AIDF ANNUAL REPORT 2017

Anglican Diocese of Canberra and Goulburn

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 nurturing 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.*
- *Governance that is effective and transparent.*
- *Partnerships with other ministry agencies, Christian Churches and associations.*

Foreword from the Administrator

It is with pleasure that I introduce the Anglican Investment and Development Fund (AIDF) Annual Report for 2017. This year represents a significant period of discernment for the Diocese as it seeks to appoint a new Bishop in November this year. I believe God's love and grace for us continues to be felt by all and I ask that you keep the Diocese in your prayers over this important period.

I do wish to thank the Board, CEO, staff for their hard work throughout the year, and to all clients of the AIDF for your ongoing support of the Diocese of Canberra and Goulburn. With integrity, honesty and diligence, the AIDF provides the professional oversight, service and financial products required by our Diocese. In doing so, the AIDF positively impacts the lives of thousands of people.

In stark contrast, we have all been dismayed by the wrongdoing unearthed by the Royal Commission into misconduct in the Banking, Superannuation and Financial Services Industry. It is appalling that deceit, exploitation and fraudulent practices took place and even worse that outright lying to clients and regulators occurred. That such behavior could seemingly to be endorsed by some boards and executive officers as a normal part of business practice is utterly reprehensible.

It appears that lack of integrity and honesty is rife in many sections of our society; that the *greed is good* epigram spoken by Gordon Gekko in *Wall Street* over thirty years ago has taken root in our culture. The word 'integrity' means 'wholeness' or 'of one piece' in the original Latin. People of integrity show consistency between actions and words, between promises and delivery, between personal morality and public actions. Integrity is in short supply, and not only in the financial services sector. We must all continue to strive as Christians and leaders of our Diocesan entities to ensure all our words and actions match our identification with Christ.

The provision of effective financial services is an essential function for our Diocese and for the community at large. I am indeed thankful for the services provided by the AIDF and that the AIDF has worked to ensure its strategic direction and actions are closely aligned with those of our Diocese.

To conclude I wish to thank you all for your ongoing support of the AIDF and for being a part of this ongoing transformation across our communities.

+Trevor Edwards

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Report from the Chair

In 1967, a small group of dedicated finance professional lay parishioners, with the support of Bishop Warren and a mere $1,000 loan, established what is now known as the AIDF. Over the last 50 years, that small acorn of faith and foresight has grown into a significant agency of the Diocese, now holding total assets of almost $90m.

I am pleased to present this Annual report for the year ending 31 December 2017. I have no doubt that those first founders of the Fund would be both amazed and delighted at the scale and scope of our current operations.

The 50th Anniversary itself was marked in October by a celebration at the All Saints Ainslie Church Hall, attended by many of our long-standing clients, current and former staff and Board members. It was a wonderful evening meeting old and new friends with much reminiscing and a speech by Bishop Stuart reflecting on the significant changes, growth and success that the Fund has experienced during its history.

That history of strength and success continued in the results for 2017. One of the decisions taken by the Board was to align its financial year-end to that of the Diocese and its agencies and this report is the first reflecting operations on a calendar year basis. In summary, our 2017 financial results were:

1) Operating surplus of $984,511 (2016: $652,188 – 9 months);
2) The Reserves also increased to $8,829,454 (2016: $8,194,943).

The AIDF continues to pursue a strategy of diversifying and increasing our investor base and during 2017, we commenced the application process for an Australian Financial Services Licence (AFSL). At the time of writing this report, we were close to submitting the application.

The Banking Royal Commission has brought to light a number of risk areas in which many major financial institutions have been lacking. I want to acknowledge the work undertaken by staff and the Board during 2017 to further refine our Risk Management Framework. Policies and procedures have been reviewed and updated to enhance our compliance framework. The AIDF complies with all regulatory requirements.

More broadly, the AIDF continues to provide high quality, personalised service and tailored products to our customers, in line with the mission of the Diocese. That work is undertaken by our dedicated management and staff and I take this opportunity to express my gratitude for their continued commitment to the Fund and the great support they provide to our clients, the broader Diocese and to the Board.

Mark Brandon-Baker
Chair

Report from the Chief Executive

As the Chairman noted, 2017 marked 50 years since the establishment of the Fund. In offering parishioners and others a safe and ethical place to invest their funds, in assisting Diocesan agencies build critical infrastructure and in generating surpluses for the Church's mission, the AIDF is living up to every aspiration held for it all those years ago.

Throughout 2017, the Fund progressed strategies to further improve the service standards and products we offer to our clients. Nothing is more important than meeting the individual needs of our investors. Their trust in us is the fundamental reason for the success of the AIDF over its long history.

Specifically, the Fund supports and serves the Diocese and Diocesan agencies by providing:

- loans to the Diocese and Diocesan entities to facilitate their activities;
- a competitive interest rate environment for loans and investor funds;
- fee-free banking;
- an ethical financial investment option, with an emphasis on personal service and providing same day solutions either direct 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.

As a result of the new regulatory changes implemented by the Australian Prudential and Regulatory Authority (APRA) and the Australian Securities and Investments Commission (ASIC), the AIDF achieved the following outcomes during 2017:

(a) Lodged a new AIDF Identification Statement as required by ASIC:
  - The identification statement was lodged and accepted by ASIC prior to 28 February 2017;

(b) Short term investment products
  - Short term investment products were not issued to 'non-associated' retail clients from 31 December 2016;
  - Existing 'non-associated' retail clients were converted to 31 day notice accounts. A total of 171 accounts with balances totalling $3.847 million were converted by 31 December 2017.

In September 2017, the AIDF launched a new Online Transaction Services system (Internet Access) providing a much improved and user friendly online environment to make it even easier for our investors to do their banking.

In closing, I would like to echo the appreciation already expressed towards our talented and committed staff members. More than anyone, they ensure the values and purpose of the AIDF remain steadfastly aligned with those of the Diocese.

Trevor Ament
Chief Executive Officer

Overview

CHAPTER 1

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:

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.

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:

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

(i) 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 Audit 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.

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.

