



ANGLICAN SAVINGS AND DEVELOPMENT FUND
ANGLICAN DIOCESE OF NEWCASTLE

Financial Report
For the Year Ended
31 December 2015

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Anglican Savings & Development Fund Anglican Diocese of Newcastle
ABN 37 901 809 074

Board Members' Report
For the Year Ended 31 December 2015

Information on Board Members

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Malcolm McDonald

Qualifications Bachelor of Economics, Fellow of the Institute of Chartered Accountants, Graduate of the Institute of Company Directors

Experience For a number of years was a partner in an international accounting firm with specialisation in audit. Subsequently a director and manager of a family business which was sold in 2013. Until recently was a member of the Trustees of Church Property for the Diocese of Newcastle and on a number of Diocesan Boards and Committees. Currently on the Board of Anglican Care and a Director of Greater Building Society Limited.

Bishop Peter Stuart

Qualifications Bachelor of Commerce, Bachelor of Divinity, Master of Management, Doctorate of Education

Experience Assistant Bishop of Anglican Diocese of Newcastle, former Principal of St Barnabas Theological College Adelaide.

John Cleary

Qualifications Bachelor of Science, Graduate Diploma of Financial Management, Diploma of Financial Advising (FinSIA), Master of Commerce

Experience Chief Executive Officer of Newcastle Anglican Schools Corporation (2013 – present), Diocesan Business Manager (2007 – Present), various senior banking roles with two major Australian banks, various Boards and directorships including Board member of Newcastle Anglican Schools Corporation.

Micah Jenkins

Qualifications Bachelor of Law/Bachelor of Science, Diploma of Legal Practice, Law Society of NSW Accredited Specialist in Business Law, Public Notary.

Experience Admitted as a solicitor in 1999, trained in a national law firm and undertook private practice and in-house roles in the UK. Was a partner of a long-standing Newcastle-based law firm before establishing Jenkins Legal Services in 2014. Specialises in business law and commercial property law. Has extensive experience in providing quality legal services and corporate governance advice for the mining services, hospitality, health practitioner, insolvency and not-for-profit sectors. His expertise in matters with local government and corporate governance was recognised with his appointment as an independent member of the City of Newcastle's audit committee. Continues to serve on the audit committee of the Anglican Diocese of Newcastle. Was the President of the Newcastle Business Club in 2010 and was a director of Companion Credit Union from 2009 to 2011.

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Board Members' Report
For the Year Ended 31 December 2015

Robert Sharpe	Appointed August 2015
Qualifications	Bachelor of Civil Engineering (Honours), Master of Engineering Science, Fellow of the Institution of Engineers Australia
Experience	Extensive experience in road infrastructure construction and maintenance, traffic management and road safety, in both management and engineering roles. Senior positions in the RTA, including General Manager, Infrastructure Maintenance, Regional Manager Hunter and other. More recently providing consultant services for management structure reviews and asset management projects. Currently Parish Treasurer for Newcastle Christ Church Cathedral.
Roseanne Gaut	Appointed August 2015
Experience	Principal and Licensee in charge of Dowling Real Estate Maitland with a real estate and business career spanning over 14 years. Currently the Parish Treasurer for Maitland.

President of the Board

Bishop Greg Thompson is the President of the Board.

Short and long term objectives

The Anglican Savings and Development Fund was established in 1979 with the goal to support the charitable purposes of the Anglican Church in the Diocese of Newcastle. Over the years it has provided support to the Diocese to help pay for parish aid, youth work, education, provision of chaplaincies, ordination training and new ministry.

Our aim is to:

- Provide a regular, consistent income to support the mission of the Diocese of Newcastle.
- Provide individuals, parishes and Anglican entities with a range of investment products and services which meet their investment and operational needs.
- Maintain the health and sustainability of the Fund, whilst complying with requirements of the regulatory authorities.

Operating results and review of operations for the year

Operating results

The surplus of the Fund amounted to \$ 55,758 (2014: \$ 32,197).

Board Members' Report
For the Year Ended 31 December 2015

Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Fund during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years.

Environmental issues

The Fund's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Future developments

Likely developments in the operations of the Fund and the expected results of those operations in future financial years have not been included in this report.

