

ANGLICAN INVESTMENT AND DEVELOPMENT FUND

**General Purpose
Reduced Disclosure Requirements
Financial Report
For the year ended 31 December 2021**

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**Building a better
working world**

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Auditor's Independence Declaration to the members of the Anglican Investment and Development Fund

In relation to our audit of the financial report of the Anglican Investment and Development Fund for the financial year ended 31 December 2021, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Ben Tansley'.

Ben Tansley
Partner

1 June 2022

Statement of comprehensive income
For the year ended 31 December 2021

	Notes	Year to 31 December 2021 \$	Year to 31 December 2020 \$
Revenue			
Operating activities			
Interest received	4(a)	3,746,516	3,839,771
Interest paid	4(b)	(1,568,556)	(2,139,434)
Net interest revenue		2,177,960	1,700,337
Other revenue	4(c)	7,203	4,308
Operating result		2,185,163	1,704,645
Amortisation of borrowing costs	4(d)	(132,932)	(169,297)
Operating expenses	4(d)	(1,139,442)	(1,043,626)
Surplus for the period		912,789	491,722
Other comprehensive income			
Gain/(Loss) on cash flow hedge	8(b)	67,723	29,201
Total comprehensive income		980,512	520,923

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position
As at 31 December 2021

	Notes	31-Dec-21 \$	31-Dec-20 \$
Assets			
Cash and short-term deposits	5	3,471,645	10,619,999
Receivables	6	93,941	56,987
Loans and advances	7	111,298,080	100,042,893
Other financial assets	8(a)	1,476	-
Right of use asset	14	177,431	161,717
Plant, equipment & software	9	40,505	8,875
Total assets		115,083,078	110,890,471
Liabilities and equity			
Liabilities			
Trade and other payables	10	239,760	441,776
Investor funds	11	85,813,318	90,206,427
Financial liabilities	12	17,905,985	9,858,211
Rental lease liability	14	205,335	199,088
Other financial liabilities	8	-	67,721
Employee benefit liabilities	13	98,277	77,357
Total Liabilities		104,262,675	100,850,580
Equity			
General reserve		10,820,403	10,107,614
Hedge reserve		-	(67,723)
Total equity		10,820,403	10,039,891
Total equity and liabilities		115,083,078	110,890,471

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

**Statement of changes in equity
As at 31 December 2021**

	Retained earnings	Hedge reserve	General reserve	Total
	\$	\$	\$	\$
At 1 January 2021	-	(67,723)	10,107,614	10,039,891
Surplus for the year	912,789	-	-	912,789
Distribution to the Trustee	(200,000)	-	-	(200,000)
Hedge reserve	-	67,723	-	67,723
Transfer from retained earnings to general reserve	(712,789)	-	712,789	-
At 31 December 2021	-	-	10,820,403	10,820,403
At 1 January 2020	-	(96,924)	10,015,892	9,918,968
Surplus for the year	491,722	-	-	491,722
Distribution to the Trustee	(400,000)	-	-	(400,000)
Hedge reserve	-	29,201	-	29,201
Transfer from retained earnings to general reserve	(91,722)	-	91,722	-
At 31 December 2020	-	(67,723)	10,107,614	10,039,891

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 2021

	Year to 31 December 2021	Year to 31 December 2020
	\$	\$
Operating activities		
Interest received from financial assets	585	53,161
Interest received from loans	3,708,976	3,786,364
Interest paid to Investors/ borrowings	(1,568,556)	(2,139,434)
Payments to suppliers and employees	(1,404,967)	(1,536,391)
Increase in loans and advances	(11,255,187)	(9,893,919)
Net (payments) / draw of borrowings from bank facilities	8,000,000	(10,800,000)
Increase / (decrease) in investor funds	(4,393,109)	24,188,800
Net cash flows from operating activities	(6,912,258)	3,658,581
Investment activities		
Purchase of plant, equipment & software	(36,096)	-
Distribution to the Trustee	(200,000)	(400,000)
Net cash flows used in investment activities	(236,096)	(400,000)
Net increase in cash and cash equivalents	(7,148,354)	3,258,581
Cash and cash equivalents at the beginning of the period	10,619,999	7,361,418
Cash and cash equivalents at end of the period	3,471,645	10,619,999

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 2021

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 2021 was authorised for issue in accordance with a resolution of the directors on 31st May 2022.