Membership and Governance

CHAPTER 2

Mark Brandon-Baker

CHAIR (Appointed 5th 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)

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)

Lorraine Lenthall

DIRECTOR (Appointed October 2011)

Lorraine was a Senior Adviser, Retail Investor Division, The Treasury, and previously worked with the Australian Prudential Regulation Authority. She has a Bachelor of the Arts from the University of Melbourne, majoring in Economics and Political Science, and a Graduate Diploma of Legal Studies from the University of Canberra. (MAICD)

Nick Symons

DIRECTOR (Appointed 16 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.

Eugene Kalunjuk

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).

Tim McGhie

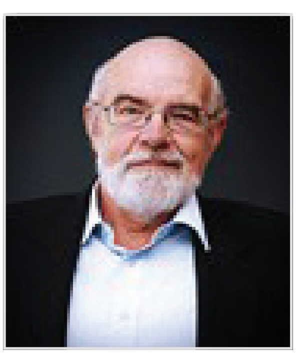
DIRECTOR (Appointed 1999)

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)

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.



Robert Arthur

DIRECTOR (Appointed 2007 - December 2017)

Robert is a member of the Diocesan Property Trust and a past member of Bishop-in-Council and the Diocesan Finance Committee. He has held senior policy and managerial positions in the Commonwealth Public Service and the Australian National University. Robert completed a Bachelor of Arts at ANU in 1964. (MAICD)

Trevor Ament

DIRECTOR (EX OFFICIO) (January 2011 - February 2017)

Trevor is the Registrar and General Manager of the Diocese of Canberra and Goulburn. He was appointed as Executive Director in February 2016. He has extensive experience in the insurance and funds management sectors which included roles with the Territory Insurance Office and as the Chief Financial Officer for the Australian Reinsurance Pool Corporation. Trevor has a Bachelor of Business (Economics/Finance), Masters in Accounting and is a Fellow of CPA Australia.

Governing Body

The AIDF Ordinance provides that the Board of Management consists 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.

Board meetings

Board meetings are held at least every second month. A total of seven meetings were held during the period 1 January 2017 to 31 December 2017. 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	7
Mr Mark Glover (Deputy Chair)	6	7
Ms Lorraine Lenthall	5	7
Mr Tim McGhie	5	7
Mr Nick Symons	6	7
Ms Liz Stamford (April 2017)	6	6
Mr Eugene Kalenjuk (August 2017)	3	3
Mr Robert Arthur (Resigned December 2017)	6	7

Board Committees

The Risk Committee meetings are held at least three times a year. A total of three meetings were held during the period 1 January 2017 to 31 December 2017. 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 Brandon-Baker (Chair)	3	3
Ms Lorraine Lenthall	3	3
Mr Nick Symons	3	3

The Audit Committee had not yet been constituted at the time of writing this report.

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

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 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 financial statements are independently audited each year. All compliance obligations have been identified and recorded in a compliance register.
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.

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.

The Jamieson Apartment Development was funded by the AIDF.

Strategy and Operations

CHAPTER 3

Strategy

In early 2016 the AIDF reviewed and amended its strategic plan to mitigate the risks which the AIDF might pose to the Diocese, given that the AIDF is guaranteed by the Diocese. These strategies have continued to be developed and refined over 2017 as its operations grow 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 review 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 is scheduled to conduct a further review of its Ordinance in late 2018.

Structure

In February 2016 the Board, with the support of Bishop-in-Council, undertook a review of the AIDF's management structures.

The three significant outcomes of the review were:

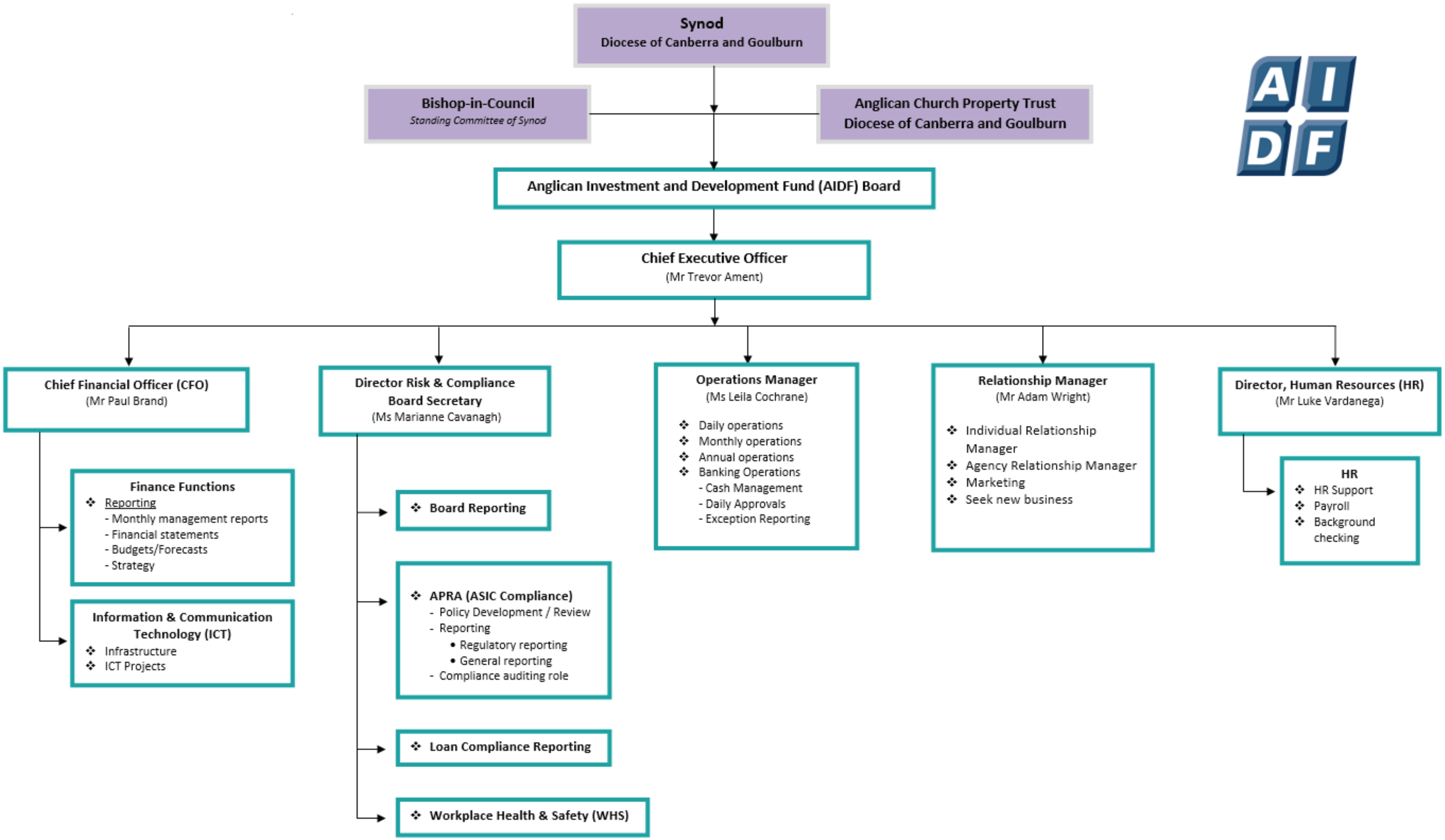
1) The Board identified and assessed the management concentration risks and approved the introduction of a more broadly based management structure. The Board considered that the benefits of the new structure, and in particular having access to increased resources, would ensure the AIDF is well placed to meet the challenges of the new prudential regime, to manage the investment and loan portfolio and renegotiate its financial facilities as they fall due.

