(Appointed April 1999)*

Tim retired in 2012 after working in the private and public sectors in the ACT for nearly 40 years, including time as an Associate Director in the Economic Studies and Strategies Unit, Corporate Finance and Recovery for PwC, and as a Senior Policy Advisor to the ACT Legislative Assembly. Tim is a member of Bishop-in-Council as Chair of the Diocesan Finance Committee. Tim is an Associate of CPA Australia; he completed his Bachelor of Economics, majoring in macro-economics and accounting, at the University of Tasmania. (MAICD)

Lorraine Lenthall Director *(Appointed October 2011)*

Lorraine has had extensive experience in financial sector regulation and regulatory policy, both in Australia and overseas. She has a Bachelor of Arts from the University of Melbourne, majoring in Economics and Political Science and a Graduate Diploma in Legal Studies from the University of Canberra. (MAICD)

Nick Symons Director *(Appointed October 2015)*

Nick was one of Canberra's leading property lawyers with 38 years' experience in the Canberra region prior to his retirement in 2014. He was awarded Solicitor of the Year by the Real Estate Institute of the ACT in 1999, 2001, 2004 and 2005 together with the President's Award in 2003 . Nick also specialised in commercial and business law. During his career as a lawyer, Nick was active in educational training with CIT, the Law Society of the ACT, the Legal Workshop (ANU) and the Real Estate Institute of the ACT

Elizabeth Stamford Director *(Appointed April 2017)*

Liz is a Chartered Accountant and her current role is Policy Leader at Chartered Accountants Australia and New Zealand. Since 2012, she has been responsible for leading policy and advocacy work on behalf of the profession, primarily in the audit, assurance and insolvency regulatory areas. Prior to this, she ran operations from New York as the Director of Assurance Risk & Quality for the global PwC network. She has lived and worked in the UK, Australia and US, in audit and corporate recovery roles, as well as standard setting, corporate governance and regulatory liaison roles. (GAICD)

Eugene Kalenjuk Director *(Appointed August 2017)*

Eugene is a partner with PwC responsible for leading the Canberra Private Client practice. He has more than 20 years experience providing professional services to High Wealth Families, private family businesses operating in the property industry and Emerging companies. He holds a Masters degree in Taxation, Bachelor of Commerce and is a Fellow of the Institute of Chartered Accountants. Eugene also Chairs Canberra Grammar School Foundation Board and is a Board member and Audit Chair of the Cultural Facilities Corporation (Canberra Museum and Art Gallery).

Meg Brighton Director *(Appointed April 2018)*

Meg's is currently the Deputy Director-General, ACT Education & Training Directorate. Meg Brighton has an extensive background in Government, business and organisational improvement, strategy development, budget management and stakeholder consultation in both Canada and Australia. Meg has led a number of cross-government initiatives and business improvement strategies in regard to funding, ICT and workers' compensation. Prior to returning to Canberra in 2009, Meg held senior positions at Work Cover NSW and WorkSafeBC in Canada, and was a part-time lecturer at the British Columbia Institute of Technology.

GOVERNING BODY

The AIDF Ordinance provides that the Board of Management consist of the Chair, the Deputy Chair and not less than five or more than six other members appointed by Bishop-in-Council for a term of not more than three years.

The Chair and Deputy Chair are eligible for re-appointment at the expiry of their terms provided that the re-appointments would not result in a person occupying the position of Chair or Deputy Chair for more than six years. Each other member is eligible for re-appointment at the expiry of his or her term, provided that no member may serve for more than nine consecutive years. Bishop-in-Council may appoint a person to serve more than six or nine years respectively if Bishop-in-Council finds that there are exceptional circumstances which justify such an appointment.

In making appointments, Bishop-in-Council is to have regard to the skills required for the effective and prudent operation of the Fund including, but not limited to, accounting, banking, financial services, legal, financial, governance and business expertise.

At least one member of the Board must be a member of Bishop-in-Council and at least one member must be a member of the Property Trust, but no more than three members in total may be either a member of Bishop-in-Council or of a Diocesan agency. At least five members must be independent members. Bishop-in-Council may fill any casual vacancy occurring in the membership of the Board.

REPORTING

The AIDF is required to provide a report to the Property Trust and Bishop-in-Council on the operations of the Fund together with a current financial statement at least once a quarter and at such other times as Bishop-in-Council requires.

The AIDF is also required to provide a report on its activities to each ordinary Session of Synod.

ST NICHOLAS' ANGLICAN CHURCH, NORTH GOULBURN

BOARD MEETINGS

Board meetings are held at least every second month. A total of six meetings were held during the period 1 January 2018 to 31 December 2018. The following table details the membership of the Board and the number of meetings attended by each member during that period:

Member	Meetings Attended	Meetings Eligible to Attend
Mr Mark Brandon-Baker (Chair)	6	6
Mr Mark Glover (Deputy Chair)	3	6
Ms Lorraine Lenthall	5	6
Mr Tim McGhie	4	6
Mr Nick Symons	6	6
Ms Liz Stamford	5	6
Mr Eugene Kalenjuk	4	6
Mrs Meg Brighton (August 2018)	2	3

BOARD COMMITTEES

Risk Committee

The Risk Committee meetings are held at least three times a year. A total of three meetings were held during the period 1 January 2018 to 31 December 2018. The following table details the membership of the Committees and the number of meetings attended by each member during that period:

Member	Meetings Attended	Meetings Eligible to Attend
Mr Mark Glover (Chair)	3	3
Ms Lorraine Lenthall	3	3
Mr Nick Symons	3	3

Audit Committee

The Audit Committee meetings are held at least four times a year and hold extra meetings as required. This Committee was first established in 2018. The following table details the membership of the Committees and the number of meetings attended by each member during that period:

Member	Meetings Attended	Meetings Eligible to Attend
Ms Liz Stamford (Chair)	2	2
Mr Mark Brandon-Baker	2	2
Mr Eugene Kalenjuk	0	1

GOVERNANCE

The AIDF is regulated by the Australian Charities and Not-for-profits Commission (ACNC). The ACNC publishes governance standards which must be met in order for a charity to be, and remain, registered with the ACNC.

The standards and how the AIDF complies with those standards are set out below:

Standard	Compliance
Standard 1: Purposes and not-for-profit nature Charities must be not-for-profit and work towards their charitable purpose. They must be able to demonstrate this and provide information about their purposes to the public.	The AIDF was set up as a not-for-profit with a charitable purpose and is run as a not-for profit working towards that charitable purpose. The AIDF is registered with the ACNC as a charity which has the purpose of advancing religion and its governing document (the AIDF Ordinance) has been lodged with the ACNC and is published on the ACNC website. The AIDF also provides information about its charitable purpose to the public via its own website.
Standard 2: Accountability to members Charities that have members must take reasonable steps to be accountable to their members and provide them with adequate opportunity to raise concerns about how the charity is governed.	While the AIDF does not have members per se, the AIDF Ordinance provides that it must report to the Property Trust and Bishop-in-Council at least quarterly and those reports must include a copy of the current financial statements. The annual audited financial statements are lodged with the ACNC and published on the ACNC website. The AIDF also reports annually to Synod. The AIDF Ordinance provides for the appointment of Board members by Bishop-in-Council.

