ANGLICAN INVESTMENT AND DEVELOPMENT FUND

General Purpose
Simplified Disclosures
Financial Report
For the year ended 31 December 2022

Contents

Statement of comprehensive income
For the year ended 31 December 2022

	Notes	Year to 31 December 2022 $	Year to 31 December 2021 $
Revenue			
Operating activities			
Interest received	4(a)	**5,210,918**	3,746,516
Interest paid	4(b)	**(2,124,521)**	(1,568,556)
Net interest revenue		**3,086,397**	2,177,960
Other revenue	4(c)	**750**	7,203
Operating result		**3,087,147**	2,185,163
Amortisation of borrowing costs	4(d)	**(73,174)**	(132,932)
Operating expenses	4(d)	**(1,548,046)**	(1,139,442)
Surplus for the period		**1,465,927**	912,789
Other comprehensive income			
Gain on cash flow hedge	8(b)	**-**	67,723
Total comprehensive income		**1,465,927**	980,512

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

Statement of financial position
As at 31 December 2022

	Notes	31-Dec-22 $	31-Dec-21 $
Assets			
Cash and short-term deposits	5	**5,489,793**	3,471,645
Receivables	6	**138,754**	93,941
Loans and advances	7	**120,992,049**	111,298,080
Other financial assets	8(a)	**-**	1,476
Right of use asset	14	**133,073**	177,431
Plant, equipment & software	9	**36,564**	40,505
Total assets		**126,790,233**	115,083,078
Liabilities and equity			
Liabilities			
Trade and other payables	10	**734,485**	239,760
Investor funds	11	**90,739,958**	85,813,318
Financial liabilities	12	**22,969,159**	17,905,985
Rental lease liability	14	**157,383**	205,335
Employee benefit liabilities	13	**102,918**	98,277
Total Liabilities		**114,703,903**	104,262,675
Equity			
General reserve		**12,086,330**	10,820,403
Total equity		**12,086,330**	10,820,403
Total equity and liabilities		**126,790,233**	115,083,078

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

Statement of changes in equity
As at 31 December 2022

	Retained earnings	Hedge reserve	General reserve	Total
	$	$	$	$
At 1 January 2022	**-**	**-**	**10,820,403**	**10,820,403**
Surplus for the year	**1,465,927**	-	-	**1,465,927**
Distribution to the Trustee	**(200,000)**	-	-	**(200,000)**
Transfer from retained earnings to general reserve	**(1,265,927)**	-	**1,265,927**	**-**
At 31 December 2022	**-**	**-**	**12,086,330**	**12,086,330**
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

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 2022

	Year to 31 December 2022 $	Year to 31 December 2021 $
Operating activities		
Interest received from financial assets	**40,082**	585
Interest received from loans	**5,126,022**	3,708,976
Interest paid to Investors/ borrowings	**(2,124,521)**	(1,568,556)
Payments to suppliers and employees	**(1,050,802)**	(1,404,967)
Increase in loans and advances	**(9,693,969)**	(11,255,187)
Net (payments) / draw of borrowings from bank facilities	**5,000,000**	8,000,000
Increase / (decrease) in investor funds	**4,926,640**	(4,393,109)
Net cash flows/ (outflows) from operating activities	**2,223,452**	(6,912,258)
Investment activities		
Purchase of plant, equipment & software	**(5,304)**	(36,096)
Distribution to the Trustee	**(200,000)**	(200,000)
Net cash outflows used in investment activities	**(205,304)**	(236,096)
Net increase/ (decrease) in cash and cash equivalents	**2,018,148**	(7,148,354)
Cash and cash equivalents at the beginning of the period	**3,471,645**	10,619,999
Cash and cash equivalents at end of the period	**5,489,793**	3,471,645

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 2022

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 2022 was authorised for issue in accordance with a resolution of the directors on 2xth May 2023.

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 are associates of the Diocese of Canberra and Goulburn and 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. A definition of associates can be found on the AIDF website (aidf.com.au). 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 - Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board 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 Fund has adopted AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the financial statements because the Fund's previous financial statements complied with Australian Accounting Standards – Reduced Disclosure Requirements.

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) At reporting date being 31 December 2022, the Fund had three financing facilities in place, two of which are held with ANZ and one with Westpac, with $17m undrawn available at reporting date to fund operating activities as required (refer to Note 12 for further details). The two facilities held with ANZ provided for a total facility available of $30m, with $15m drawn at reporting date, and these ANZ facilities were repaid in full before expiry on 30 June 2023, as outlined in Note 17. The third facility with Westpac provides for a total of $10m with terms ending 31 March 2026 and $8m drawn at report date.

(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)

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

The Fund has adopted AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities* in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the financial statements because the Fund's previous financial statements complied with Australian Accounting Standards - Reduced Disclosure Requirements.