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

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

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

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

- (a) The Fund, which is an income tax exempt charity, is not required to have a prospectus and trust deed under the Corporations Law pursuant to an exemption granted by the Australian Securities and Investment Commission (ASIC). The Fund is required to lodge annual audited financial statements with ASIC but these have not been reviewed or approved by ASIC based on this requirement.
- (b) APRA has granted an exemption from the *Banking Act 1959* to religious charitable development funds (RCDF) and the Fund has the benefit of that exemption.

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

The principal place of business of the Fund is Level 3, 221 London Circuit Civic, ACT 2601.

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

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

(b) Going Concern

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

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

- (a) The Fund is guaranteed by the Diocese of Canberra and Goulburn, who have agreed to provide continuing financial support to AIDF where required from the issuance date of these financial statements;
- (b) The Fund has three financing facilities in place, two of which are held with ANZ and one with Westpac, with \$22m undrawn available at reporting date to fund operating activities as required (refer to Note 12 for further details). The two facilities held with ANZ provide for a total facility available of \$30m, with terms ending on 7 December 2022 and \$18m drawn at reporting date. The AIDF is confident they will be renewed promptly with suitable terms and conditions that ensure no interruption to operations will occur. Further the Westpac facility of \$10m undrawn at balance date expires on 31 March 2023.
- (c) The financial position as at reporting date and cash flow forecasts for the next twelve months show that the Fund will be able to meet its debts as and when they fall due and payable;
- (d) The current regulatory environment is expected to remain in place for the foreseeable future whereby the Fund operates under the *Banking exemption No. 1 of 2017* issued by the Australian Prudential Regulation Authority.

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

The accounting policies adopted are consistent with those of the previous financial period, there have been no changes to the 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 (2020: Nil) given the nature of the receivables which is described above.

(e) Income tax

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

(f) Plant, equipment & software

Plant, equipment and software is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant, equipment or software. All other repair and maintenance costs are recognised in the statement of comprehensive income 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	16.66%
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 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)

(g) Leases (continued)

AIDF as a lessee

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

(i) Right-of-use assets

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

The 221 London Circuit Office rental right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, which is 6 years.

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

(ii) Rental lease liabilities

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

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

(i) Financial assets

Initial recognition and measurement

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

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

- (a) the entity's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

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

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

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

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Fund has transferred substantially all the risks and rewards of the asset, or
 - (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Financial instruments (continued)**

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

Impairment

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

The AIDF recognises an allowance for expected credit losses (ECLs) for all loans and advances by applying a probability of default (PD). At the end of each reporting period, an assessment is made whether there is objective evidence to indicate a change in the PD. Subsequent changes in the allowance for the ECLs are recognised in the statement 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 statement of comprehensive income, transaction costs that are directly attributable to the issue of the financial liability.

The Fund's financial liabilities include trade payables, investor 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. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value;
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Derecognition

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iii) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the surplus (or deficit) for the year except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to the surplus (or deficit) for the year when the hedge item affects the surplus (or deficit).

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.

Cash flow hedges

The Fund had used an interest rate swap as a hedge against its exposure to interest rate risk in forecast transactions which expired during the year. The hedge was not replaced or rolled over and any cumulative gain or loss has been recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Impairment of non-financial assets**

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

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

Impairment losses are recognised in the statement of comprehensive income as an expense.

(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 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 funds

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense item or as part of the cost of acquisition of the asset, as applicable.

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

(q) Reserves

General reserve

The general reserve records amounts set aside from retained earnings. All retained earnings at 31 December are transferred to the general reserve.

Hedge reserve

The hedge reserve records movements in the fair value of derivatives. Amounts in the reserve are reclassified to the statement of comprehensive income during the periods that the hedged forecast cash flows affect the surplus (or deficit) for the year.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