Standard	Compliance
Standard 3: Compliance with Australian laws Charities must not commit a serious offence (such as fraud) under any Australia law or breach a law that may result in a penalty of 60 penalty units (currently $10,200) or more.	The AIDF has a robust Risk Management Framework. All policies are Board approved and reviewed on a regular basis. All compliance obligations have been identified and recorded in a compliance register. The AIDF financial statements are independently audited each year.
Standard 4: Suitability of responsible persons Charities must take reasonable steps to: • be satisfied that its responsible persons are not disqualified from managing a corporation under the *Corporations Act 2001 (Cth)* or disqualified from being a responsible person of a registered charity by the ACNC Commissioner, and • remove any responsible person who does not meet these requirements.	Background checks are conducted on each person before they are appointed to the Board by Bishop-in-Council. The AIDF Ordinance provides the circumstances in which a Board member's appointment is terminated, including disqualification under the Corporations Act.
Standard 5: Duties of responsible persons Charities must take reasonable steps to make sure that responsible persons are subject to, understand and carry out the duties set out in this standard.	Each Board member understands the duties imposed on directors of corporations. The attendance of Board members at Board meetings is reported annually in the report to Synod. A conflicts of interest policy and procedures have been approved by the Board.

The duties in standard 5 are to:

(a) act with reasonable care and diligence;

(b) act honestly in the best interests of the charity and for its purpose;

(c) not misuse the position of the responsible person;

(d) not misuse information obtained in performing duties;

(e) disclose any actual or perceived conflict of interest;

(f) ensure that the charity's financial affairs are managed responsibly; and

(g) not to allow the charity to operate while insolvent.

CHAPTER 3

STRATEGY & OPERATIONS

STRATEGY

The AIDF Board approved its strategic plan in 2016 to mitigate the risks, which the AIDF might pose to the Diocese, given that the Diocese guarantees the AIDF. These strategies are reviewed annually and have continued to be refined to reflect the growth in operations and to meet the needs of the wider Diocese and the changing regulatory environment.

The following outlines these strategies and the progress the AIDF has achieved against each of these.

Governance

In conjunction with the Diocesan Legal Committee the AIDF undertook a review of its Ordinance. The reviews have focused on the purpose of the Fund, the appointment of independent directors, the establishment of the Risk and Audit Committees and the appointment of the Chief Executive Officer.

Completed - The new Ordinance was enacted by Bishop-in-Council on 21 October 2016

The Board commenced a further review of its Ordinance in late 2018 with minor amendments to be considered by BIC to assist in the operation of Board Committees.

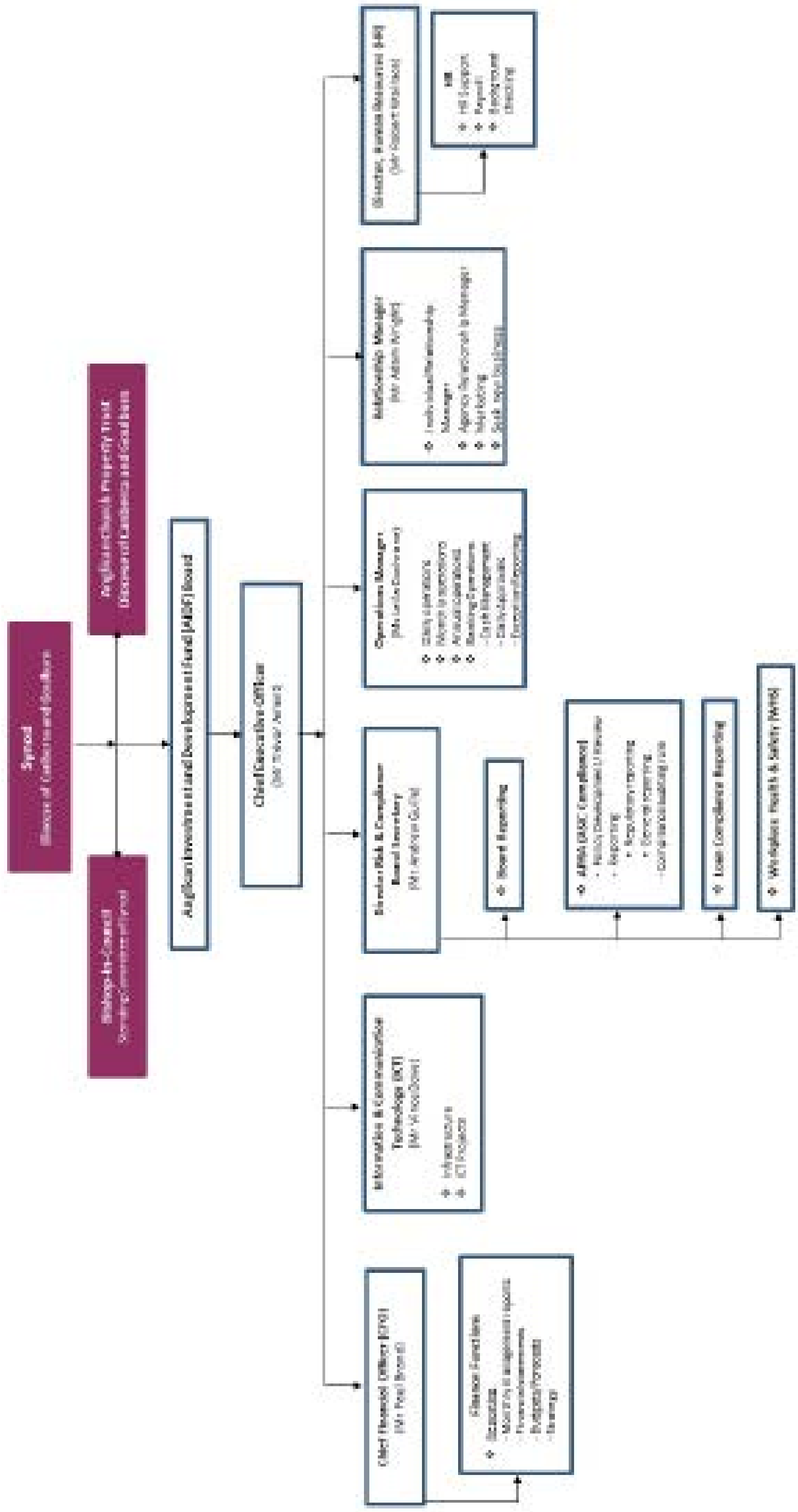
Completed - The new Ordinance was enacted by Bishop-in-Council on 14 June 2019

Structure

In early 2016 the Board implemented a new management structure to address the concentration risk. The AIDF engaged Anglican Diocesan Services through a service level agreement (SLA). The SLA provides for the appointment of the CEO and services in the areas of payroll, injury management, HR administration, HR leadership, finance, Board secretariat, risk and compliance and agreed projects. The SLA provides the AIDF with access to a broad range of professional management skills and experience on which to draw.