2) The AIDF engaged Anglican Diocesan Services through a service level agreement (SLA). The SLA provides for services in the areas of payroll, injury management, HR administration, HR leadership, 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.

3) The Board approved the appointment of a Relationship Manager - Adam Wright

Completed: *The three outcomes were completed by June 2016.*

Organisational Chart


Synod
Diocese of Canberra and Goulburn
Bishop-in-Council
Standing Committee of Synod
Anglican Church Property Trust
Diocese of Canberra and Goulburn
Anglican Investment and Development Fund (AIDF) Board
Chief Executive Officer
(Mr Trevor Ament)
Chief Financial Officer (CFO)
(Mr Paul Brand)
Finance Functions
❖ Reporting
- Monthly management reports
- Financial statements
- Budgets/Forecasts
- Strategy
Information & Communication Technology (ICT)
❖ Infrastructure
❖ ICT Projects
Director Risk & Compliance
Board Secretary
(Ms Marianne Cavanagh)
❖ Board Reporting
❖ APRA (ASIC Compliance)
- Policy Development / Review
- Reporting
• Regulatory reporting
• General reporting
- Compliance auditing role
❖ Loan Compliance Reporting
❖ Workplace Health & Safety (WHS)
Operations Manager
(Ms Leila Cochrane)
❖ Daily operations
❖ Monthly operations
❖ Annual operations
❖ Banking Operations
- Cash Management
- Daily Approvals
- Exception Reporting
Relationship Manager
(Mr Adam Wright)
❖ Individual Relationship Manager
❖ Agency Relationship Manager
❖ Marketing
❖ Seek new business
Director, Human Resources (HR)
(Mr Luke Vardanega)
HR
❖ HR Support
❖ Payroll
❖ Background checking

Risk management framework

A major project commenced in 2016 by the AIDF was a review of its policies and procedures. These were either updated or, where there was no existing document, new policies and procedures were developed.

All policies have been mapped back to regulatory standards of the APRA or Standards Australia to ensure that the AIDF's policies are robust and in accordance 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 2017 were completed by December 2017.*

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 the AIDF initiated a number of activities to understand:

1) Our existing clients and why they invested with the AIDF. This included understanding the breakdown of the investment categories and an assessment of the products and the transactions on these products; and
2) What was hindering other Diocesan agencies and schools from investing with the AIDF?

Mr Adam Wright was appointed as the AIDF's Relationship Manager in June 2016 and he has brought a wealth of experience in the banking and finance industry to the AIDF. Adam's work has assisted the AIDF's understanding of its client base, strengthened existing relationships and developed new ones with Diocesan agencies.

The AIDF has been implementing a strategy which will allow it to market to non-associated investors through applying for an Australian financial services licence (refer to chapter 6 for further discussion).

The AIDF is actively seeking to engage with Canberra Grammar School, Radford College and Canberra Girl's Grammar School to establish and develop strong relationships with these important entities.

Ongoing: *Investments have increased to $60.5 million.*

Facility Agreements with Financial Institutions

The Board after consultation with Bishop-in-Council, the ACPT and the Diocesan Legal Committee concluded the negotiations for the external facility agreements which totalled $60 million. The facilities comprised two major Australian financial institutions being ANZ ($40 million) and Westpac ($20 million).

The facility agreements included the significant transition from the provision of an Episcopal Pledge as security (a legally enforceable charge over all the assets of the Diocese, signed by the Diocesan Bishop) to the provision of direct mortgages over specific properties held in the name of the ACPT.

Completed: *The two Facility Agreements ($60 million) were in place by March 2016.*

In early 2017, noting the significant growth and diversification of its investments, the Board authorised the CEO to negotiate a reduction in the value of the total facility. The outcome of this negotiation was a reduction in the facility agreements from $60 million to $40 million as outlined below.

The $40 million facility established with ANZ was reduced to $30 million. The associated benefits of this reduction were:

1) The security position of the AIDF improved significantly with the Loan to Valuation Ratio (LVR) exceeding 130%. This reduced the cost of funds to the AIDF; and
2) Allowed the AIDF to enter discussions with ANZ to remove the mortgage from the Barton site.

The $20 million facility held with Westpac was reduced to $10 million. The associated benefit of this reduction was:

1) The security position of the AIDF improved significantly.
2) This provided for the $10 million term deposit required as security by Westpac to be removed. This reduced the cost of funds to the AIDF.

Completed: *The reduction to the external facility agreement was completed in March 2017.*

Completed: *ANZ approved and removed the mortgage from the Barton site - December 2017.*

NSW Deputy Premier John Barilaro, Students and Principal Merryn Clarksmith at the opening ceremony of Stage 2 of The Anglican School Googong. The Anglican School Googong is grateful to the AIDF for their ongoing support of our building program and for enabling the school to borrow the funds to cover the Stage 2 project.