Allowance for expected credit loss

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

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

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

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

Notes to the financial statements
For the financial year ended 31 December 2021

4 REVENUE AND EXPENSES

	<i>Notes</i>	31-Dec-21	31-Dec-20
		\$	\$
(a) Interest received			
Interest income - term deposits		585	23,960
Interest income - loans and advances		3,745,931	3,815,811
		<u>3,746,516</u>	<u>3,839,771</u>
(b) Interest paid			
Interest paid to investors		906,669	1,364,798
Interest paid to the Trustee on reserves		252,690	251,083
Interest paid on borrowings		409,197	523,553
		<u>1,568,556</u>	<u>2,139,434</u>
(c) Other revenue			
Sundry income		5,729	200
Movement in interest rate cap	8(a)	1,474	-
		<u>7,203</u>	<u>200</u>
(d) Operating expenses			
Administrative expenses		6,789	7,338
ADS service level agreement fees		457,000	448,050
Audit and accounting		33,000	24,000
Bank charges		25,833	24,363
Cleaning expense		1,218	1,837
Banking and office systems cost		123,542	113,917
Depreciation of plant and equipment		4,466	8,647
Electricity expense		1,554	1,762
Amortisation		132,932	169,297
Fringe benefit tax		4,207	4,732
Insurance expense		20,833	18,417
Motor vehicle expense		21,780	20,755
Office expense		2,084	6,099
Postage expense		2,904	2,807
Printing and stationery expense		7,099	8,233
Provision for credit loss		46,725	49,626
Professional service fees		2,003	1,400
Depreciation of right of use asset/ (Office rental)	14	33,715	32,344
Telephone expense		3,130	3,140
Wages		320,640	253,483
Leave entitlements		20,920	12,628
Interest rate cap movement	8(a)	-	48
		<u>1,272,374</u>	<u>1,212,923</u>
5 CASH AND SHORT TERM DEPOSITS			
Cash on hand		6,212	8,497
Cash at bank		3,465,433	10,611,502
		<u>3,471,645</u>	<u>10,619,999</u>

Notes to the financial statements
For the financial year ended 31 December 2021

6 RECEIVABLES

	31-Dec-21	31-Dec-20
	\$	\$
Debtors	91,230	54,704
GST receivable	2,711	2,283
	93,941	56,987

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	78,048,115	71,693,396
Loans to the Trustee and other Diocesan entities	27,170,900	24,189,060
Personal loans (unsecured)	20,667	15,691
Mortgage loans	5,591,974	3,561,710
Advances to parishes	637,777	707,664
	111,469,433	100,167,521
Less: Allowance for expected credit losses	171,353	124,628
	111,298,080	100,042,893

At the reporting date no loans were considered impaired. An allowance for expected credit losses has been recorded in accordance with AASB 9 *Financial Instruments: recognition and measurement* (Note 3). Loans to parishes, schools and other diocesan entities are guaranteed by the Trustee.

Loans approved but not advanced as at 31 December:	36,685,443	34,572,430
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8 OTHER FINANCIAL ASSETS AND LIABILITIES

a) Derivatives not designated as hedging instruments

The Fund has a interest rate cap which was derecognised as a hedging instrument in 2015/2016. Movements in the fair value of the cap are recognised directly to the statement of comprehensive income.

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 in the statement of comprehensive income	1,476	2
Interest rate cap movement	1,474	(48)

Notes to the financial statements
For the financial year ended 31 December 2021

8 OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

b) Derivatives designated as hedging instruments

The Fund had used an interest rate swap as a hedge against its exposure to interest rate risk associated with potential future increases in the interest rates incurred by bank facility draws (Note 12). The hedge expired on 20/07/2021 and was not replaced or rolled over.

	31-Dec-21	31-Dec-20
	\$	\$
Interest rate swap at fair value through OCI	-	(67,723)
Movement in interest rate swap	67,723	29,201

9 PLANT, EQUIPMENT & SOFTWARE

Office furniture and equipment		
At cost	19,783	19,783
Accumulated depreciation	(12,602)	(12,114)
Net carrying amount	7,181	7,669
Leasehold improvement		
At cost	36,096	81,440
Accumulated amortisation	(2,839)	(81,440)
Net carrying amount	33,257	-
Software		
At cost	220,338	220,338
Accumulated depreciation	(220,271)	(219,132)
Net carrying amount	67	1,206
Total plant, equipment & software		
At cost	276,217	321,561
Accumulated depreciation and amortisation	(235,712)	(312,686)
Net carrying amount	40,505	8,875

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	7,669	-	1,206	8,875
Addition - at cost	-	36,096	-	36,096
Depreciation expense	(488)	(2,839)	(1,139)	(4,466)
Carrying amount at 31 December	7,181	33,257	67	40,505

Notes to the financial statements
For the financial year ended 31 December 2021

10 TRADE AND OTHER PAYABLES

	31-Dec-21	31-Dec-20
	\$	\$
Trade payables	1,263	82,659
Accrued interest	238,497	359,117
	239,760	441,776

11 INVESTOR FUNDS

Call and notice accounts	10,440,350	12,061,901
Cheque accounts	1,566,617	1,517,442
Term investments	47,167,636	44,537,225
Cash management accounts	26,638,715	32,089,859
	85,813,318	90,206,427

12 FINANCIAL LIABILITIES

Bank Bill Facilities	18,000,000	10,000,000
Capitalised transaction costs	(94,015)	(141,789)
	17,905,985	9,858,211
Balance at 1 January	9,858,211	20,488,915
Principal drawn/ (re-paid)	8,000,000	(10,800,000)
Movement in capitalised transaction costs	47,774	169,296
Balance at 31 December	17,905,985	9,858,211

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

	Bank	Term	Limit	Drawn	Undrawn
Facility 1	ANZ	3 years maturing 7/12/22	\$25m	\$18m	\$7m
Facility 2	ANZ	5 years maturing 7/12/22	\$5m	-	\$5m
Facility 3	Westpac	2 years maturing 31/03/23	\$10m	-	\$10m
Total Facilities			\$40m	\$18m	\$22m

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 two ANZ facilities have had their expiry date extended for one year to 7/12/2022 by deed of variation.