The Board agreed the services provided under the SLA have been a success. The AIDF has achieved over the last three years significant outcomes that would not have been possible under the previous structure. The Board approved the signing of the new SLA for 2019 -2022.

ORGANISATIONAL CHART



RISK MANAGEMENT FRAMEWORK

The AIDF has a comprehensive policy schedule with identified review dates.

All policies have been mapped against regulatory standards of ASIC, APRA or Standards Australia to ensure that the AIDF's policies are robust and consistent with current standards.

The AIDF ensures compliance through maintaining a scheduled review process for all its policies.

Completed: The identified policy development and schedule reviews for 2018 were completed by December 2018.

GROWTH IN INVESTMENTS

A major strategy of the Board has been to reduce the reliance on the external funding facilities provided by banks (ANZ and Westpac) through increasing and diversifying the investor base of the AIDF.

To achieve growth we have continued to develop the relationship with our existing clients and build new ones. The AIDF is actively engaging with the Company Schools to develop strong relationships with these important entities. This resulted in investments with the AIDF of $2.7 million in 2018.

During 2018 the AIDF further developed its existing relationship with other Diocese and their Diocesan Funds and as a result achieved a further $5 million in investments.

The AIDF continues to diversify the Investment portfolio.

Ongoing: Investments have increased to $68.6 million (13.2% growth since 2017).

FACILITY AGREEMENTS WITH FINANCIAL INSTITUTIONS

During 2018, the AIDF successfully renewed the Australia and New Zealand Banking Group (ANZ) financial facilities for a further term as follows:

- $25 million – 3 Years
- $5 million – 5 Years

This provided the AIDF with certainty of funding and tenure.

Completed: Renew the term of the ANZ finance facilities.

CHAPTER 4

Risk Management

ST JOHNS, CANBERRA (REID)

RISK MANAGEMENT STRATEGY

The AIDF's approach to managing risk is consistent with the Australian/New Zealand Standard for Risk Management (AS/NZS 1S0 31000:2009) and APRA's Prudential Standard GPS 220. The Risk Management Strategy (RMS) brings together the AIDF's policies and procedures, processes and controls that comprise its risk management and compliance systems. These systems address all material risks, financial and non-financial, which are managed by the AIDF.

The executive of the AIDF has developed, implemented and maintains a sound RMS. The risk committee reviews the RMS at least annually and confirms there are systems in place to ensure ongoing compliance with legislative and prudential requirements.

The Board approved Risk management policy identifies the following risk categories:

- Strategic;
- People;
- Governance;
- Reputational;
- Financial (including credit, market and liquidity risks); and
- Operational (including compliance risks).

Within each of these categories, risks are evaluated before consideration of the impact of mitigating controls. The existence and effectiveness of such mitigating controls are then measured to ensure that residual risks are managed within risk tolerance.

The following table outlines AIDF's policies, procedures and scheduled reviews:

Policy	Mapped to ASIC/APRA/ other relevant standard	Board Adoption	Scheduled for Review
Compliance Policy • Compliance Register	✓	February 2018	February 2019
Compliance Policy • Compliance Register	✓	February 2018	February 2019
Risk Management Policy • Risk Management Procedures • Risk Management Framework	✓	February 2018	February 2019
Early Access to Funds Policy	✓	April 2018	April 2019
Privacy Policy • Notifiable breaches scheme procedure	✓	April 2018	April 2019
Prudential Policy • Liquidity • Funding strategy • Contingency funding plan • Assets • Liabilities • Capital/Equity Review & reporting	✓	August 2018	August 2019
Outsourcing Policy	✓	August 2018	August 2019
Delegations • Delegations procedures Delegations schedule	✓	August 2018	August 2019
Conflicts of Interest Policy Procedures for managing conflicts of interest	✓	October 2018	October 2019

CHAPTER 5

Financial Highlights

ST BARTHOLOMEW, CROOKWELL

KEY FINANCIAL RESULTS

The table below presents the financial highlights for a 12 month period to 31 December 2018:

Category	31 December 2017 $	31 December 2018 $
Net interest revenue	2,406,691	2,314,367
Operating revenue	2,406,691	2,316,324
Operating expenses	1,394,598	1,325,446
Net profit	1,012,093	990,878
Total comprehensive income	984,511	961,635
Reserves	8,829,454	9,431,089
Investor's funds	60,537,334	68,554,533
Financial liabilities	19,470,057	12,572,289
Distribution to the Trustee	350,000	360,000

FINANCIAL OVERVIEW

The AIDF is a key agency of the Anglican Diocese of Canberra and Goulburn as it provides a range of financial services, including investment products and loans to our Anglican community. It is important that the financial capacity and strength of the AIDF continues to grow and mature. In summary the financial strength of the AIDF can be defined through:

(1) the ongoing strong financial performance of the AIDF;

(2) the AIDF has established and built its Reserve (Net assets) to $9.431 million:

(i) this represents a capital adequacy ratio of 14.5%.

(3) the financial performance of the Diocesan agencies and schools continues to strengthen;

(4) the external facilities of $40 million are secured by direct mortgages on specific properties:

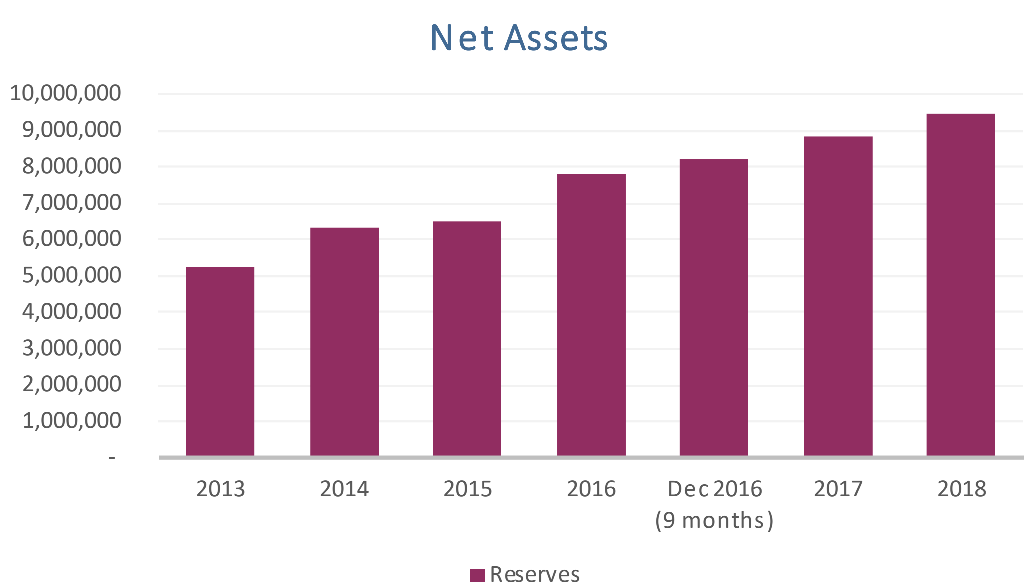
(i) the total value of the mortgage security is $130 million;

(5) the investments of the AIDF have and continue to diversify; and

(6) the AIDF's Ordinance states that the Fund shall be guaranteed by the Diocese.