(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 (2021: 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

AIDF as a lessee

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

(i) Right-of-use assets

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

The 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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leases (continued)

(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.

(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.

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 2022

4 REVENUE AND EXPENSES

	Notes	31-Dec-22 $	31-Dec-21 $
(a) Interest received			
Interest income - term deposits		**40,082**	585
Interest income - loans and advances		**5,170,836**	3,745,931
		5,210,918	3,746,516
(b) Interest paid			
Interest paid to investors		**1,144,085**	906,669
Interest paid to the Trustee on reserves		**282,175**	252,690
Interest paid on borrowings		**698,261**	409,197
		2,124,521	1,568,556
(c) Other revenue			
Sundry income		**750**	5,729
Movement in interest rate cap	8(a)	-	1,474
		750	7,203
(d) Operating expenses			
Administrative expenses		**6,220**	6,789
ADS service level agreement fees*		**470,000**	457,000
Audit and accounting		**53,123**	33,000
Bank charges		**27,812**	25,833
Cleaning expense		-	1,218
Banking and office systems cost		**123,462**	123,542
Depreciation of plant and equipment		**9,245**	4,466
Electricity expense		**3,159**	1,554
Amortisation		**73,174**	132,932
Fringe benefit tax		**4,574**	4,207
Insurance expense		**76,884**	20,833
Motor vehicle expense		**24,002**	21,780
Office expense		**4,754**	2,084
Postage expense		**1,394**	2,904
Printing and stationery expense		**7,467**	7,099
Provision for credit loss		**300,000**	46,725
Professional service fees		**26,531**	2,003
Depreciation of right of use asset/ (Office rental)	14	**44,358**	33,715
Telephone expense		**951**	3,130
Travel expense		**3,126**	-
Wages		**354,867**	320,640
Leave entitlements		**4,641**	20,920
Interest rate cap movement	8(a)	**1,476**	-
		1,621,220	1,272,374

* Anglican Diocesan Services (ADS) is a related entity which provides corporate support services to the AIDF

5 CASH AND SHORT TERM DEPOSITS

	31-Dec-22 $	31-Dec-21 $
Cash on hand	**3,650**	6,212
Cash at bank	**5,486,143**	3,465,433
	5,489,793	3,471,645

Notes to the financial statements
For the financial year ended 31 December 2022

6 RECEIVABLES

	31-Dec-22	*31-Dec-21*
	$	*$*
Debtors	**136,563**	91,230
GST receivable	**2,191**	2,711
	138,754	93,941

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	**80,157,142**	78,048,115
Loans to the Trustee and other Diocesan entities	**32,338,004**	27,170,900
Personal loans (unsecured)	**3,646**	20,667
Mortgage loans	**7,806,525**	5,591,974
Advances to parishes	**1,158,085**	637,777
	121,463,402	111,469,433
Less: Allowance for expected credit losses	**471,353**	171,353
	120,992,049	111,298,080

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.

The purpose of the fund (Note 15 (a)) gives rise to related party transactions, the most significant being loans to Schools, the Trustee and other Diocesan entities as detailed above.

Loans approved but not advanced as at 31 December:	79,470,432	36,685,443

Please refer to note 17 subsequent event disclosures, which details a number of school loans, with undrawn loans totalling $36.7m which have been refinanced to another lender.

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
Interest rate cap movement	**(1,476)**	1,474

Notes to the financial statements
For the financial year ended 31 December 2022

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-22	*31-Dec-21*
	$	*$*
Interest rate swap at fair value through OCI	**-**	-
Movement in interest rate swap	**-**	67,723

9 PLANT, EQUIPMENT & SOFTWARE

	31-Dec-22	31-Dec-21
Office furniture and equipment		
At cost	**25,087**	19,783
Accumulated depreciation	**(13,287)**	(12,602)
Net carrying amount	**11,800**	7,181
Leasehold improvement		
At cost	**36,096**	36,096
Accumulated amortisation	**(11,332)**	(2,839)
Net carrying amount	**24,764**	33,257
Software		
At cost	**220,338**	220,338
Accumulated depreciation	**(220,338)**	(220,271)
Net carrying amount	**-**	67
Total plant, equipment & software		
At cost	**281,521**	276,217
Accumulated depreciation and amortisation	**(244,957)**	(235,712)
Net carrying amount	**36,564**	40,505

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	7,181	33,257	67	40,505
Addition - at cost	5,304	-	-	5,304
Depreciation expense	(685)	(8,493)	(67)	(9,245)
Carrying amount at 31 December	**11,800**	**24,764**	**-**	**36,564**