Risk Management

CHAPTER 4

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 faced 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 relevant standard	Board Adoption	Scheduled for review
Prudential policy • Liquidity • Funding strategy • Contingency funding plan • Assets • Liabilities • Capital/Equity • Review and reporting	✓	17 August 2017	August 2018
Outsourcing policy	✓	17 August 2017	August 2018
Delegations policy • Delegations Procedures • Delegations Schedule	✓	17 August 2017	August 2018
Conflicts of interest policy • Procedures for Managing Conflicts of Interest	✓	17 August 2017	August 2018
Compliance policy • Compliance register	✓	22 February 2017	February 2019
Complaint handling policy • Complaint handling procedures	✓	22 February 2017	February 2019
Risk management policy • Risk Management Procedures • Risk Management Framework	✓	22 February 2017	February 2019
Early Access to Funds Policy	✓	12 April 2018	April 2019
Privacy policy • Notifiable breaches scheme procedure	✓	12 April 2018	April 2019

AIDF Staff

Financial Highlights

CHAPTER 5

Key financial results

The table below presents the financial highlights for twelve month period to 31 December 2017 and the nine month period to 31 December 2016:

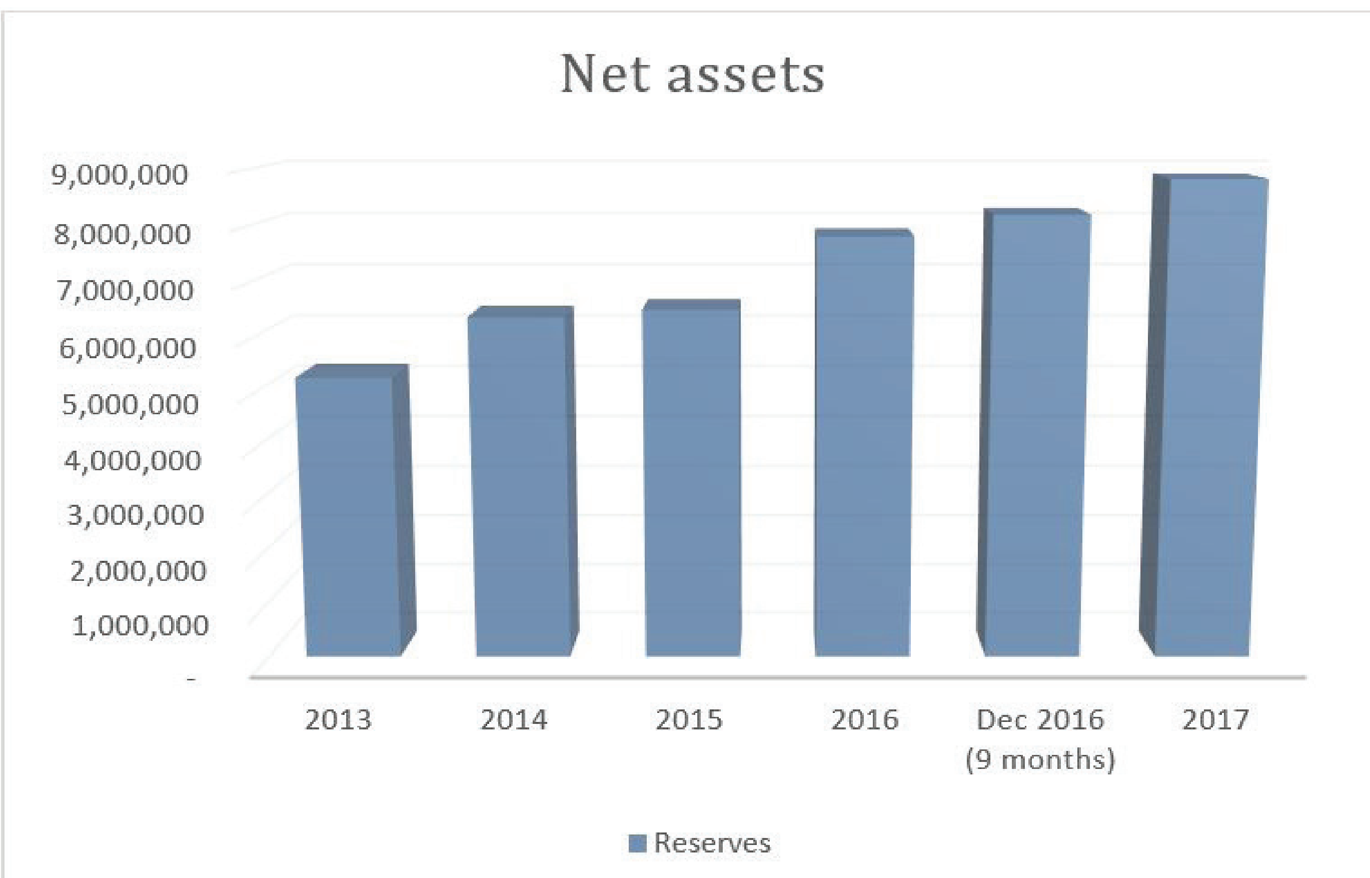
Category	31 December 2016 $	31 December 2017 $
Net interest revenue	1,742,010	2,406,691
Operating revenue	1,771,496	2,406,691
Operating expenses	1,141,219	1,394,598
Net profit	630,277	1,012,093
Total Comprehensive income	**652,188**	**984,511**
General reserve	8,194,943	8,829,454
Investor's fund	58,255,267	60,537,334
Financial Liabilities	34,249,702	19,470,057
Distributions to the Trust	262,500	350,000

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 $8.829 million:
   - This represents a capital adequacy ratio of 13.54%.
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:
   - The total value of the mortgage security is $120 million;
5) The investments of the AIDF have and continue to broaden; and
6) The AIDF's Ordinance states that the Fund shall be guaranteed by the Diocese.

For the twelve months to 31 December 2017, the AIDF achieved a comprehensive income surplus of $984,511 and its reserves increased to $8,829,454.



