

# **ANGLICAN INVESTMENT AND DEVELOPMENT FUND**

**General Purpose  
Reduced Disclosure Requirements  
Financial Report  
For the year ended 31 December 2019**

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**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2019**

	Notes	Year to 31 December 2019 \$	Year to 31 December 2018 \$
<b>Revenue</b>			
<b>Operating activities</b>			
Interest received	4(a)	4,751,520	4,981,996
Interest paid	4(b)	(2,588,846)	(2,667,629)
<b>Net interest revenue</b>		<b>2,162,674</b>	<b>2,314,367</b>
Other revenue	4(c)	200	1,957
<b>Operating result</b>		<b>2,162,874</b>	<b>2,316,324</b>
Amortisation of borrowing costs	4(d)	(140,540)	(207,708)
Operating expenses	4(d)	(1,117,940)	(1,117,738)
<b>Profit for the period</b>		<b>904,394</b>	<b>990,878</b>
<b>Other comprehensive income</b>			
(Loss) on cash flow hedge	8(b)	(62,010)	(29,243)
<b>Total comprehensive income</b>		<b>842,384</b>	<b>961,635</b>

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 2019**

	Notes	31-Dec-19 \$	31-Dec-18 \$
<b>Assets</b>			
Cash and short-term deposits	5	7,361,418	5,714,959
Receivables	6	27,541	54,213
Loans and advances	7	90,148,974	85,354,879
Other financial assets	8(a)	50	5,053
Right of use asset	15	31,961	-
Plant, equipment & software	9	17,521	31,329
<b>Total assets</b>		<b>97,587,465</b>	<b>91,160,433</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Trade and other payables	10	964,903	511,981
Investor funds	11	66,017,627	68,554,533
Financial liabilities	12	20,488,915	12,572,289
Rental lease liability	14	35,399	-
Other financial liabilities	8(b)	96,924	34,914
Employee benefit liabilities	13	64,729	55,627
<b>Total Liabilities</b>		<b>87,668,497</b>	<b>81,729,344</b>
<b>Equity</b>			
General reserve		10,015,892	9,466,003
Hedge reserve		(96,924)	(34,914)
<b>Total equity</b>		<b>9,918,968</b>	<b>9,431,089</b>
<b>Total equity and liabilities</b>		<b>97,587,465</b>	<b>91,160,433</b>

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

**Statement of changes in equity**  
**As at 31 December 2019**

	Retained earnings	Hedge reserve	General reserve	Total
	\$	\$	\$	\$
<b>At 1 January 2019</b>	-	(34,914)	9,466,003	9,431,089
Adoption of new accounting standard	-	-	(4,505)	(4,505)
		Note 2 (c)		
<b>At 1 January 2019 (Restated)</b>	-	(34,914)	9,461,498	9,426,584
Profit for the year	904,394	-	-	904,394
Distribution to the Trustee	(350,000)	-	-	(350,000)
Hedge reserve	-	(62,010)	-	(62,010)
Transfer from retained earnings to general reserve	(554,394)	-	554,394	-
<b>At 31 December 2019</b>	-	(96,924)	10,015,892	9,918,968
<b>At 1 January 2018</b>	-	(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	-
<b>At 31 December 2018</b>	-	(34,914)	9,466,003	9,431,089

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 2019**

	Year to 31 December 2019	Year to 31 December 2018
Notes	\$	\$
<b>Operating activities</b>		
Interest received from financial assets	63,844	73,226
Interest received from loans	4,714,347	4,868,527
Interest paid to Investors/ borrowings	(2,588,843)	(2,667,626)
Payments to suppliers and employees	(659,839)	(1,066,757)
Decrease in loans and advances	(4,794,094)	(200,081)
Net draw/ (payments) of borrowings from bank facilities	7,800,000	(7,000,000)
(Decrease)/ increase in investor funds	(2,536,906)	8,017,199
<b>Net cash flows from operating activities</b>	<b>1,998,509</b>	<b>2,024,488</b>
<b>Investment activities</b>		
Collections of loans and advances	(2,050)	(2,050)
Distribution to the Trustee	(350,000)	(360,000)
<b>Net cash flows used in investment activities</b>	<b>(352,050)</b>	<b>(362,050)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,646,459</b>	<b>1,662,438</b>
Cash and cash equivalents at the beginning of the period	5,714,959	4,052,521
<b>Cash and cash equivalents at end of the period</b>	<b>7,361,418</b>	<b>5,714,959</b>

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 2019**

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**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 2019 was authorised for issue in accordance with a resolution of the directors on 25 June 2020.