For the 12 months to 31 December 2018, the AIDF achieved a comprehensive income surplus of $961,635 and its reserves increased to $9,431,089.

The following graph outlines the growth in reserves over the last 7 years:



INTEREST RATES

The AIDF continues to provide interest rates at competitive and attractive levels compared to those offered within the broader banking sector. In addition, the AIDF does not charge account keeping or transaction fees on our savings and investments products.

During 2018, the Board assessed its interest rates and decided to adjust them in June 2018. With the announcements made by the Reserve Bank of Australia (RBA) in June and July 2019 the AIDF passed the reductions on in full to its clients.

The following table provides the current interest rates offered by the AIDF:

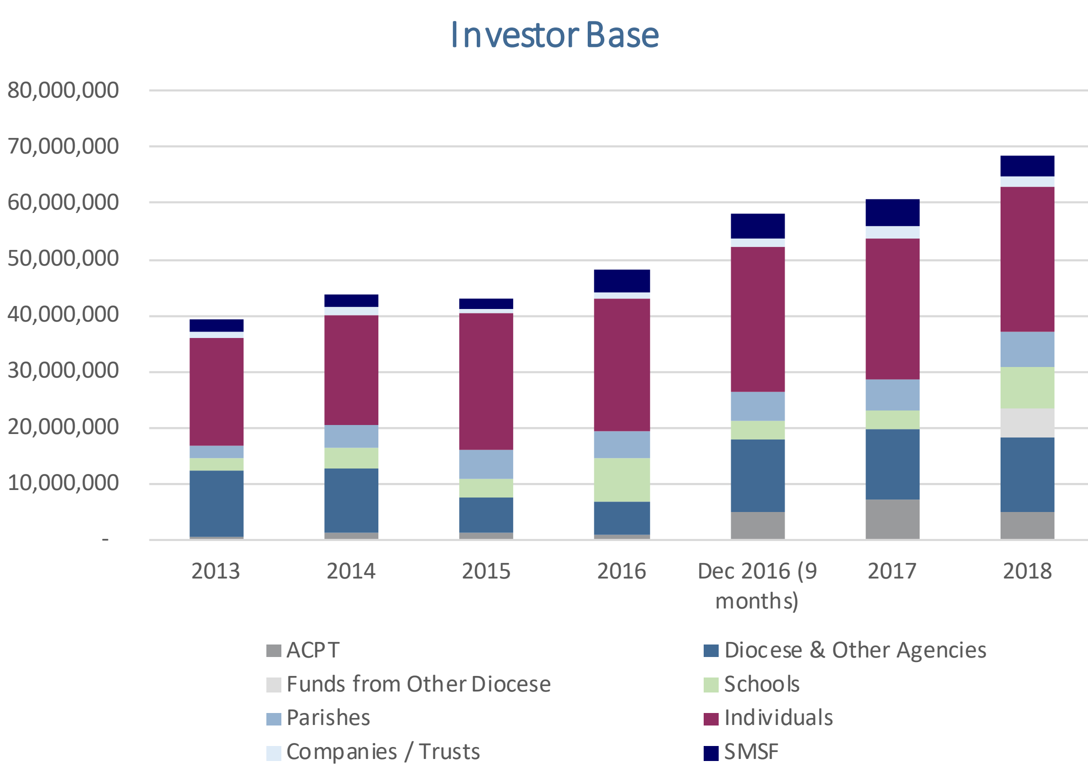
Account	Interest Rate
Access Account	
$0 to $19,999	0.25%
$20,000 to $49,999	0.50%
$50,000 to $99,999	1.00%
$100,000 +	1.25%
Community Online Savers	2.50% (+.50% AIDF donation)
31 days' Notice	2.50% (+.50% AIDF donation)
Cash Management Account	2.50%
Term Investments	
3 months	3.00%
9 months	3.10%
12 months	3.20%
24 months	3.25%
36 months	3.30%
Loan	**Interest Rate**
Mortgage	4.90%
Diocese / Parish	5.75%
School	5.75%
Overdraft	5.75%
Master Asset Finance Facility (MAFF)	4.65%
Personal	10.00%

ALL SAINTS' COLLEGE, AINSLIE

INVESTOR BASE

During 2018 the AIDF continued its strategy of reducing its reliance on external debt funding by seeking to increase and diversify its investor base. This has been achieved by continuing to build strong relationships with, and a deeper understanding of, its existing associated investors and Diocesan entities, along with developing stronger relationships with Company Schools as well as other Diocese and their investment funds. A major attribute of an investment in the AIDF is that it is an ethical and secure investment in the ministries of the Diocese.

The following graph outlines the increase and diversification achieved in the investor funds:



FINANCIAL LIABILITIES

The AIDF manages multiple commercial lines of credit which are secured by mortgages. This has been a major improvement whereby the AIDF has transitioned from a single bank and facility of $68.5 million with a single maturity date, to multiple funders and facilities with varying maturity dates. This has ensured the AIDF has mitigated the significant financial risks associated with a single provider and a single maturity date.

The AIDF draws on these facilities to the extent necessary to maintain its liquidity requirements and meet its obligations.