Interest rates

During 2017, the AIDF assessed its interest rates and decided to maintain its 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.

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

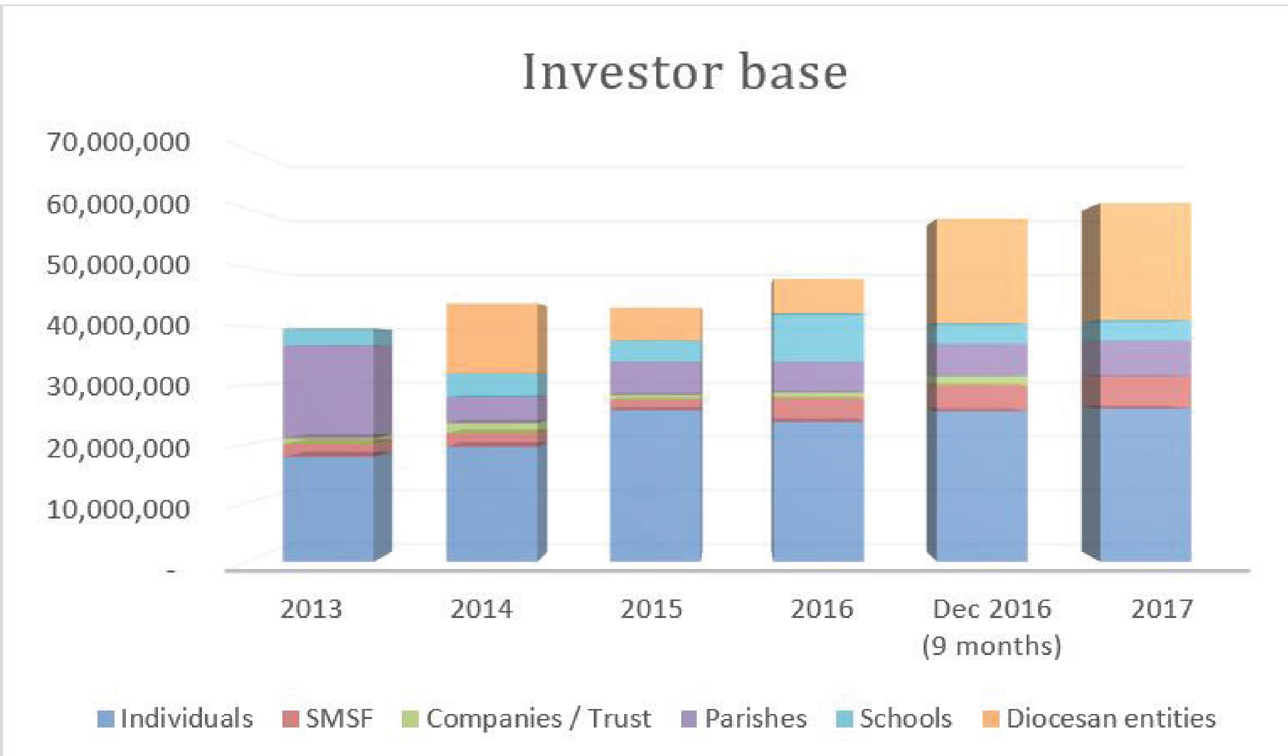
Interest rate tables (Investments and Loans):

Access Accounts	**Rate**
$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% (+0.50% AIDF donation)
31 days' Notice	2.50% (+0.50% AIDF donation)
Term Investments	**Rate**
3-8 months	3.00%
9-11 months	3.10%
12-23 months	3.20%
24 months	3.25%
36 months	3.30%
Loans	**Rate**
Mortgage	4.90%
Diocese/Parish	5.75%
School	6.25%
Overdraft	8.50%
Master Asset Finance Facility (MAFF)	4.65%
Personal	10.00%

Investor base

During 2017 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. A major attribute of an investment in the AIDF is it is an ethical and secure investment in the ministries of the Diocese. Every dollar invested enables the AIDF to facilitate the ministry of schools, Diocesan agencies, community service providers and the Parishes.

The following graph outlines the increase and diversification achieved in the investor funds for the last 6 years:



Financial liabilities

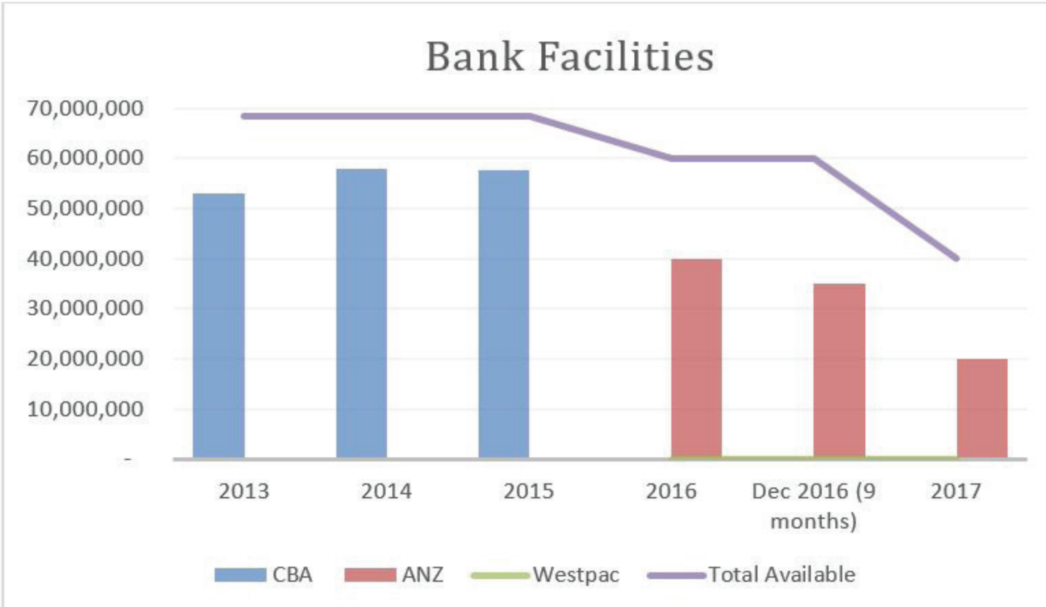
The AIDF manages multiple commercial lines of credit which are secured by mortgages. This has been a major improvement whereby the AIDF has transitioned from a single bank and facility of $68.5 million with a single maturity date, to multiple funders and facilities with varying maturity dates. This has 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 2017, the AIDF's financial facilities were:

- $30 million – Australia and New Zealand Banking Group (ANZ):
  - $25 million – 3 Years (2016)
  - $5 million – 5 Years (2018)
- $10 million – Westpac Banking Corporation (WBC):
  - $10 million – 5 years (2016).