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 respectively (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 2019**

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**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 financial position as at reporting date 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;
- (b) The Fund is guaranteed by the Diocese of Canberra and Goulburn;
- (c) The Fund has three financing facilities in place with ANZ and Westpac, with \$19.2m undrawn available at reporting date to fund operating activities as required (refer to Note 12); and
- (d) 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) Changes in accounting policy, accounting standards and interpretations**

AIDF has adopted all the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, including AASB 16 *Leases* and AASB 1058 *Income of Not-for Profit Entities*, that are mandatory for the current reporting period. The adoption of AASB 1058 did not have a material impact on any financial statement line items. AIDF applied AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of the new accounting standards are described below.

**AASB 1058 *Income of Not-for Profit Entities***

AIDF has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 *'Contributions'* in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation.

AASB 1058 was adopted using the modified retrospective method and AIDF management have assessed that there is no effect on retained earnings from adoption of the standard.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**AASB 16 Leases**

AASB 16 *Leases* represents a significant change for lessees of operating leases. With the exception of low value and short-term leases, all leases must be recognised on the lessee's balance sheet. The lessee will recognise an asset, reflecting its right to use the underlying asset, and a liability, in respect of its obligation to make lease payments. AIDF has elected to not apply the requirements of AASB 16 for short term and low value leases in accordance with the standard.

Lessor accounting under AASB 16 is substantially unchanged, AASB 16 does not have an impact as there are no leases where AIDF is the lessor.

AIDF adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The cumulative effect of adopting AASB 16 is recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods are not restated.

The effect of adopting AASB 16 is as follows:

**Impact on the statement of financial position (increase/(decrease)):**

	<u>31-Dec-19</u>	<u>1-Jan-19</u>
	\$	\$
<b>Assets</b>		
Right of use asset - office lease	31,961	63,923
<b>Assets</b>	<u>31,961</u>	<u>63,923</u>
<b>Liabilities</b>		
Rental lease liability	35,399	68,428
<b>Liabilities</b>	<u>35,399</u>	<u>68,428</u>
<b>Net Assets</b>	<u>(3,438)</u>	<u>(4,505)</u>
Accumulated funds	(3,438)	(4,505)
<b>Total Equity</b>	<u>(3,438)</u>	<u>(4,505)</u>

**Impact on the statement of profit or loss and other comprehensive income (increase/(decrease)):**

	<u>31-Dec-19</u>
	\$
Cash payments*	35,205
Depreciation	(31,963)
Interest expense	(2,176)
<b>Increase/ (decrease) for the year</b>	<u>1,066</u>

\* lease payment previously in statement of profit or loss and other comprehensive income

Upon adoption of AASB 16, AIDF applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. AIDF recognised lease liabilities which represent the obligation to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, AIDF applied AASB 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts.

As at 1 January 2019:

- 'Right-of-use assets' were recognised and presented separately in the statement of financial position.
- Additional lease liabilities were recognised and included under 'Interest bearing liabilities'.
- 'Retained earnings' decreased due to the net impact of these adjustments.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**AASB 16 Leases (continued)**

For the year ended 31 December 2019:

- Depreciation expense increased because of the depreciation of additional assets recognised. This resulted in expenditure increases of \$31,963 (2018: \$31,962).
- Rent expense included in the statement of profit or loss and other comprehensive income, relating to previous operating leases rental, decreased by \$35,205 (2018: \$33,932).
- Finance interest costs increased by \$2,176 (2018: \$3,155) relating to the interest expense on additional lease liabilities recognised.
- There was no impact to cash flows.

**(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 (2018: 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%
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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

#### AIDF as a lessee

AIDF applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. AIDF recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use assets

AIDF recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Level 4, 221 London Circuit Office rental right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, which is 5 years.

No ownership of the leased asset transfers to AIDF at the end of the lease term.

#### (ii) Rental lease liabilities

At the commencement date of the lease, AIDF recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by AIDF and payments of penalties for terminating the lease, if the lease term reflects AIDF exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, AIDF uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

AIDF's rental lease liabilities are included in rental lease liabilities (see Note 14).

#### (iii) Short-term leases and leases of low-value assets

AIDF applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Financial instruments**

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

**(i) Financial assets**

*Initial recognition and measurement*

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Financial instruments (continued)

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.

