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ANGLICAN SAVINGS AND DEVELOPMENT FUND  
ANGLICAN DIOCESE OF NEWCASTLE  
ABN 37 901 809 074

Financial Report  
For the Year Ended  
31 December 2017

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# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Board Report 31 December 2017

### Information on Board Members

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

**Bishop Peter Stuart**

Qualifications

B.Com, B.D, M.Management, Ed.D, GAICD

Experience

Acting Bishop of Newcastle since 1 December 2016. He has served on a number of boards and committees in the Diocese and previously in South Australia and Tasmania. He became the Assistant Bishop of Newcastle in February 2009. He was installed as the Bishop of Newcastle on February 2, 2018.

**Wayne Russell**

Qualifications

Appointed 5 October 2017

Experience

B.Com, CA, GAICD, MIIA(Aust)

A Partner with Pitcher Partners in Newcastle working in Audit, Risk Management and Assurance. He is a member of the Parish of Merewether. He has extensive experience in providing auditing and assurance services to a wide variety of clients in the private and public sectors such as State and Local Government, Financial Services, Manufacturing, Engineering and Construction and Insurance. Wayne is a registered company auditor and graduate and member of the Australian Institute of Company Directors. He is also the Chairman of Greater Bank Limited.

**Jayne Drinkwater**

Qualifications

Appointed 5 October 2017

Experience

B Ec. MBA (With Merit), GAICD, CAHRI

An experienced Non-Executive Director having served on numerous boards over the last decade. Jayne is currently a Director of Greater Bank and served as a Trustee of Church Property for the Diocese of Newcastle from 2011 until the formation of the NACC. Jayne has previously served as a Director of the Hunter Economic Development Corporation, Hunter Sporting Venues Authority and Bishop Tyrrell Anglican College. She is a member of the Cathedral Parish. Jayne has extensive experience as a Senior Executive in operations, IT, customer service and marketing. She was previously employed as Interim CEO New Zealand, Chief Marketing Officer and Chief Operating Officer for nib Health Funds.

**Peter Francis**

Qualifications

Appointed 5 October 2017

Experience

M.Bus, Grad.Dip.Man., BA, GAICD

Chief Executive Officer of Dantia Lake Macquaire's economic development company, tasked with attracting business, investment and employment opportunities. He has extensive experience in ports, logistics, infrastructure management, complex projects and property ownership, management and development. He has held executive roles with Port of Newcastle, GPT and Lend Lease, Blacktown Olympic Park and Centennial Park and Moore Park Trust. He has previously been a non-executive director for Compass Housing.

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Mark Hedges	Appointed 5 October 2017
Qualifications	M.App.Fin, MBA, B.Bus.Stud, CPA, GAICD
Experience	Comprehensive experience and successful track record in finance roles in large manufacturing and media organisations. He has deep commercial acumen and expertise in financial markets, particularly Corporate funding. He has proven judgement and understanding of risk as well as consistent high level contribution to strategic thinking. In 2015 he concluded his role as Group Treasurer for Fairfax Media Limited. He is currently the Deputy Chair of Hunter United.
Michelle Jarvie	Appointed 5 October 2017
Qualifications	B.Com, CA, MIIA (Aust), AGIA
Experience	Director Assurance Services at the University of Newcastle working in the areas of Risk, Governance, Policy, Internal Audit and Compliance. She has extensive experience in working with Boards to develop and implement effective governance structures and strategic and operational plans in a number of industries, most recently in education and financial services. She is a member of the Parish of Cardiff.
Richard Turnbull	Appointed 5 October 2017
Qualifications	Ass. Dip. Aircraft Engineering Maintenance and Crt IV in Vocation Instruction
Experience	Extensive experience in small business and business consultation. He is a Trustee of Church Property for the Diocese of Newcastle. He has served on the Diocesan Council and the Property Approvals. He has extensive experience IT and property development. He is a member of the Parish of Toronto.
Garry Whitaker	Appointed 5 October 2017
Qualifications	MAICD, JP
Experience	Established and runs a training consultancy company. He is the chair of the Wyong Race Club Ltd, is a Director of the Wyong Community Bank Branch of the Bendigo Bank, and served a term as Deputy Mayor and Councillor on Hornsby Shire Council. Among his career highlights are being an internal change consultant with Sydney Water and the Instructional Designer for the National Professional Education Division of Coopers & Lybrand.
Sonia Roulston	Resigned 5 October 2017
Qualifications	Bachelor Applied Science, Bachelor Divinity, Master of Ministry, GAICD
Experience	Ordained 1995, parish ministry 1995-2015, Various Diocesan Boards including Diocesan Council, Chair Manning Vally Anglican College(2017-), Acting Chair ASDF Board (2016-2017)

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

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Micah Jenkins	Resigned 5 October 2017
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. Served 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.
Robert Sharpe	Resigned 5 October 2017
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	Resigned 5 October 2017
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.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

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## Board Report

31 December 2017

### Short and long term objective

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 \$ 897,921 (2016: \$ 287,479).