The following graph outlines the decrease drawing on external funds for the last 6 years:



Loan portfolio

The loan portfolio increased to $85.2 million (2017: $82.4 million). The increase is due to additional School funding, primarily related to Stage 2 construction of The Anglican School Googong, 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 analysis 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:

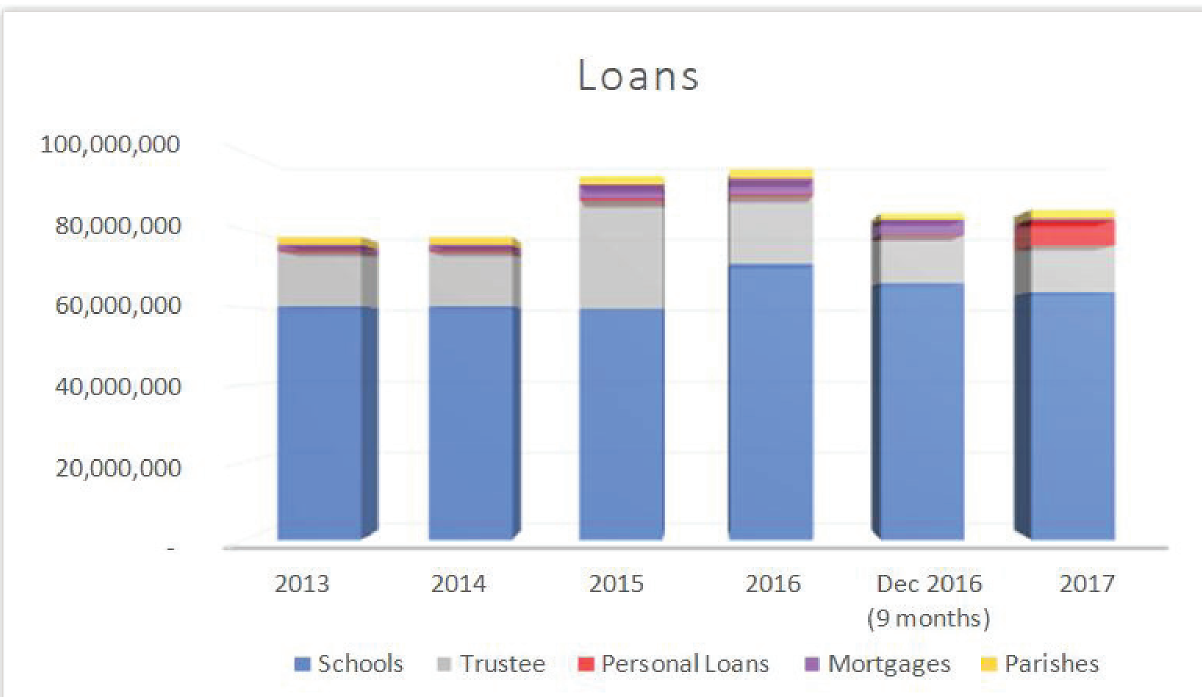
Category	31 December 2016 $	31 December 2017 $
Schools	62,599,494	63,815,748
Trustee	10,660,528	12,125,951
Personal Loans (Unsecured)	156,722	113,622
Mortgage Loans	2,321,216	2,132,288
Parishes & other Diocesan Entities	6,688,688	6,993,649
Total Loans as at 31 December	82,426,648	85,181,259

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.

In 2016 the AIDF introduced a master asset finance facility with Anglican Diocesan Services (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 $5 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 so as to be commensurate with the life of the asset or product being purchased.

The following graph outlines the loan portfolio for the last 6 years:



Statutory Compliance
CHAPTER 6

Australian Charities and 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
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 under the Corporations Act 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 has obtained legal advice from King & Wood Mallesons in relation to the Australian financial services licensing process and is preparing the documentation necessary to apply for a licence.

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, employee or voluntary staff member who works for a body mentioned above
A member of the clergy within a related religious organisation	
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

Staffing and Office Accommodation
CHAPTER 7

Staffing

Current employees of the AIDF are:

Trevor Ament, Chief Executive Officer (SLA with ADS)
Paul Brand, Chief Financial Officer (SLA with ADS)
Marianne Cavanagh, Board Secretary (SLA with ADS) (Resigned June 2017)
Andrew Guile, Board Secretary (SLA with ADS)
Luke Vardanega, Director HR (SLA with ADS)
Leila Cochrane, Operations Manager
Adam Wright, Relationship Manager
Sarah Henderson, Marketing Assistant
Nienke Lucas, Customer Service Officer (Resigned April 2017)

20 year service

During 2017, Leila celebrated 20 years of service with the AIDF. The following are a few reflections on her journey.

20 years…. It's a long time since I first joined the small team at Jamieson House. Thinking back you realise how much the Fund has grown and how things have changed over the years.

A few fond memories from Jamieson House such as the boiler room that kept having issues and we would be so cold during winter and sweltering in the summer, the small office we were all in, the old dot matrix printer that was so noisy… the routine of all the Diocesan staff heading to the boardroom for morning tea at 10.30 every day….yes, every day! Then the big move down the road to 221.

Why so long in one place?

The way I see it…each time there is a change in management or a system upgrade it's like starting afresh in a new job, without the hassle of actually doing so. I would have to say though, the main reasons are the people I work alongside and those that I have worked with over the years, and of course, all the wonderful customers. It's so nice to know so many customers personally and to recognise those voices on the other end of the phone.