#### *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 of 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)

#### (iii) Derivative financial instruments and hedge accounting (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 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 2019**

**4 REVENUE AND EXPENSES**

	<i>Notes</i>	<i>31-Dec-19</i>	<i>31-Dec-18</i>
		\$	\$
<b>(a) Interest received</b>			
Interest income - term deposits		63,844	73,226
Interest income - loans and advances		4,687,676	4,908,770
		<u>4,751,520</u>	<u>4,981,996</u>
<b>(b) Interest paid</b>			
Interest paid to investors		1,791,498	1,843,565
Interest paid to the Trustee on reserves		188,767	176,702
Interest paid on borrowings		608,581	647,362
		<u>2,588,846</u>	<u>2,667,629</u>
<b>(c) Other revenue</b>			
Sundry income		200	-
Interest rate cap movement	8(a)	-	1,957
		<u>200</u>	<u>1,957</u>
<b>(d) Operating expenses</b>			
Administrative expenses		7,004	9,191
Advertising expense		1,306	1,050
Agency fees		435,000	423,000
Audit and accounting		24,000	24,000
Bank charges		25,474	20,471
Cleaning expense		2,208	2,208
Banking and office systems cost		110,100	111,517
Depreciation of plant and equipment		15,859	41,971
Electricity expense		2,527	2,332
Amortisation		140,540	207,708
Fringe benefit tax		3,526	3,221
Insurance expense		11,350	13,440
Motor vehicle expense		21,450	20,959
Office expense		2,762	3,265
Postage expense		2,160	2,382
Printing and stationery expense		9,413	11,475
Provision for credit loss		30,652	17,887
Professional service fees		2,789	-
Depreciation of right of use asset/ (Office rental)	15	31,962	34,039
Superannuation		28,371	30,215
Telephone expense		3,549	3,697
Travel expense		1,143	3,081
Wages		331,230	337,564
Leave entitlements		9,102	773
Interest rate cap movement	8(a)	5,003	-
		<u>1,258,480</u>	<u>1,325,446</u>
<b>5 CASH AND SHORT TERM DEPOSITS</b>			
Cash on hand		5,828	5,238
Cash at bank		7,355,590	5,709,721
		<u>7,361,418</u>	<u>5,714,959</u>
<b>6 RECEIVABLES</b>			
Debtors		25,175	52,491
GST receivable		2,366	1,722
		<u>27,541</u>	<u>54,213</u>

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

**Notes to the financial statements**  
**For the financial year ended 31 December 2019**

**7 LOANS AND ADVANCES**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
At amortised cost:		
Loans to schools	<b>66,951,008</b>	65,232,843
Loans to the Trustee and other Diocesan entities	<b>20,449,824</b>	17,619,190
Personal loans (unsecured)	<b>24,394</b>	39,483
Mortgage loans	<b>2,233,929</b>	1,510,363
Advances to parishes	<b>564,821</b>	997,350
	<b>90,223,976</b>	<b>85,399,229</b>
Less: Allowance for expected credit losses	<b>75,002</b>	44,350
	<b>90,148,974</b>	<b>85,354,879</b>

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:	<b>22,900,727</b>	18,025,294
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**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	<b>50</b>	5,053
Interest rate cap movement	<b>(5,003)</b>	1,957

**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 2019, a net unrealised loss of \$96,924 was included in OCI in respect of this contract.

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 0.945%. The notional value of the swap is \$4,125,000.

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
Interest rate swap at fair value through OCI	<b>(96,924)</b>	(34,914)
Movement in interest rate swap	<b>(62,010)</b>	(29,243)

**Notes to the financial statements**  
**For the financial year ended 31 December 2019**

**9 PLANT, EQUIPMENT & SOFTWARE**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
Office furniture and equipment		
At cost	<b>19,783</b>	19,783
Accumulated depreciation	<b>(11,626)</b>	(11,138)
Net carrying amount	<b>8,157</b>	8,645
Leasehold improvement		
At cost	<b>81,440</b>	81,440
Accumulated amortisation	<b>(81,440)</b>	(81,440)
Net carrying amount	<b>-</b>	-
Software		
At cost	<b>222,388</b>	220,338
Accumulated depreciation	<b>(213,024)</b>	(197,654)
Net carrying amount	<b>9,364</b>	22,684
Total plant, equipment & software		
At cost	<b>323,611</b>	321,561
Accumulated depreciation and amortisation	<b>(306,090)</b>	(290,232)
<b>Net carrying amount</b>	<b>17,521</b>	31,329

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

	<b>Office furniture and equipment</b>	<b>Leasehold improve- ments</b>	<b>Software</b>	<b>Total</b>
Balance at 1 January 2019	8,645	-	22,684	31,329
Addition - at cost	-	-	2,050	2,050
Depreciation expense	(488)	-	(15,370)	(15,858)
Carrying amount at 31 December 2019	<b>8,157</b>	<b>-</b>	<b>9,364</b>	<b>17,521</b>

**10 TRADE AND OTHER PAYABLES**

Trade payables	<b>555,757</b>	72,485
Accrued interest	<b>409,146</b>	439,496
	<b>964,903</b>	511,981

**11 INVESTOR FUNDS**

Call and notice accounts	<b>7,337,179</b>	7,617,678
Cheque accounts	<b>1,098,341</b>	943,278
Term investments	<b>33,529,569</b>	36,908,656
Cash management accounts	<b>24,052,538</b>	23,084,921
	<b>66,017,627</b>	68,554,533