#### 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.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

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## Board Report

31 December 2017

### Meetings of Board Members

During the financial year, 6 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	
Bishop Peter Stuart	6	5
Wayne Russell (appointed 05/10/17)	3	3
Jane Drinkwater (appointed 05/10/17)	3	3
Peter Francis (appointed 05/10/17)	3	2
Mark Hedges (appointed 05/10/17)	3	3
Michelle Jarvie (appointed 05/10/17)	3	2
Richard Turnbull (appointed 05/10/17)	3	3
Garry Whitaker (appointed 05/10/17)	3	3
Sonia Roulston (resigned 05/10/17)	3	3
Micah Jenkins (resigned 05/10/17)	3	3
Robert Sharpe (resigned 05/10/17)	3	3
Roseanne Gaut (resigned 05/10/17)	3	2

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

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## Board Report 31 December 2017

### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board:

Board Member:



Wayne Russell

Board Member:



Michelle Jarvie

Dated 2 July 2018



# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

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## 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 2017, 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 Limited  
(An authorised audit company)



Mark O'Connor  
Director

NEWCASTLE

25 June 2018

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

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

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of the Anglican Savings & Development Fund - Anglican Diocese of Newcastle (the Fund), which comprises the statement of financial position as at 31 December 2017, the statement of surplus or deficit and other comprehensive income, and the statement of changes in funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Board Members Declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the Australian Charities and Not-for-Profit Commission Act 2012, including:

- (i) giving a true and fair view of the Fund's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and
- (ii) 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*.

#### *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 Fund in accordance with the auditor independence requirements of the *Australian Charities & Not-for-Profit Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities & Not-for-Profit Commission Act 2012*, which has been given to the Board Members of the Fund, would be in the same terms if given to the Board Members as at the time of this auditor's report.

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

#### *Emphasis of Matter - 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 has been prepared to assist the Fund to meet the requirements of the ordinances of the Anglican Diocese of Newcastle. As a result, the financial report may not be suitable for another purpose.

#### *Other Information*

The Board Members are responsible for the other information. The other information obtained at the date of this auditor's report was limited to the Board Members report.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Board Members Responsibility for the Financial Report*

The Board Members are responsible for the preparation that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the *Australian Charities & 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 the Board Members determine necessary to enable the preparation of the financial report that gives a true and fair view that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board Members are responsible for assessing the the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the 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 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board Website (<http://www.auasb.gov.au/Home.aspx>) at [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

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

Mark O'Connor  
Director

NEWCASTLE

3 July 2018

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# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Statement of Surplus or Deficit and Other Comprehensive Income For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
Interest and investment revenue	2 <b>4,237,310</b>	2,532,196
Interest expense	<b>(2,393,530)</b>	(1,500,190)
Net investment revenue	<b>1,843,780</b>	1,032,006
Parish commission paid	-	(26,666)
Management fees	<b>(274,481)</b>	(169,850)
Grants paid	<b>(325,000)</b>	(250,000)
Employee benefits	<b>(104,809)</b>	(97,844)
Other expenses	<b>(241,569)</b>	(200,167)
<b>Surplus / (deficit) before income tax</b>	<b>897,921</b>	287,479
Income tax expense	1(d) -	-
Surplus / (deficit) after income tax	<b>897,921</b>	287,479
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>897,921</b>	287,479

The accompanying notes form part of these financial statements.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Statement of Financial Position

As at 31 December 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
Cash and cash equivalents	4	15,059,186	31,684,631
Other financial assets	5	91,289,831	62,382,295
Loans and other receivables	6	21,619,145	15,949,264
Property, plant and equipment	7	-	-
Intangible assets	8	-	-
<b>TOTAL ASSETS</b>		<b>127,968,162</b>	<b>110,016,190</b>
<b>LIABILITIES</b>			
Depositors' funds	9	126,225,534	109,244,702
Trade and other payables	10	354,121	280,902
<b>TOTAL LIABILITIES</b>		<b>126,579,655</b>	<b>109,525,604</b>
<b>NET ASSETS</b>		<b>1,388,507</b>	<b>490,586</b>
<b>EQUITY</b>			
Accumulated surplus / (deficit)		1,388,507	490,586
<b>TOTAL EQUITY</b>		<b>1,388,507</b>	<b>490,586</b>

The accompanying notes form part of these financial statements.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Statement of Changes in Funds For the Year Ended 31 December 2017