Meetings of directors

During the financial year, 4 meetings of Board Members were held. Attendances by each Board Member during the year were as follows:

	Board Meetings	
	Number eligible to attend	Number attended
Malcolm McDonald	4	4
Bishop Peter Stuart	4	4
John Cleary	4	4
Micah Jenkins	4	2
Robert Sharpe	1	1
Roseanne Gaut	1	1

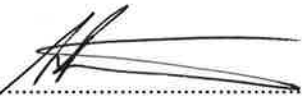
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Board Members' Report
For the Year Ended 31 December 2015

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2015 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Board Member: 
The Venerable Canon Sonia Roulston

Board Member: 
Bishop Peter Stuart

Dated 16 June 2016

Anglican Savings & Development Fund Anglican Diocese of Newcastle

ABN 37 901 809 074

Auditors Independence Declaration

In accordance with subdivision 60-C of the *Australian Charities and Not-for-Profit Commission Act 2012*, I am pleased to provide the following declaration of independence to the Board Members of the Anglican Savings & Development Fund Anglican Diocese of Newcastle.

As the audit partner of the audit of the financial statements of Anglican Savings & Development Fund Anglican Diocese of Newcastle for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-Profit Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



Cutcher & Neale Assurance Pty Ltd
(An authorised audit company)



Mark O'Connor
Director

5 May 2016

Newcastle

Anglican Savings & Development Fund Anglican Diocese of Newcastle

ABN 37 901 809 074

Independent Audit Report to the Synod of the Anglican Diocese of Newcastle

Report on the Financial Report

We have audited the accompanying financial report being a special purpose financial report of the Anglican Savings & Development Fund Anglican Diocese of Newcastle, which comprises the statement of financial position as at 31 December 2015, the statement of surplus or deficit and other comprehensive income and statement of changes in funds for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and management's assertion statement.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profit Commission Act 2012* to the extent described by the accounting policies in Note 1 of the financial statements, and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report of the Anglican Savings & Development Fund Anglican Diocese of Newcastle is in accordance with division 60 of the *Australian Charities and Not-for-Profit Commission Act 2012*, including;

- (a) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements and the *Australian Charities & Not-for-Profit Commission Regulations 2013*.

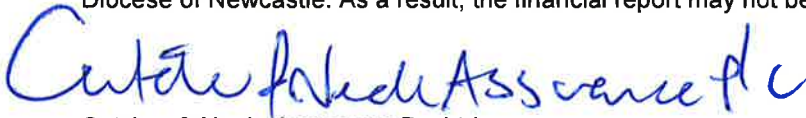
Anglican Savings & Development Fund Anglican Diocese of Newcastle

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Independent Audit Report to the Synod of the Anglican Diocese of Newcastle

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Anglican Savings & Development Fund Anglican Diocese of Newcastle to meet its financial reporting responsibilities under the ordinances of the Anglican Diocese of Newcastle. As a result, the financial report may not be suitable for another purpose.



Cutcher & Neale Assurance Pty Ltd
(an authorised audit company)



Mark O'Connor
Director

Newcastle

17 June 2016

Anglican Savings & Development Fund Anglican Diocese of Newcastle

ABN 37 901 809 074


Board Members Declaration

The Board Members have determined that the Anglican Savings & Development Fund Anglican Diocese of Newcastle is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Board Members declare that:

1. The financial statements and notes, as set out on pages 9 - 22, are in accordance with the accounting policies as described in Note 1; and present fairly, in all material respects the Anglican Savings & Development Fund Anglican Diocese of Newcastle's financial position as at 31 December 2015 and of its performance for the year ended on that date.
2. In the Board Members' opinion, there are reasonable grounds to believe that the Anglican Savings & Development Fund Anglican Diocese of Newcastle will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board Members.

Board Member: 
The Venerable Canon Sonia Roulston

Board Member: 
Bishop Peter Stuart

Dated 16 June 2016

Anglican Savings & Development Fund Anglican Diocese of Newcastle
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Statement of Surplus or Deficit and Other Comprehensive Income
For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue	2	789,991	607,522
Investment movements (net)		(5,626)	(4,394)
Interest costs		(305,919)	(212,993)
Parish commission paid		(42,005)	(28,457)
Management fee		(85,032)	(60,740)
Grants paid		(85,000)	(75,000)
Employee benefits		(90,326)	(85,940)
Other expenses		(120,325)	(107,801)
Surplus / (deficit) before income tax		55,758	32,197
Income tax expense	1(c)	-	-
Surplus / (deficit) after income tax		55,758	32,197
Other comprehensive income		-	-
Total comprehensive income		55,758	32,197

The accompanying notes form part of these financial statements.