**Notes to the financial statements**  
**For the financial year ended 31 December 2019**

**12 FINANCIAL LIABILITIES**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
Bank Bill Facilities	<b>20,800,000</b>	13,000,000
Capitalised transaction costs	<b>(311,085)</b>	(427,711)
	<b>20,488,915</b>	<b>12,572,289</b>
Balance at 1 January 2019	<b>12,572,289</b>	19,470,057
Principal drawn/ (paid)	<b>7,800,000</b>	(7,000,000)
Movement in capitalised transaction costs	<b>116,626</b>	102,232
<b>Balance at 31 December 2019</b>	<b>20,488,915</b>	<b>12,572,289</b>

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

	<b>Bank</b>	<b>Term</b>	<b>Limit</b>	<b>Drawn</b>	<b>Undrawn</b>
Facility 1	ANZ	3 years maturing 7/12/21	\$25m	\$20.8m	\$4.2m
Facility 2	ANZ	5 years maturing 31/7/22	\$5m	-	\$5m
Facility 3	Westpac	5 years maturing 30/03/21	\$10m	-	\$10m
<b>Total Facilities</b>			<b>\$40m</b>	<b>\$20.8m</b>	<b>\$19.2m</b>

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	<b>48,685</b>	42,059
Short-term employee benefits	<b>16,044</b>	13,568
	<b>64,729</b>	<b>55,627</b>

**14 RENTAL LEASE LIABILITY**

Rental lease liability	<b>35,399</b>	-
	<b>35,399</b>	-

**15 LEASES**

**AIDF as a lessee**

AIDF has entered into an operating lease rental of office space with an unrelated entity.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<b>Office rental</b>	
	<b>\$</b>	
<b>As at 1 January 2019 (restated)</b>	63,923	
Additions	-	
Depreciation expense	(31,962)	
<b>As at 31 December 2019</b>	<b>31,961</b>	
	<b>31-Dec-19</b>	<b>1-Jan-19</b>
	<b>\$</b>	<b>\$</b>
	<b>Restated</b>	
<b>a) Current right of use</b>	31,961	31,962
<b>b) Non-current right of use</b>	-	31,961
<b>Total right of use</b>	<b>31,961</b>	<b>63,923</b>

The operating lease rental typically has a term of 5 years. Operating lease rental expense recognised by AIDF during the year is \$31,961 (2018:\$31,962). The rental agreement is due to expire in December 2020.

**Notes to the financial statements**  
**For the financial year ended 31 December 2019**

**15 LEASES (continued)**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	<b>Rental lease liabilities</b>	
	<b>\$</b>	
<b>As at 1 January 2019 (restated)</b>		68,428
Additions		-
Accretion of interest		2,176
Payments		(35,205)
<b>As at 31 December 2019</b>		<b>35,399</b>
	<b>31-Dec-19</b>	<b>1-Jan-19</b>
	<b>\$</b>	<b>\$</b>
		<b>Restated</b>
<b>a) Current liability</b>	35,399	33,029
<b>b) Non-current liability</b>	-	35,399
<b>Total right of use</b>	<b>35,399</b>	<b>68,428</b>

**16 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:

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
Investments	4,373,809	5,072,981
Loans to the Trustee	11,329,362	9,581,810

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

**(b) Employees**

At 31 December 2019 there were four (31 December 2018: four) employees of the Fund. Any employee's accounts with the Fund are conducted on normal commercial terms.

**Notes to the financial statements**  
**For the financial year ended 31 December 2019**

**16 RELATED PARTY DISCLOSURES (continued)**

**(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 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	Financial Industry Professional
Mark Glover	Retired Financial Industry Professional
Liz Stamford	Chartered Accountant
Eugene Kalenjuk	Chartered Accountant
Meg Brighton	Current Government Senior Executive

During 2019 and 2018, 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.

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
Compensation of key management personnel of the Fund	<u>-</u>	<u>-</u>

**17 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 2019 (31 December 2018: \$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 2019 (31 December 2018: \$nil).

**18 EVENTS AFTER THE REPORTING DATE**

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

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**

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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 2019:

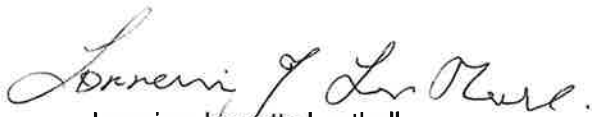
(i) give a true and fair view of the Fund's financial position as at 31 December 2019 and its performance for the year ended on that date;

(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 25 June 2020.

On behalf of the Board



Lorraine Jeanette Lenthall  
Chair, Board of Management



Mark Glover  
Deputy Chair, Board of Management

25 June 2020

25 June 2020