13 EMPLOYEE BENEFIT LIABILITIES

Long service leave	60,001	51,699
Short-term employee benefits	38,276	25,658
	98,277	77,357

Notes to the financial statements
For the financial year ended 31 December 2021

14 LEASES

AIDF as a lessee

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

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

	2021	2020
	\$	\$
Office rental		
As at 1 January	161,717	31,961
Additions	60,072	162,100
Depreciation expense	(44,358)	(32,344)
As at 31 December	177,431	161,717
	31-Dec-21	31-Dec-20
	\$	\$
a) Current right of use	32,344	32,344
b) Non-current right of use	145,087	129,373
Total right of use asset	177,431	161,717

The operating lease rental has a term of 6 years. Operating lease rental expense recognised by AIDF during the year is \$33,715 (2020:\$32,344). The rental agreement is due to expire in December 2025.

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

	2021	2020
	\$	\$
As at 1 January	199,088	35,399
Additions	72,085	194,758
Accretion of interest	9,321	8,631
Payments	(75,159)	(39,700)
As at 31 December	205,335	199,088
	31-Dec-21	31-Dec-20
	\$	\$
a) Current liability	55,652	41,510
b) Non-current liability	149,683	157,578
Total rental lease liability	205,335	199,088

Notes to the financial statements

For the financial year ended 31 December 2021

15 RELATED PARTY DISCLOSURES

(a) Purpose of the Fund

The purpose of the fund is 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. The Fund also provides an opportunity to support the mission of the Diocese by investing with the Fund. These purposes set out in the Ordinance in section 3.2 give rise to related party transactions, the most significant being loans to Schools, the Trustee and other Diocesan entities as detailed in note 7.

(b) The Trustee

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

Under Part 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-21	31-Dec-20
	\$	\$
Investments	4,766,089	5,671,240
Loans to the Trustee	13,797,898	15,433,096

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

(c) Employees

At 31 December 2021 there were three (31 December 2020: three) employees of the Fund. Any employee's accounts with the Fund are conducted on normal commercial terms.

(d) 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, Meg Brighton represented the Trustee and Tim McGhie represented Bishop-In-Council.

The Directors of the Fund during the reporting period were:

Mark Brandon Baker	Retired Financial Industry Professional (resigned June 2021)
Nicholas Symons	Retired Solicitor
Timothy Randall McGhie	Economist
Lorraine Jeanette Lenthall	Retired Financial Industry Professional
Mark Glover	Retired Financial Industry Professional
Elizabeth Stamford	Chartered Accountant
Eugene Kalenjuk	Chartered Accountant
Meg Brighton	Current Government Senior Executive

Notes to the financial statements
For the financial year ended 31 December 2021

15 RELATED PARTY DISCLOSURES (continued)

During 2021 and 2020, 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. Compensation of key management personnel of the Fund as at 31 December 2021 is therefore \$nil (31 December 2020: \$nil)

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 2021 (31 December 2020: \$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 2021 (31 December 2020: \$nil).

17 EVENTS AFTER THE REPORTING DATE

The financial statements have been prepared based upon conditions existing at 31 December 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

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 2021:

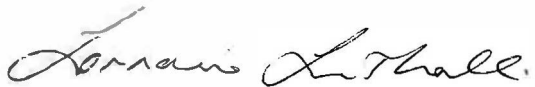
(i) give a true and fair view of the Fund's financial position as at 31 December 2021 and its performance for the year ended on that date;

(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 31 May 2022.

On behalf of the Board



Lorraine Jeanette Lenthall
Chair, Board of Management
31 May 2022



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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 Anglican Investment and Development Fund, which comprises the statement of financial position as at 31 December 2021, 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 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 2021 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards 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 (including Independence Standards)* (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 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 and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing 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 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 Anglican Investment and Development Fund Board.
- ▶ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Anglican Investment and Development Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Anglican Investment and Development Fund to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

Ben Tansley

Ben Tansley
Partner
Canberra
1 June 2022