Anglican Savings & Development Fund Anglican Diocese of Newcastle
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Statement of Financial Position
As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	8,797,801	5,020,828
Trade and other receivables	5	155,385	471,335
Other financial assets	6	17,463,416	10,557,291
TOTAL CURRENT ASSETS		26,416,602	16,049,454
NON-CURRENT ASSETS			
Trade and other receivables	5	2,668,329	1,812,837
Property, plant and equipment	7	-	-
Intangible assets	8	-	25,822
TOTAL NON-CURRENT ASSETS		2,668,329	1,838,659
TOTAL ASSETS		29,084,931	17,888,113
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	121,550	30,775
Depositors' funds - at call	10	28,760,274	17,709,989
TOTAL CURRENT LIABILITIES		28,881,824	17,740,764
TOTAL LIABILITIES		28,881,824	17,740,764
NET ASSETS		203,107	147,349
EQUITY			
Accumulated surplus / (deficit)		203,107	147,349
TOTAL EQUITY		203,107	147,349

The accompanying notes form part of these financial statements.

Anglican Savings & Development Fund Anglican Diocese of Newcastle
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Statement of Changes in Funds
For the Year Ended 31 December 2015

	Retained Earnings
	\$
Opening balance 1 January 2015	147,349
Total comprehensive income	<u>55,758</u>
Balance at 31 December 2015	<u><u>203,107</u></u>
2014	
Opening Balance 1 January 2014	115,152
Total comprehensive income	<u>32,197</u>
Balance at 31 December 2014	<u><u>147,349</u></u>

The accompanying notes form part of these financial statements.

Anglican Savings & Development Fund Anglican Diocese of Newcastle

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Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

(a) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Board applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

(b) Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

Key estimates - impairment

The Fund assesses impairment at each reporting date by evaluating conditions specific to the Fund that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(c) Income tax

No provision for income tax has been raised as the Fund is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(d) Revenue and other income

The Fund recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Fund and specific criteria have been met for each of Anglican Savings & Development Fund Anglican Diocese of Newcastle's activities as discussed below.

Interest revenue

Interest revenue is recognised as it accrues.

Coupons from Hybrid Securities are recognised when the right to receive the coupon has been established.

Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Anglican Savings & Development Fund Anglican Diocese of Newcastle
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Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

(g) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Fund during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) Receivables

Trade and sundry debtors

The collectability of debts is assessed at year end and specific provision is made for any doubtful accounts.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets is depreciated on a reducing balance basis over the asset's useful life to the Fund commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	25%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Anglican Savings & Development Fund Anglican Diocese of Newcastle
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Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(j) Financial instruments

Change in Accounting Policy

The policies were changed to comply with AASB 9 Financial Instruments as issued in December 2014. The new accounting standards provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows.

This version of AASB 9 replaces the provisions of AASB 139 that relate to the classification and measurement of financial instruments and the derecognition of financial instruments. It requires financial instruments to be classified into two broad measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not changed.

While AASB 9 does not need to be applied until financial reporting periods commencing on or after 1 January 2017, the entity has decided to adopt it early from 1 January 2015. On that date, the entity has assessed which business models apply to the financial instruments held by the entity at the date of initial application of AASB 9 (1 January 2015).

The following financial instruments in the balance sheet were previously designated as fair value through profit or loss but are no longer so designated:

Class of Asset or Liability	Balance	Carrying Value 2014
Those that the entity has elected to reclassify	Other financial assets - investment portfolio	\$4,855,306

Classification and measurement

All financial instruments (assets and liabilities) are initially recognised at fair value plus, in the case of financial assets and liabilities not classified as at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial instruments are then classified into one of the following categories, which in turn determines the subsequent accounting measurement of the instrument. The categories and measurement treatments are:

Debt Investments – at amortised cost

A debt investment is classified as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective to collect the contractual cash flows, and,
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and

Anglican Savings & Development Fund Anglican Diocese of Newcastle
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Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(j) Financial instruments continued
interest on the principal outstanding.

The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

At balance date all debt instruments in the form of Floating Rate Notes were measured at amortised cost.

Financial liabilities – at amortised cost

All the entity's financial liabilities are classified at amortised cost.

The following financial instruments in the balance sheet have been reclassified so that they are measured at amortised cost:

Class of Asset or Liability	Fair value of the financial assets at the end of the reporting period	Fair value gain or (loss) that would have been recognised in profit or loss during the reporting period if they were not reclassified
Other financial assets - investment portfolio	\$7,832,498	(\$119,106)

The following financial instruments in the balance sheet have been reclassified out of fair value through profit or loss:

Class of Asset or Liability	The effective interest rate determined on the date of initial application	The interest expense recognised
Other financial assets - investment portfolio	5.37%	\$12,407

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Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(j) Financial instruments continued

The following table shows measurement categories and valuations of financial instruments under both AASB 139 and AASB 9.