2017

	<b>Retained Earnings</b>
	<b>\$</b>
<b>Opening balance 1 January 2017</b>	<b>490,586</b>
Total comprehensive income	<u>897,921</u>
<b>Balance at 31 December 2017</b>	<u><u>1,388,507</u></u>

2016

	<b>Retained Earnings</b>
	<b>\$</b>
<b>Opening balance 1 January 2016</b>	<b>203,107</b>
Total comprehensive income	<u>287,479</u>
<b>Balance at 31 December 2016</b>	<u><u>490,586</u></u>

The accompanying notes form part of these financial statements.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 1 Summary of Significant Accounting Policies

#### (a) Basis of accounting

The Anglican Savings and Development Fund is a Religious Charitable Development Fund (RCDF) established to benefit the Anglican Diocese of Newcastle. The Fund is governed by the Anglican Savings and Development Fund Ordinance 1979 (as amended).

The Australian Prudential and Regulation Authority (APRA) has granted the Fund an exemption from the requirements of sections 7 and 8 of the Banking Act 1959. The Fund was advised by APRA on 17 December 2017 of the exemption being extended to 31 December 2018.

The Board have prepared the financial statements on the basis that the entity is a non reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Synod of the Anglican Diocese of Newcastle.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the Board have determined are appropriate to meet the needs of the Synod of the Anglican Diocese of Newcastle. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes.

#### (b) 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.

#### (c) 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. Impairment assessments are undertaken specifically for loans and receivables and financial assets making up the Funds investment portfolio.

#### (d) 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*.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 1 Summary of Significant Accounting Policies

#### (e) Interest revenue and expenses

Interest income and expense are recognised in the statement of surplus or deficit and other comprehensive income for all instruments measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, repayment options) but does not consider future credit losses.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

#### (f) 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.

##### Investment revenue

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

#### (g) 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.

#### (h) 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.

#### (i) 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 amounts are normally paid within 30 days of recognition of the liability.



# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

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## Notes to the Financial Statements For the Year Ended 31 December 2017

### 1 Summary of Significant Accounting Policies

#### (j) Loans and receivables

##### Loans

Loans comprise of cash advanced to Parishes and entities affiliated with the Anglican Diocese of Newcastle.

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Fund provides money directly to a debtor with no intention of trading the receivables.

Loans are recognised when cash is advanced. Loans are initially recognised at fair value net of transaction costs. Loans are subsequently carried at amortised cost using the effective interest method. Interest calculated using the effective interest rate method is recognised in the statement of profit or loss and other comprehensive income; refer to note 1(e) above.

##### Other receivables

Other receivables represent non-interest bearing debts and accrued revenue that is due to the Fund at the end of the reporting period. The collectability of other receivables is assessed at the end of the year and specific provision is made for amounts for which the Fund has assessed recovery is uncertain.

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

#### (k) 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.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

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## Notes to the Financial Statements For the Year Ended 31 December 2017

### 1 Summary of Significant Accounting Policies

#### (k) Property, plant and equipment

##### 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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
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.

#### (l) Financial instruments

Financial instruments are 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 contractual cash flow characteristics of the instrument.

##### 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:

##### (i) 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 interest on the principal outstanding.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 1 Summary of Significant Accounting Policies

#### (l) Financial instruments

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.

#### (ii) Financial liabilities – at amortised cost

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

#### 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.

#### (i) 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.

#### (ii) Loans and receivables

Impairment of 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.

#### (m) 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.

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 1 Summary of Significant Accounting Policies

#### (n) Depositors' Funds

The Fund accepts deposits from Anglican Parishioners, Parishes and entities affiliated with the Anglican Diocese of Newcastle.

Deposits are initially recognised at fair value (being fair value of consideration received) and are subsequently measured at amortised cost using the effective interest method, refer to note 1(e) above.

### 2 Revenue from continuing operations

	2017	2016
	\$	\$
Interest revenue - Loans	868,645	182,130
Interest revenue - Cash and fixed interest investment	1,226,474	1,296,714
Income from investment portfolio	2,244,827	1,047,992
Net gain / (loss) on financial assets held to maturity	(103,297)	-
	<u>4,236,649</u>	<u>2,526,836</u>
Other revenue		
- Sundry income	661	5,360
<b>Total Revenue</b>	<u><b>4,237,310</b></u>	<u><b>2,532,196</b></u>

### 3 Auditors' Remuneration

Audit Fees - Cutcher & Neale	<u>18,000</u>	<u>16,990</u>
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### 4 Cash and Cash Equivalents

Cash at bank	13,509,186	6,343,231
Other cash and cash equivalents	<u>1,550,000</u>	<u>25,341,400</u>
	<u><b>15,059,186</b></u>	<u><b>31,684,631</b></u>