As at 31 December 2018, the AIDF's financial facilities were:

- $30 million - Australia and New Zealand Banking Group (ANZ):

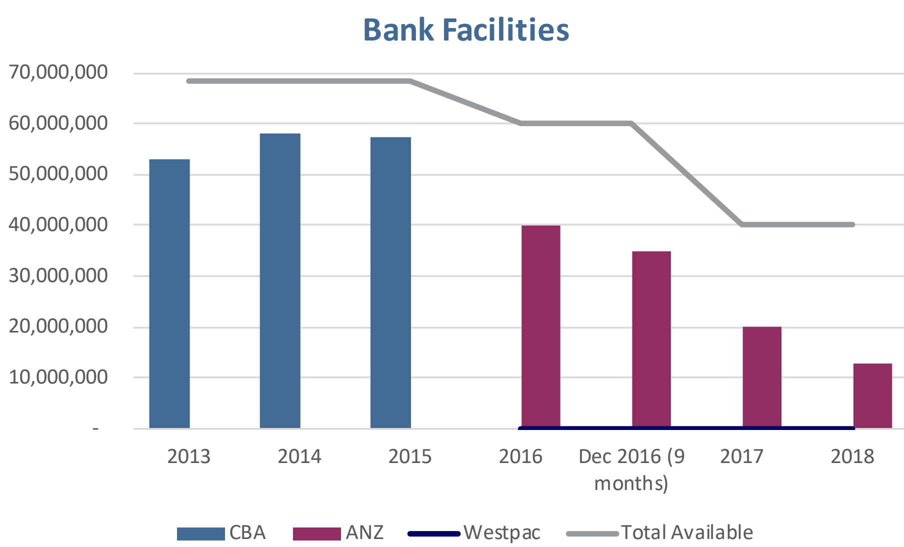
  (i) $25 million – 3 Years (2021)

  (ii) $5 million – 5 Years (2022)

- $10 million - Westpac Banking Corporation (WBC):

  (iii) $10 million – 5 years (2021).

The following table outlines the decrease drawing on external facilities:



LOAN PORTFOLIO

The loan portfolio increased slightly to $85.4 million (2017: $85.2 million). The increase is due to additional School funding, a Diocesan facility for the Redress scheme and funding through the Master Asset Finance Facility (MAFF).

All loan applications are approved by the Board after a comprehensive review of the application. In addition to the application process, the AIDF regularly reviews the loan portfolio and the financial performance of Agencies/Schools and individual borrowers.

The following table outlines the categories and total values of the loan portfolio:

Category	31 December 2017 $	31 December 2018 $
Schools	63,114,523	65,232,843
Trustee & Other Diocesan Entities	18,465,7751	17,619,190
Personal Loans (Unsecured)	113,623	39,483
Mortgage Loans	2,132,289	1,510,363
Parishes	1,355,0519	997,350
Total Loans as at 31 December	85,181,261	85,399,229

The review process includes obtaining and reviewing the supporting information. This includes:

(a) review of the audited financial statements each year to assess the financial position;

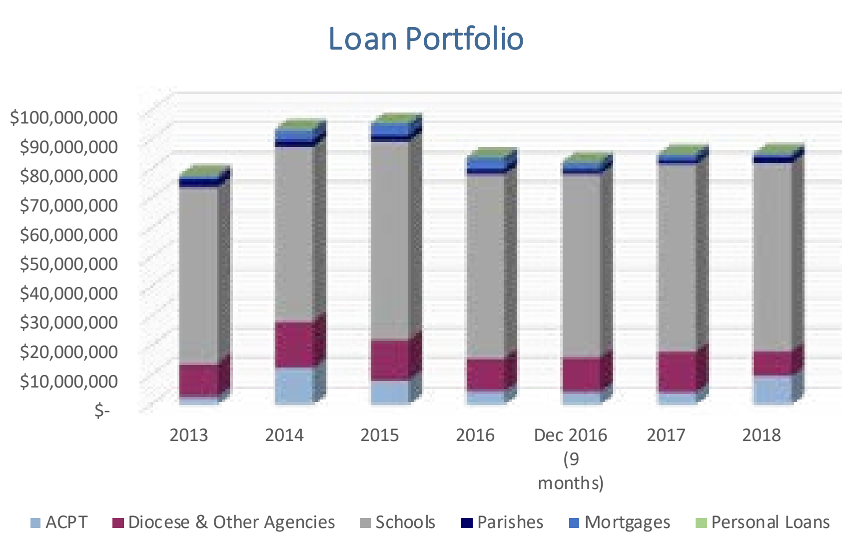
(b) review the board approved budget (including cash flows) and existing projections;

(c) review any changes to government policies; and

(d) assessing relevant external economic indicators.

The AIDF introduced a master asset finance facility with ADS. The facility is designed to allow the ADS to assist with the acquisition of products which support the day-to-day operations of Anglican schools and Diocesan agencies, eg IT hardware and software and vehicles. The facility has an over arching limit of $6 million within which the ADS may establish various individual loans to assist in the purchase of assets or products. The total balance owing against the combined individual loans at any one time cannot exceed the over arching facility limit and the maximum term of each loan is set commensurate with the life of the asset or product being purchased.

The following graph outlines the loan portfolio for the last 7 years:



CHAPTER 6

Statutory Compliance

SAINT CLEMENTS, YASS

Australian Charities & Not-for-Profits Commission

The AIDF is a registered charity and complies with its obligations under the ACNC legislation.

Australian Prudential Regulation Authority and Australian Securities and Investments Commission

APRA and ASIC reviewed the exemptions from the Banking Acting 1959 and the Corporations Act 2001 respectively in relation to charitable investment funds. New exemptions were issued by each entity, both of which are effective from 1 January 2017. The following comparison table shows the conditions on which the exemptions are given:

APRA Banking Exemption No 1 of 2016	ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813
From 1 January 2017 any retail product issued to a non-affiliated retail investor must have a minimum term or call period of 31 days.	Unless the charitable investment fundraiser (CIF) obtains an Australian financial services licence, it must not offer investment products to retail non-associated clients after 31 December 2016
Funds have until 1 January 2018 to convert retail products issued to non-affiliated retail investors before 1 January 2017 to term or notice accounts.	From 1 January 2018 no CIF (whether wholesale or retail) may have investment products issued to retail non-associated clients with less than a 31 day term.
Except in exceptional circumstances which may lead to hardship, non-affiliated retail investors must not be able to redeem any funds for 31 days from the date of the investment.	The hardship provisions apply to individual investors who are retail non-associated clients.

APRA Banking Exemption No 1 of 2016	ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813
Funds must have written procedures setting out the basis upon which the fund will determine such exceptional circumstances.	
Non-affiliated retail investors must not be offered cheque account or BPAY facilities.	
Funds must not offer EFTPOS or ATM facilities to any investors.	
Marketing material must contain, at a minimum, the following disclosure: *The Fund is not prudentially supervised by APRA. Therefore, an investor in the Fund will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959. Investments in the Fund are intended to be a means for investors to support the charitable purposes of the Fund.*	Offer documents and promotional material directed to retail clients must contain a prominent statement that the CIF is required by law to notify investors that: • the investment is only intended to attract investors whose primary purposes is to support the charitable purpose; • investors may be unable to get some or all their money back; • the investment is not comparable to investments with banks, financial companies or fund managements. Investors who are retail non-associated clients must sign a statement to the effect that they understand the disclosures.
	All retail clients must be advised, inter alia, that the investment is not subject to the usual legal protections or regulated by ASIC.
The expressions "deposit" or "at call" or any derivatives may not be used in relation to retail products sold to a non-affiliated retail investor.	Retail CIFs may not use the expressions "deposit" or "at call" or any derivatives
	An identification statement must be lodged and accepted by ASIC by 28 February 2017
	Breach reporting conditions apply

The Identification Statement required by ASIC was lodged on 2 February 2017 and accepted by ASIC on 24 February 2017.