Class of Asset or Liability	The original measurement category (under AASB 139)		The new measurement category and carrying amount (AASB 9)	
	Measurement Category	Carrying Value 2014 - as reported	Measurement Category (see below)	New carrying Value 2014
Cash and cash equivalents	Held to maturity - amortised cost	\$5,020,828	a)	\$5,020,828
Trade and other receivables	Loans and receivables	\$2,284,172	c)	\$2,284,172
Other financial assets - investment portfolio	Fair value through profit or loss	\$4,855,306	b)	\$4,796,815
Other financial assets - interest bearing deposits	Held to maturity - amortised cost	\$5,760,477	a)	\$5,760,477
Trade and other payables	Financial liabilities measured at amortised cost	(\$30,776)	d)	(\$30,766)
Depositors' funds - at call	Financial liabilities measured at amortised cost	(\$17,709,989)	d)	(\$17,709,989)

New measurement categories

- a) Debt financial assets - amortised cost (no change in measurement attribute)
- b) Debt financial assets - amortised cost (change in measurement attribute)
- c) Loans and receivable assets - amortised cost (no change in measurement attribute)
- d) Financial liabilities measured at amortised cost (no change in measurement attribute)

Impairment of financial assets

At the end of the reporting period the Fund assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Anglican Savings & Development Fund Anglican Diocese of Newcastle
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Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(k) Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of three years. It is assessed annually for impairment.

(l) Change in accounting policy

The Fund changed its accounting policy relating to financial instruments. The nature of the change in policy and the reasons why applying the new accounting policy provides reliable and more relevant information are shown in note 1(j)).

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 31 December 2015 is as follows:

Statement of Financial Position	31 December 2015		
	Previous Policy	Adjustment	Revised Policy
Other financial assets - investment portfolio	7,832,497	44,618	7,877,115
Retained earnings	158,489	44,618	203,107
Statement of Surplus or Deficit and Other Comprehensive Income	Previous Policy	Adjustment	Revised Policy
Investment portfolio movement	(122,561)	102,879	(19,682)
Income from Notes and Bonds	388,821	(13,825)	374,996
Profit / (loss) on sale of investments	-	14,056	14,056

Statement of Financial Position	31 December 2014		
	Previous Policy	Adjustment	Revised Policy
Other financial assets - investment portfolio	4,855,306	(58,491)	4,796,815
Retained earnings	205,840	(58,491)	147,349
Statement of Surplus or Deficit and Other Comprehensive Income	Previous Policy	Adjustment	Revised Policy
Investment portfolio movement	(1,691)	7,916	6,225
Income from Notes and Bonds	310,423	(12,406)	298,017
Profit / (loss) on sale of investments	-	(10,619)	(10,619)

(m) Depositors' Funds

Depositor's funds are shown as current liabilities as the fund does not have an unconditional right to defer settlement of the liability. It is not considered probable by the Board that fixed term depositors' funds of \$2,366,671 (2014: \$1,916,693) will be repaid within 12 months of balance date.

Anglican Savings & Development Fund Anglican Diocese of Newcastle
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Notes to the Financial Statements
For the Year Ended 31 December 2015

2 Revenue from continuing operations

	2015	2014
	\$	\$
Revenue from investments and interest	<u>788,225</u>	<u>605,064</u>
Other revenue		
- Sundry income	<u>1,766</u>	<u>2,458</u>
Total Revenue	<u>789,991</u>	<u>607,522</u>

3 Auditors' Remuneration

Audit Fees - Cutcher & Neale	<u>16,990</u>	<u>16,500</u>
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4 Cash and Cash Equivalents

Cash at bank and in hand	5,695,401	734,149
Other cash and cash equivalents	<u>3,102,400</u>	<u>4,286,679</u>
	<u>8,797,801</u>	<u>5,020,828</u>

5 Trade and Other Receivables

CURRENT

Accrued Interest	68,880	128,717
Other receivables	-	6,096
GST Receivable	233	1,224
Loans - Other Anglican Diocesan entities - unsecured	<u>86,272</u>	<u>335,298</u>
	<u>155,385</u>	<u>471,335</u>

NON-CURRENT

Loans - Other Anglican Diocesan entities - unsecured	(a) 2,668,329	1,812,837
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(a) Security

The entity does not hold any collateral over mortgage loans. Under the terms of loan agreements, the property title deeds are required to be retained at the Diocesan Office under control of the *Trustees of Church Property for the Diocese of Newcastle*.