Notes to the financial statements
For the financial year ended 31 December 2022

10 TRADE AND OTHER PAYABLES

	31-Dec-22	*31-Dec-21*
	$	*$*
Trade payables	**2,845**	1,263
Accrued interest	**731,640**	238,497
	734,485	239,760

11 INVESTOR FUNDS

Call and notice accounts	**7,635,755**	10,440,350
Cheque accounts	**1,319,794**	1,566,617
Term investments	**35,397,588**	47,167,636
Cash management accounts	**46,386,821**	26,638,715
	90,739,958	85,813,318

12 FINANCIAL LIABILITIES

Bank Bill Facilities	**23,000,000**	18,000,000
Capitalised transaction costs	**(30,841)**	(94,015)
	22,969,159	17,905,985

Balance at 1 January	**17,905,985**	9,858,211
Principal drawn/ (re-paid)	**5,000,000**	8,000,000
Movement in capitalised transaction costs	**63,174**	47,774
Balance at 31 December	**22,969,159**	17,905,985

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	$15m	$10m
Facility 2	ANZ	5 years maturing 7/12/22	$5m	-	$5m
Facility 3	Westpac	3 years maturing 31/03/26	$10m	$8m	$2m
Total Facilities			**$40m**	**$23m**	**$17m**

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 six months to 30/06/2023 by deed of variation.

13 EMPLOYEE BENEFIT LIABILITIES

Long service leave	**70,645**	60,001
Short-term employee benefits	**32,273**	38,276
	102,918	98,277

Notes to the financial statements
For the financial year ended 31 December 2022

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:

	2022	2021
Office rental	**$**	$
As at 1 January	**177,431**	161,717
Additions	**-**	60,072
Depreciation expense	**(44,358)**	(44,358)
As at 31 December	**133,073**	177,431

	31-Dec-22	*31-Dec-21*
	$	$
a) Current right of use	**32,344**	32,344
b) Non-current right of use	**100,729**	145,087
Total right of use asset	**133,073**	177,431

The operating lease rental has a term of 6 years. Operating lease rental expense recognised by AIDF during the year is $44,358 (2021:$33,715). 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:

	2022	2021
	$	$
As at 1 January	**205,335**	199,088
Additions	**-**	72,085
Accretion of interest	**7,700**	9,321
Payments	**(55,652)**	(75,159)
As at 31 December	**157,383**	205,335

	31-Dec-22	*31-Dec-21*
	$	$
a) Current liability	**55,652**	55,652
b) Non-current liability	**101,731**	149,683
Total rental lease liability	**157,383**	205,335

Notes to the financial statements
For the financial year ended 31 December 2022

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-22	*31-Dec-21*
	$	*$*
Investments	**7,196,258**	4,766,089
Loans to the Trustee	**9,059,386**	13,797,898

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

(c) Employees

At 31 December 2022 there were three (31 December 2021: 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:

Lorraine Jeanette Lenthall	Retired Financial Industry Professional
Mark Glover	Retired Financial Industry Professional
Nicholas Symons	Retired Solicitor
Timothy Randall McGhie	Economist
Elizabeth Stamford	Chartered Accountant (resigned April 2022)
Eugene Kalenjuk	Chartered Accountant
Meg Brighton	Current Government Senior Executive (resigned December 2022)
Gudrun Stylianous	Business Owner (joined August 2022)

Notes to the financial statements
For the financial year ended 31 December 2022

15 RELATED PARTY DISCLOSURES (continued)
(d) Directors (continued)

During 2022 and 2021, 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.

(e) 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 2022 is therefore $nil (31 December 2021: $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 2022 (31 December 2021: $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 2022 (31 December 2021: $nil).

17 EVENTS AFTER THE REPORTING DATE

The financial statements have been prepared based upon conditions existing at 31 December 2022 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Since report date the AIDF undertook and executed the following significant transactions:

1. On the 26th June 2023 the ANZ debt facilities were repaid, leaving remaining financing facilities in place with Westpac of $10m; and

2. By the 14th July 2023, the closure of a number of large school loans was completed which saw approximately $68m being collected by the following Diocese Schools: Burgman Anglican School, The Riverina Anglican College, St Peter's Anglican College, and Sapphire Coast Anglican College. The funds of which were used to repay and close the ANZ debt facilities and reduce the remaining Westpac $10m facility to nil drawn. Any funds surplus to cash flow requirements or applied to new loans are being allocated into a cash and fixed interest investment portfolio.

No other 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 2022:

(i) give a true and fair view of the Fund's financial position as at 31 December 2022 and its performance for the year ended on that date;

(ii) comply with Australian Accounting Standards – Simplified Disclosures 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 26th July 2023.

On behalf of the Board

Lorraine Jeanette Lenthall
Chair, Board of Management
2 August 2023

Independent Auditor's report