Because of the different conditions attached to the APRA and ASIC exemptions, the AIDF is complying with the condition which imposes the stricter requirement. For example, the APRA exemption allows the issue of retail products to non-affiliated retail investors provided the product has a minimum term or call period of 31 days. On the other hand, the ASIC exemption does not allow the issue of investment products to retail non-associated clients unless ASIC has agreed that the Fund can operate either with an Australian financial services licence (AFSL) or with another appropriate arrangement. The AIDF is complying with the ASIC requirement and is not issuing any investment products to retail non-associated clients until it has obtained an AFSL.

One of the risk mitigation strategies identified by the AIDF Board is to grow the AIDF's investor base to reduce the AIDF's reliance on debt funding. To achieve this objective, the Board endorsed a marketing strategy aimed at increasing investments from retail investors who are not necessarily associated investors, such as parishioners and the parents of children attending Anglican schools within the Diocese. This strategy cannot be pursued unless the AIDF has an AFSL. To this end, the Board authorised management to investigate the possibility of the AIDF obtaining an AFSL.

Management obtained legal advice from King & Wood Mallesons in relation to the Australian financial services licensing process and applied for a licence during 2018, expecting an approval during 2019. AIDF Responsible Managers also undertook RG146 (Regulatory Guide) training and successfully obtained the qualifications required by ASIC for approval of an AFSL.

The following are the definitions used by APRA and ASIC for affiliates and associates respectively:

APRA - affiliate	ASIC - associate
A body constituted by or under the authority of a decision of the central governing body of a related religious organisation	A body constituted by or under the authority of a decision of the charity or which is controlled by the charity
A body in relation to which the central governing body of a related religious organisation is empowered to make ordinances or other binding rules	A person or body that constituted the charity or under whose authority the charity was constituted or that controls the charity
A body that is of the same religious denomination	A charity with a related charitable purpose
A person acting as a trustee of a trust for or for the use, benefits or purposes of a related religious organisation	A person acting as a trustee of a trust for the charity or a charity with a related charitable purpose
An employee or voluntary staff member of a body mentioned above A member of the clergy within a related religious organisation	A member of the clergy, employee or voluntary staff member who works for a body mentioned above
A person undertaking training or education for the purposes of becoming a member of the clergy within a related religious organisation	A person undertaking training or education to enable them to be a member of the clergy, employee or voluntary staff member who received receives money or money's worth from a body mentioned above

CHAPTER 7

Staffing & Office Accommodation

STAFFING

Current employees of the AIDF are:

- Adam Wright - Relationship Manager
- Jemma Thomas - Client Services
- Leila Cochrane - Operations Manager
- Sarah Henderson, Marketing & Client Services - (Maternity Leave)

Appointments under the Service Level Agreement (SLA) with Anglican Diocesan Servcies:

- Trevor Ament - Chief Executive Officer
- Paul Brand - Chief Financial Officer
- Andrew Guile - Board Secretary
- Robert Wallace - Director HR
- Vince Dove - Chief Information Officer

OFFICE ACCOMMODATION

Level 4, 221 London Circuit is leased by ADS. The AIDF occupies offices at that site and the cost of the lease is apportioned between the occupants. The AIDF pays rent to ADS in proportion to the space it occupies.

ACCESS

The AIDF operates online and from Level 4, 221 London Circuit, Canberra, ACT and the usual hours of operation are from 9.00 am to 4.00 pm Monday to Friday.

Contact details:

Ph: 02 6247 3744
Email: aidf@aidf.com.au
Web: www.aidf.com.au

Audited Financial Statements

ANGLICAN INVESTMENT AND DEVELOPMENT FUND

General Purpose
Reduced Disclosure Requirements
Financial Report
For the year ended 31 December 2018

Contents

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

	Notes	Year to 31 December 2018 $	Year to 31 December 2017 $
Revenue			
Operating activities			
Interest received	4(a)	**4,981,996**	5,097,293
Interest paid	4(b)	**(2,667,629)**	(2,690,602)
Net interest revenue		**2,314,367**	2,406,691
Other revenue	4(c)	**1,957**	-
Operating result		**2,316,324**	2,406,691
Amortisation of borrowing costs	4(d)	**(207,708)**	(238,204)
Operating expenses	4(d)	**(1,117,738)**	(1,156,394)
Profit for the period		**990,878**	1,012,093
Other comprehensive income			
(Loss) on cash flow hedge	8(b)	**(29,243)**	(27,582)
Total comprehensive income		**961,635**	984,511

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 December 2018

	Notes	31-Dec-18 $	31-Dec-17 $
Assets			
Cash and short-term deposits	5	**5,714,959**	4,052,521
Receivables	6	**54,213**	13,971
Loans and advances	7	**85,354,879**	85,154,798
Other financial assets	8(a)	**5,053**	3,096
Plant, equipment & software	9	**31,329**	71,252
Total assets		**91,160,433**	89,295,638
Liabilities and equity			
Liabilities			
Trade and other payables	10	**507,444**	388,272
Investor funds	11	**68,554,533**	60,537,334
Financial liabilities	12	**12,572,289**	19,470,057
Other financial liabilities	8(b)	**34,914**	5,671
Employee benefit liabilities	13	**55,627**	54,855
Accrued expenses	14	**4,537**	9,995
Total Liabilities		**81,729,344**	80,466,184
Equity			
General reserve		**9,466,003**	8,835,125
Hedge reserve		**(34,914)**	(5,671)
Total equity		**9,431,089**	8,829,454
Total equity and liabilities		**91,160,433**	89,295,638

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

Statement of changes in equity
As at 31 December 2018

	Retained earnings	Hedge reserve	General reserve	Total
	$	$	$	$
At 1 January 2018	**-**	**(5,671)**	**8,835,125**	**8,829,454**
Profit for the year	**990,878**	**-**	**-**	**990,878**
Distribution to the Trustee	**(360,000)**	**-**	**-**	**(360,000)**
Hedge reserve	**-**	**(29,243)**	**-**	**(29,243)**
Transfer from retained earnings to general reserve	**(630,878)**	**-**	**630,878**	**-**
At 31 December 2018	**-**	**(34,914)**	**9,466,003**	**9,431,089**
At 1 January 2017	-	21,911	8,173,032	8,194,943
Profit for the year	1,012,093	-	-	1,012,093
Distribution to the Trustee	(350,000)	-	-	(350,000)
Hedge reserve	-	(27,582)	-	(27,582)
Transfer from retained earnings to general reserve	(662,093)	-	662,093	-
At 31 December 2017	-	(5,671)	8,835,125	8,829,454