I have really enjoyed my time with the DDF-ADF-AIDF over the last 20 years and my plan is to be around for a few more.

Leila

A special note was the presentation of flowers to Leila in recognition of her 20 years service to the AIDF,

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 for the period ending 31 December 2017

ANGLICAN INVESTMENT AND DEVELOPMENT FUND

General Purpose
Reduced Disclosure Requirements
Financial Report
For the year ended 31 December 2017

Contents

Anglican Investment and Development Fund

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2017

	Notes	Year to 31 December 2017 $	Nine months to 31 December 2016 $
Revenue			
Operating activities			
Interest received	4(a)	**5,097,293**	4,278,004
Interest paid	4(b)	**(2,690,602)**	(2,535,994)
Net interest revenue		**2,406,691**	1,742,010
Other revenue	4(c)	**-**	29,486
Operating result		**2,406,691**	1,771,496
Operating expenses	4(d)	**(1,394,598)**	(1,141,219)
Profit for the period		**1,012,093**	630,277
Other comprehensive income			
(Loss) / Gain on cash flow hedge	8	**(27,582)**	21,911
Total comprehensive income		**984,511**	652,188

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

Anglican Investment and Development Fund

Statement of financial position
As at 31 December 2017

	Notes	31-Dec-17 $	31-Dec-16 $
Assets			
Cash and short-term deposits	5	**4,052,521**	18,676,463
Receivables	6	**13,971**	39,089
Loans and advances	7	**85,154,798**	82,426,648
Other financial assets	8(a)	**3,096**	73,846
Plant, equipment & software	9	**71,252**	92,473
Total assets		**89,295,638**	101,308,519
Liabilities and equity			
Liabilities			
Trade and other payables	10	**388,272**	531,646
Investor funds	11	**60,537,334**	58,255,267
Financial liabilities	12	**19,470,057**	34,249,702
Other financial liabilities	8(b)	**5,671**	-
Employee benefit liabilities	13	**54,855**	51,961
Accrued expenses	14	**9,995**	25,000
Total Liabilities		**80,466,184**	93,113,576
Equity			
General reserve		**8,835,125**	8,173,032
Hedge reserve		**(5,671)**	21,911
Total equity		**8,829,454**	8,194,943
Total equity and liabilities		**89,295,638**	101,308,519

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

Statement of changes in equity
As at 31 December 2017

	Retained earnings	Hedge reserve	General reserve	Total
	$	$	$	$
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**
At 1 April 2016	-	-	7,805,255	7,805,255
Profit for the period	630,277	-	-	630,277
Distribution to the Trustee	(262,500)	-	-	(262,500)
Hedge reserve	-	21,911	-	21,911
Transfer from retained earnings to general reserve	(367,777)	-	367,777	-
At 31 December 2016	-	21,911	8,173,032	8,194,943

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 2017

	Notes	Year to 31 December 2017 $	Nine months to 31 December 2016 $
Operating activities			
Interest received from financial assets		**110,519**	258,914
Interest received from loans		**5,011,891**	3,982,424
Interest paid to Investors/ borrowings		**(2,690,599)**	(2,535,994)
Payments to suppliers and employees		**(1,239,423)**	(830,296)
Increase / (decrease) in loans and advances		**(2,728,150)**	1,692,639
Net payments of borrowings from bank facilities		**(15,000,000)**	(5,237,215)
Increase in investor funds		**2,282,067**	9,725,335
Net cash flows (used in) / from operating activities		**(14,253,695)**	7,055,807
Investment activities			
Proceeds from sale of plant, equipment & software		**-**	30,148
Purchase of plant, equipment & software		**(20,246)**	-
Distribution to the Trustee		**(350,000)**	(262,500)
Net cash flows used in investment activities		**(370,246)**	(232,352)
Net (decrease) / increase in cash and cash equivalents		**(14,623,941)**	6,823,454
Cash and cash equivalents at the beginning of the period		**18,676,462**	11,853,008
Cash and cash equivalents at end of the period		**4,052,521**	18,676,462

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 2017

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 2017 was authorised for issue in accordance with a resolution of the directors on 12th April 2018.

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 has not been examined nor approved by ASIC.

(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 2017

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.

During the previous financial period the Board approved a change of accounting year end from 31 March to 31 December, commencing the nine months to 31 December 2016. This change was made to align the Fund to the same accounting year as the Anglican Church Property Trust. The 2016 comparative figures are for a nine month period and are not directly comparable to the 2017 figures, which are for a full 12 months.

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 has received a letter of support to confirm that the Diocese will continue to financially support Diocesan entities who have existing loans with the Fund ; 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 (2016: Nil).

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

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

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

(ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are measured initially at 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

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

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

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

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

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

Cash flow hedges

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

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

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

(j) Trade and other payables

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

(k) Provisions and employee benefit liabilities

General

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

Wages and salaries

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions and employee benefit liabilities (continued)

Long service leave and annual leave

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

(l) Cash and short term 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.

(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.

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 in 2017 an allowance for expected credit losses (ECL) in relation to its loans and advances (NOTE 7) in accordance with the requirements of *AASB 9*.

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 very low 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 2017

4 REVENUE AND EXPENSES

	31-Dec-17	*31-Dec-16*
	$	*$*
(a) Interest received		
Interest income - term deposits	**110,519**	258,914
Interest income - loans and advances	**4,986,774**	4,019,090
	5,097,293	4,278,004
(b) Interest paid		
Interest paid to investors	**1,719,787**	1,313,619
Interest paid to the Trustee on reserves	**163,461**	130,337
Interest paid on borrowings	**807,354**	1,092,038
	2,690,602	2,535,994
(c) Other revenue		
Other income	**-**	29,486
	-	29,486
(d) Operating expenses		
Administrative expenses	**6,486**	6,200
Advertising expense	**13,320**	10,042
Agency fees	**405,000**	299,997
Audit and accounting	**25,500**	25,000
Bank charges	**22,174**	11,311
Cleaning expense	**2,543**	1,656
Banking and office systems cost	**117,147**	88,277
Courier service fees	**464**	384
Depreciation of plant and equipment	**41,466**	36,212
Electricity expense	**2,003**	1,414
Amortisation	**238,204**	213,723
Fringe benefit tax	**-**	4,182
Insurance expense	**12,627**	2,846
(Loss) / gain on hedges	**48,839**	28,574
Motor vehicle expense	**22,519**	10,333
Office expense	**2,778**	1,385
Postage expense	**2,452**	1,589
Printing and stationery expense	**9,847**	8,335
Provision for annual leave	**1,962**	6,333
Provision for long service leave	**8,622**	1,524
Professional service fees	**-**	39,193
Rental expense	**32,887**	27,750
Superannuation	**29,626**	20,018
Telephone expense	**3,969**	3,025
Travel expense	**1,908**	1,787
Wages	**342,255**	290,129
	1,394,598	1,141,219