### 5 Financial Assets

Investment portfolio - other listed hybrid equity instruments and floating rate notes at amortised cost	56,598,831	41,041,295
Interest bearing deposits	<u>34,691,000</u>	<u>21,341,000</u>
Total financial assets	<u><b>91,289,831</b></u>	<u><b>62,382,295</b></u>

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 6 Loans and Other Receivables

	2017	2016
Note	\$	\$
Accrued Interest	295,423	362,815
GST Receivable	8,094	4,727
Loans - Other Anglican Diocesan entities - unsecured	21,315,628	15,581,722
	<u>21,619,145</u>	<u>15,949,264</u>

#### (a) Maturity

The loans are classified based on a maturity profile as follows:

At call	-	-
0-1 years	1,364,680	200,846
1-5 years	19,950,948	15,380,876
Over 5 years	-	-
<b>Total loans</b>	<u>21,315,628</u>	<u>15,581,722</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

Computer software		
Cost	81,925	81,925
Accumulated amortisation and impairment	(81,925)	(81,925)
Total intangibles	<u>-</u>	<u>-</u>

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 9 Depositors' funds

	2017	2016
	\$	\$
CURRENT		
Unsecured liabilities:		
At call	29,450,853	20,763,415
Temporary trusts	7,263,098	6,474,098
Fixed term deposits 6 - 12 month original maturity	88,117,597	75,191,479
Fixed term deposits 1 - 5 year original maturity	1,393,986	6,815,710
	<u>126,225,534</u>	<u>109,244,702</u>

### 10 Trade and Other Payables

CURRENT		
Unsecured liabilities		
Sundry payables and accrued expenses	29,121	30,902
Diocesan grant payable	325,000	250,000
	<u>354,121</u>	<u>280,902</u>

### 11 Financial Risk Management

#### Financial risk management policies

In accordance with the Newcastle Anglican Church Corporation Ordinance 2017, the NACC was appointed on 1 October 2017.

The role of the NACC is to oversee the temporal, financial, business and administrative affairs of the Diocese. The NACC Board is accountable to the Diocesan Council and the Diocesan Synod. The Diocesan Council has delegated to the Board the primary responsibility for these aspects of Diocesan life. It has also delegated to the Board the primary responsibility for advising the Bishop and the Diocesan Council about these affairs as well as the strategic, financial and risk matters of the Body Corporates of the Diocese.

The Board of the NACC is also the Board of the Trust Corporation (the Trustees of Church Property for the Diocese of Newcastle) and Diocese's Religious Charitable Development Fund (the Anglican Savings and Development Fund).

The Board has formed the Audit and Risk Committee and the Finance and Investment Committee whose responsibilities include risk management and financial oversight. The Committees discharge their responsibilities through risk assessment procedures, policy setting, monitoring of controls and monitoring of financial performance. The Committees report to the Board of the Newcastle Anglican Church Corporation about their activities and recommendations.

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

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

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## Notes to the Financial Statements For the Year Ended 31 December 2017

### 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, 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:

#### Financial Assets

Cash and cash equivalents	15,059,186	31,684,631
Loans and other receivables	21,619,145	15,949,264
Investment portfolio	56,598,831	41,041,295
Interest bearing deposits	34,691,000	21,341,000
<b>Total financial assets</b>	<b>127,968,162</b>	<b>110,016,190</b>

#### Financial Liabilities

Trade and other payables	354,121	280,902
Depositor funds	126,225,534	109,244,702
<b>Total financial liabilities</b>	<b>126,579,655</b>	<b>109,525,604</b>

#### 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 unsecured loans receivable reported in note 6.

#### 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 Finance and Investment Committee manages this risk through the following budgeting and financial planning activities:

- 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;

# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 11 Financial Risk Management

#### Liquidity risk

- 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.

##### *ii. Equity price risk*

The Anglican Savings & Development Fund - Anglican Diocese of Newcastle invests mainly in fixed interest products including floating rate notes. Whilst the investment policy adopted is to hold the investments to maturity, The Anglican Savings & Development Fund - Anglican Diocese of Newcastle may be exposed to fair value movements in the market price of the investments.

The Finance and Investment Committee is responsible for setting the investment policy for the Anglican Savings & Development Fund - Anglican Diocese of Newcastle. Risk is managed through diversification of investments across institutions, industries and geographic locations.

##### *iii. 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.




# Anglican Savings & Development Fund - Anglican Diocese of Newcastle

ABN 37 901 909 074

## Statement by the Board Members of the Anglican Savings & Development Fund Anglican Diocese of Newcastle

The accounting records have been properly maintained, and in our 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 2017, 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.

Board Member ..... 

Board Member ..... 

Dated 2 July 2018