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 December 2018

	Notes	Year to 31 December 2018 $	Year to 31 December 2017 $
Operating activities			
Interest received from financial assets		**73,226**	110,519
Interest received from loans		**4,868,527**	5,011,891
Interest paid to Investors/ borrowings		**(2,667,626)**	(2,690,599)
Payments to suppliers and employees		**(1,066,757)**	(1,239,423)
Increase / (decrease) in loans and advances		**(200,081)**	(2,728,150)
Net payments of borrowings from bank facilities		**(7,000,000)**	(15,000,000)
Increase in investor funds		**8,017,199**	2,282,067
Net cash flows from/ (used in) operating activities		**2,024,488**	(14,253,695)
Investment activities			
Purchase of plant, equipment & software		**(2,050)**	(20,246)
Distribution to the Trustee		**(360,000)**	(350,000)
Net cash flows used in investment activities		**(362,050)**	(370,246)
Net increase/ (decrease) in cash and cash equivalents		**1,662,438**	(14,623,941)
Cash and cash equivalents at the beginning of the period		**4,052,521**	18,676,462
Cash and cash equivalents at end of the period		**5,714,959**	4,052,521

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

Notes to the financial statements
For the financial year ended 31 December 2018

1 FUND INFORMATION

The financial report of Anglican Investment and Development Fund (the "Fund"), a not-for-profit entity, for the financial year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 31st May 2019.

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").

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).

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 these have not been reviewed or approved by ASIC based on this requirement.

(b) 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.

The Fund is compliant with all requirements under the above ASIC and APRA banking exemptions outlined in 1(a) and 1(b).

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

Notes to the financial statements (continued)
For the financial year ended 31 December 2018

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 other authoritative pronouncements of the Australian Accounting Standards Board, the Fund's Ordinance and the *Australian Charities and Not-for-Profits Commission Act 2012*. The Fund is a not-for-profit, private sector entity which is not publicly accountable.

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.

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

(b) Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Directors are of the opinion that the use of the going concern basis of accounting is appropriate as:

(a) The Fund has complied with covenants on external loans;

(b) The current regulatory environment is expected to remain in place for the foreseeable future whereby the Fund operates under the *Banking exemption No. 1 of 2017* issued by the Australian Prudential Regulation Authority;

(c) The Fund is guaranteed by the Diocese of Canberra and Goulburn; and

(d) The financial position and cash flow forecasts for the next twelve months show that the Fund will be able to meet its debts as and when they fall due and payable.

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

The accounting policies adopted are consistent with those of the previous financial period, there have been no changes to accounting policies during the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

The AIDF applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit loss on trade receivables at report date is nil (2017: Nil) given the nature of the receivables which is described above.

(e) Income tax

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

(f) Plant, equipment & software

Plant, equipment and software 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, equipment or software. 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, equipment or software 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 de-recognition 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, equipment and software 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.

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

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

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.

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.

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

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 its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Fund has transferred substantially all the risks and rewards of the asset, or

(b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Impairment
Further disclosures relating to impairment of assets are provided in Note 3 - Allowance for expected credit loss.

The AIDF recognises an allowance for expected credit losses (ECLs) for all loans and advances by applying a probability of default (PD). At the end of each reporting period, an assessment is made whether there is objective evidence to indicate a change in the PD. Subsequent changes in the allowance for the ECLs 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 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions and employee benefit liabilities (continued)

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.

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 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.

(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 and advances

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 recoverable from the taxation authority, in which case the GST is recognised as part of the expense item or as part of the cost of acquisition of the asset, as applicable.

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. All retained earnings at 31 December are transferred to the general reserve.

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.

Allowance for expected credit loss

The AIDF has recognised an allowance for expected credit losses (ECL) in relation to its loans and advances (NOTE 7) in accordance with the requirements of *AASB 9 Financial Instruments* .

The model adopted includes an annual review of the supporting information that is relevant and available to it to assess the financial ability of each entity or individual to service its debt. This includes quantitative and qualitative information including appropriate budgets and projections into the future. Based on this analysis a probability of default (PD) was determined. Management has applied PD percentages to the total loan balances at report date to calculate an ECL commensurate with this very low PD assessment.

At report date there has been no indication of a change in credit risk and the PD has not changed.

The directors do not believe that there were any other 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 financial year ended 31 December 2018

4 REVENUE AND EXPENSES

	Notes	31-Dec-18 $	31-Dec-17 $
(a) Interest received			
Interest income - term deposits		**73,226**	110,519
Interest income - loans and advances		**4,908,770**	4,986,774
		4,981,996	5,097,293
(b) Interest paid			
Interest paid to investors		**1,843,565**	1,719,787
Interest paid to the Trustee on reserves		**176,702**	163,461
Interest paid on borrowings		**647,362**	807,354
		2,667,629	2,690,602
(c) Other revenue			
Interest rate cap movement	8(a)	**1,957**	-
		1,957	-
(d) Operating expenses			
Administrative expenses		**9,191**	6,486
Advertising expense		**1,050**	13,320
Agency fees		**423,000**	405,000
Audit and accounting		**24,000**	25,500
Bank charges		**20,471**	22,174
Cleaning expense		**2,208**	2,543
Banking and office systems cost		**111,517**	117,147
Courier service fees		**-**	464
Depreciation of plant and equipment		**41,971**	41,466
Electricity expense		**2,332**	2,003
Amortisation		**207,708**	238,204
Fringe benefit tax		**3,221**	-
Insurance expense		**13,440**	12,627
Gain / loss on hedges		**-**	48,839
Motor vehicle expense		**20,959**	22,519
Office expense		**3,265**	2,778
Postage expense		**2,382**	2,452
Printing and stationery expense		**11,475**	9,847
Provision for credit loss		**17,887**	26,463
Rental expense		**34,039**	32,887
Superannuation		**30,215**	29,626
Telephone expense		**3,697**	3,969
Travel expense		**3,081**	1,908
Wages		**337,564**	315,792
Leave entitlements		**773**	10,584
		1,325,446	1,394,598

5 CASH AND SHORT TERM DEPOSITS

	31-Dec-18	31-Dec-17
Cash on hand	**5,238**	6,067
Cash at bank	**5,709,721**	4,046,454
	5,714,959	4,052,521

Notes to the financial statements
For the financial year ended 31 December 2018

6 RECEIVABLES

	31-Dec-18	*31-Dec-17*
	$	*$*
Debtors	**52,491**	10,874
GST receivable	**1,722**	3,097
	54,213	13,971

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	**65,232,843**	63,114,523
Loans to the Trustee and other Diocesan entities	**17,619,190**	18,465,775
Personal loans (unsecured)	**39,483**	113,623
Mortgage loans	**1,510,363**	2,132,289
Advances to parishes	**997,350**	1,355,051
	85,399,229	85,181,261
Less: Allowance for expected credit losses	**44,350**	26,463
	85,354,879	85,154,798

At the reporting date no loans were considered impaired. An allowance for expected credit losses has been recorded in accordance with AASB 9 *Financial Instruments: recognition and measurement* (Note 3). 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:	**18,025,294**	10,139,748

8 OTHER FINANCIAL ASSETS AND LIABILITIES

a) Derivatives not designated as hedging instruments

The Fund has a 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 interest rate cap commenced on the 07/03/2016 and ends on the 07/03/2023, with a fixed strike rate of 7% and a notional value of $65,000,000. At report date management does not anticipate the strike rate being reached within the time frame of the cap.