5 CASH AND SHORT TERM DEPOSITS

Cash on hand	**306,890**	10,065,445
Cash at bank	**3,745,631**	8,611,018
	4,052,521	18,676,463

Notes to the financial statements
For the financial year ended 31 December 2017

6 RECEIVABLES

	31-Dec-17	31-Dec-16
	$	$
Debtors	**10,874**	36,931
GST receivable	**3,097**	2,158
	13,971	39,089

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	**63,114,523**	65,545,540
Loans to the Trustee (Note 15(a))	**18,465,775**	12,757,194
Personal loans (unsecured)	**113,623**	156,722
Mortgage loans	**2,132,289**	2,321,216
Advances to parishes	**1,355,051**	1,645,976
	85,181,261	82,426,648
Less: Allowance for expected credit losses	**26,463**	-
	85,154,798	82,426,648

At the reporting date no loans were considered impaired. An allowance for expected credit losses has been recorded in 2017 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:	**10,139,748**	6,852,041

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	**3,096**	51,935

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 2017, a net unrealised loss of $27,582 was included in OCI in respect of this contract.

Notes to the financial statements
For the financial year ended 31 December 2017

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 rate of BBSY 3M, which at report date was 1.75%. The notional value of the swap is $4,125,000.

	31-Dec-17	*31-Dec-16*
	$	$
Interest rate swap at fair value through OCI	**(5,671)**	21,911
Total other financial assets	**(2,575)**	73,846

9 PLANT, EQUIPMENT & SOFTWARE

Office furniture and equipment		
At cost	**19,783**	19,784
Accumulated depreciation	**(10,389)**	(9,556)
Net carrying amount	**9,394**	10,228
Leasehold improvement		
At cost	**81,440**	81,440
Accumulated amortisation	**(74,617)**	(62,983)
Net carrying amount	**6,823**	18,457
Software		
At cost	**216,238**	195,992
Accumulated depreciation	**(161,202)**	(132,204)
Net carrying amount	**55,036**	63,788
Total plant, equipment & software		
At cost	**317,461**	339,607
Disposal at cost	**-**	(42,391)
Accumulated depreciation and amortisation	**(246,208)**	(204,743)
Net carrying amount	**71,253**	92,473

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 2017	10,229	18,457	63,787	92,473
Addition - at cost	-	-	20,246	20,246
Depreciation expense	(835)	(11,634)	(28,998)	(41,467)
Carrying amount at 31 December 2017	**9,394**	**6,823**	**55,035**	**71,252**

Notes to the financial statements
For the financial year ended 31 December 2017

10 TRADE AND OTHER PAYABLES

	31-Dec-17 $	31-Dec-16 $
Trade payables	**52,408**	56,061
Accrued interest	**335,864**	475,585
	388,272	531,646

11 INVESTOR FUNDS

Call and notice accounts	**8,551,022**	6,599,551
Cheque accounts	**828,335**	1,276,513
Term investments	**25,923,933**	24,972,380
Cash management accounts	**25,234,044**	25,406,823
	60,537,334	58,255,267

12 FINANCIAL LIABILITIES

Bank Bill Facilities	**20,000,000**	35,000,000
Capitalised transaction costs	**(529,943)**	(750,298)
	19,470,057	34,249,702

Balance at 1 January 2017	**34,249,702**	39,283,208
Principal paid	**(15,000,000)**	(5,000,000)
Movement in capitalised transaction costs	**220,355**	(33,506)
Balance at 31 December 2017	**19,470,057**	34,249,702

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	$25m	$20m	$5m
Facility 2	ANZ	18 months	$5m	-	$5m
Facility 3	Westpac	5 years	$10m	-	$10m
Total Facilities			**$40m**	**$20m**	**$20m**

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	**37,284**	34,535
Short-term employee benefits	**17,571**	17,426
	54,855	51,961

Notes to the financial statements
For the financial year ended 31 December 2017

14 ACCRUED EXPENSES

	31-Dec-17 $	31-Dec-16 $
Audit fees	**9,995**	25,000
	9,995	25,000

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-17 $	31-Dec-16 $
Investments	**7,146,352**	4,755,846
Loans to the Trustee	**18,465,775**	12,757,194

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

(b) Employees

At 31 December 2017 there were three (31 December 2016: 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
Robert Hugh Arthur	Retired Business Manager (resigned October 2017)
Timothy Randall McGhie	Economist
Trevor Ament	Diocesan Registrar
Lorraine Jeanette Lenthall	Retired Financial Industry Professional
Mark Glover	Retired Financial Industry Professional
Liz Stamford	Chartered Accountant (appointed April 2017)
Eugene Kalenjuk	Chartered Accountant (appointed June 2017)

Notes to the financial statements
For the financial year ended 31 December 2017

15 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Directors (continued)

During 2017 and 2016, 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-17	*31-Dec-16*
	$	*$*
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 2017 (31 December 2016: $nil).

Contingencies
There are no contingent assets or contingent liabilities as at the reporting date which would have a material effect on the Fund's financial statements as at 31 December 2017 (31 December 2016: $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 2017:

(i) present fairly the Fund's financial position as at 31 December 2017 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 12 April 2018.

On behalf of the Board

Mark Brandon-Baker
Chair, Board of Management
12/04/2018

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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 2017, the statement of 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 2017 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.

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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.

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.

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Ernst & Young

Ben Tansley
Partner
Canberra
20 April 2018

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