Anglican Savings & Development Fund Anglican Diocese of Newcastle
ABN 37 901 809 074

Notes to the Financial Statements
For the Year Ended 31 December 2015

6 Financial Assets

	2015	2014
	\$	\$
Investment portfolio - other listed hybrid equity instruments and floating rate notes at amortised cost	7,877,116	4,796,815
Interest bearing deposits	9,586,300	5,760,477
Total financial assets	<u>17,463,416</u>	<u>10,557,292</u>

7 Plant and Equipment

Plant and equipment		
At cost	31,049	31,049
Accumulated depreciation	(31,049)	(31,049)
Total plant and equipment	<u>-</u>	<u>-</u>

8 Intangible Assets

	2015	2014
	\$	\$
Computer software		
Cost	81,925	81,925
Accumulated amortisation and impairment	(81,925)	(56,103)
Total Intangibles	<u>-</u>	<u>25,822</u>

9 Trade and Other Payables

CURRENT		
Unsecured liabilities		
Sundry payables and accrued expenses	36,405	30,776
Inter-entity payables - Other Diocesan entities	85,145	-
	<u>121,550</u>	<u>30,776</u>

10 Depositors' funds

CURRENT		
Unsecured liabilities:		
At call	9,021,674	4,410,829
Temporary trusts	6,232,124	6,786,469
Fixed term deposits 6 - 12 month original maturity	11,139,805	4,595,998
Fixed term deposits 1 - 5 year original maturity	2,366,671	1,916,693
	<u>28,760,274</u>	<u>17,709,989</u>

Anglican Savings & Development Fund Anglican Diocese of Newcastle

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Notes to the Financial Statements For the Year Ended 31 December 2015

11 Financial Risk Management

The main risks the Fund is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and equity price risk.

The Fund's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, mortgage loans, accounts receivable and payable.

The totals for each category of financial instruments as detailed in the accounting policies to these financial statements, are as follows:

	2015	2014
	\$	\$
Financial Assets		
Cash and cash equivalents	8,797,801	5,020,828
Trade and other receivables (current)	155,385	471,335
Investment portfolio	7,877,116	4,796,815
Interest bearing deposits	9,586,300	5,760,477
Trade and other receivables (non-current)	2,668,329	1,812,837
Total financial assets	<u>29,084,931</u>	<u>17,862,292</u>
Financial Liabilities		
Trade and other payables	121,550	30,776
Depositor funds	28,760,273	17,709,989
Total financial liabilities	<u>28,881,823</u>	<u>17,740,765</u>

Financial risk management policies

The Board has overall responsibility for the establishment of the Fund's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, credit risk and market risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The day-to-day risk management is carried out by the Fund's finance function under policies and objectives which have been approved by the Board. The Business Manager has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate risk and assessment of market forecasts for interest rate movements.

The Board receives bi-monthly reports which provide details of the effectiveness of the processes and policies in place.

The Fund does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

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Notes to the Financial Statements For the Year Ended 31 December 2015

11 Financial Risk Management continued

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Anglican Savings & Development Fund Anglican Diocese of Newcastle and arises principally from the Anglican Savings & Development Fund Anglican Diocese of Newcastle's receivables.

Liquidity risk

Liquidity risk arises from the possibility that the Anglican Savings & Development Fund Anglican Diocese of Newcastle might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Fund manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, the Anglican Savings & Development Fund Anglican Diocese of Newcastle ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Fund is also exposed to earnings volatility on floating rate instruments.

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Notes to the Financial Statements
For the Year Ended 31 December 2015

11 Financial Risk Management continued

ii. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

Such risk is managed through diversification of investments across industries and geographic locations.

Net fair values

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values or amortised cost, as determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

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Statement by the Secretary/Treasurer of the Anglican Savings & Development Fund Anglican Diocese of Newcastle

The accounting records have been properly maintained, and in my opinion, the financial statements as presented give a true and fair view of the operations of the Anglican Savings & Development Fund Anglican Diocese of Newcastle for the year ended 31 December 2015, and of the state of its affairs at that date, in compliance with applicable Australian Accounting Standards and other mandatory professional requirements as set out in Note 1(a) of the financial statements.

A handwritten signature in black ink, appearing to read 'John Cleary', is written over a horizontal dotted line. The signature is cursive and somewhat stylized.

John Cleary - Secretary/Treasurer

Dated 16 June 2016