Interest rate cap at fair value through profit or loss	**5,053**	3,096
Interest rate cap movement	**1,957**	(48,839)

b) Derivatives designated as hedging instruments

The interest rate 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 2018, a net unrealised loss of $34,914 was included in OCI in respect of this contract.

Notes to the financial statements
For the financial year ended 31 December 2018

8 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

b) Derivatives designated as hedging instruments (continued)

The swap commenced on 20/07/2016 and ends on 20/07/2021. The AIDF pays a fixed rate of 2.28% and receives a floating BBSY 3 month rate, which at report date was 1.98%. The notional value of the swap is $4,125,000.

	31-Dec-18	*31-Dec-17*
	$	*$*
Interest rate swap at fair value through OCI	**(34,914)**	(5,671)
Movement in interest rate swap	**(29,243)**	(27,582)

9 PLANT, EQUIPMENT & SOFTWARE

Office furniture and equipment		
At cost	**19,783**	19,783
Accumulated depreciation	**(11,138)**	(10,389)
Net carrying amount	**8,645**	9,394
Leasehold improvement		
At cost	**81,440**	81,440
Accumulated amortisation	**(81,440)**	(74,617)
Net carrying amount	**-**	6,823
Software		
At cost	**220,338**	216,238
Accumulated depreciation	**(197,654)**	(161,202)
Net carrying amount	**22,684**	55,036
Total plant, equipment & software		
At cost	**321,561**	317,461
Accumulated depreciation and amortisation	**(290,232)**	(246,208)
Net carrying amount	**31,329**	71,253

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

	Office furniture and equipment	**Leasehold improve-ments**	**Software**	**Total**
Balance at 1 January 2018	9,394	6,823	55,035	71,252
Addition - at cost	-	-	2,050	2,050
Depreciation expense	(749)	(6,823)	(34,401)	(41,973)
Carrying amount at 31 December 2018	**8,645**	-	**22,684**	**31,329**

10 TRADE AND OTHER PAYABLES

Trade payables	**67,948**	52,408
Accrued interest	**439,496**	335,864
	507,444	388,272

Notes to the financial statements
For the financial year ended 31 December 2018

11 INVESTOR FUNDS

	31-Dec-18	*31-Dec-17*
	$	*$*
Call and notice accounts	**7,617,678**	8,551,022
Cheque accounts	**943,278**	828,335
Term investments	**36,908,656**	25,923,933
Cash management accounts	**23,084,921**	25,234,044
	68,554,533	60,537,334

12 FINANCIAL LIABILITIES

Bank Bill Facilities	**13,000,000**	20,000,000
Capitalised transaction costs	**(427,711)**	(529,943)
	12,572,289	19,470,057
Balance at 1 January 2018	**19,470,057**	34,249,702
Principal paid	**(7,000,000)**	(15,000,000)
Movement in capitalised transaction costs	**102,232**	220,355
Balance at 31 December 2018	**12,572,289**	19,470,057

The Fund had at the end of the period three cash advance bank facilities with a total limit of $40m as follows:

	Bank	**Term**	**Limit**	**Drawn**	**Undrawn**
Facility 1	ANZ	3 years maturing 7/12/21	$25m	$13m	$12m
Facility 2	ANZ	5 years maturing 31/7/22	$5m	-	$5m
Facility 3	Westpac	5 years maturing 30/03/21	$10m	-	$10m
Total Facilities			**$40m**	**$13m**	**$27m**

The facilities are secured by mortgages over property 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.

The Fund uses an interest rate swap as a hedge against its exposure to interest rate risk in the above bank facilities. The ineffective portion relating to interest rate swaps is recognised in finance costs (hedging instruments) as part of operating expenses (NOTE 2(h)(iii)).

13 EMPLOYEE BENEFIT LIABILITIES

Long service leave	**42,059**	37,284
Short-term employee benefits	**13,568**	17,571
	55,627	54,855

14 ACCRUED EXPENSES

Audit fees	**4,537**	9,995
	4,537	9,995

Notes to the financial statements
For the financial year ended 31 December 2018

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-18	*31-Dec-17*
	$	*$*
Investments	**5,072,981**	7,146,352
Loans to the Trustee	**9,581,810**	18,465,775

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

(b) Employees

At 31 December 2018 there were four (31 December 2017: 4) 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
Timothy Randall McGhie	Economist
Trevor Ament	Diocesan Registrar
Lorraine Jeanette Lenthall	Retired Financial Industry Professional
Mark Glover	Retired Financial Industry Professional
Ms Liz Stamford	Chartered Accountant
Mr Eugene Kalenjuk	Chartered Accountant
Ms Meg Brighton	Current Government Senior Executive (appointed August 2018)

Notes to the financial statements
For the financial year ended 31 December 2018

15 RELATED PARTY DISCLOSURES (continued)

(c) Directors (continued)

During 2018 and 2017, there were no directors' loans outstanding at the reporting date and no directors' loans made, guaranteed or secured during the 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-18	*31-Dec-17*
	$	*$*
Compensation of key management personnel of the Fund	-	-

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 2018 (31 December 2017: $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 2018 (31 December 2017: $nil).

17 EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the AIDF or results of those operations in subsequent financial years.

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 year ended 31 December 2018:

(i) give a true and fair view of the Fund's financial position as at 31 December 2018 and its performance for the year 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 31st May 2019.

On behalf of the Board

Mark Brandon-Baker
Chair, Board of Management
31 May 2019

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Independent Auditor's Report to the Members of Anglican Investment and Development Fund

Opinion

We have audited the financial report of the Anglican Investment and Development Fund, which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Anglican Investment and Development Fund is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Anglican Investment and Development Fund's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Anglican Investment and Development Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Anglican Investment and Development Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Anglican Investment and Development Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Anglican Investment and Development Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, 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 Anglican Investment and Development Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Anglican Investment and Development Fund'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 financial report 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 Anglican Investment and Development Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Ernst + Young

Ernst & Young

Ben Tansley
Partner
Canberra
6 June 2019

AIDF
Anglican Investment & Development Fund

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