

ANGLICAN FUNDS GRAFTON DIOCESE

ABN 42 489 753 905

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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FOR THE YEAR ENDED 31 DECEMBER 2015

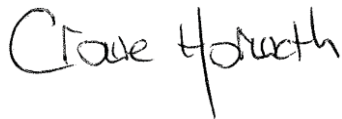
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**AUDITORS' INDEPENDENCE DECLARATION
TO THE MEMBERS OF
ANGLICAN FUNDS GRAFTON DIOCESE**

ABN 42 489 753 905

I declare that, to the best of my knowledge and belief, during the financial year to 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



CROWE HORWATH CENTRAL NORTH



Bradley D Bohun

Registered Company Auditor
24 Queen Street
GRAFTON NSW 2460

Dated: 30 May 2016

ANGLICAN FUNDS GRAFTON DIOCESE

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Revenue	2	2,015,764	2,211,791
Depreciation expense		(22,166)	(22,837)
Employee benefits expense		(269,571)	(272,557)
Finance costs		(1,206,273)	(1,342,706)
Other expenses		(200,012)	(181,162)
Profit before contribution to related parties		317,742	392,529
Contribution to related parties		(150,000)	(150,000)
Profit attributable to the Corporate Trustees		\$ 167,742	\$ 242,529

ANGLICAN FUNDS GRAFTON DIOCESE

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
ASSETS			
Cash and cash equivalents	4	7,917,849	4,630,935
Trade and other receivables	5	1,243	132
Financial assets	6	32,787,528	32,338,496
Property, plant and equipment	7	13,461	35,627
TOTAL ASSETS		40,720,081	37,005,190
LIABILITIES			
Trade and other payables	8	341,915	363,062
Financial liabilities	9	39,226,365	35,683,783
Provisions	10	7,851	9,170
TOTAL LIABILITIES		39,576,131	36,056,015
NET ASSETS		\$ 1,143,950	\$ 949,175
EQUITY			
Financial assets revaluation reserve		28,040	1,007
Capital adequacy reserve		1,115,910	948,168
TOTAL EQUITY		\$ 1,143,950	\$ 949,175

The accompanying notes form part of these financial statements.

ANGLICAN FUNDS GRAFTON DIOCESE

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Financial Assets Revaluation Reserve \$	Capital Adequacy Reserve \$	Total \$
Balance at 1 January 2014	1,882	705,639	707,521
Profit attributable to Corporate Trustees	-	242,529	242,529
Revaluation increment	(875)	-	(875)
Balance at 31 December 2014	1,007	948,168	949,175
Profit attributable to Corporate Trustees	-	167,742	167,742
Revaluation increment	27,033	-	27,033
Balance at 31 December 2015	\$ 28,040	\$ 1,115,910	\$ 1,143,950

The accompanying notes form part of these financial statements.

ANGLICAN FUNDS GRAFTON DIOCESE
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		1,246	4,023
Interest received		2,002,632	2,207,768
Other income		10,775	1,991
Payments to suppliers and employees		(473,192)	(775,380)
Finance costs		(1,225,132)	(1,448,769)
Contribution to Diocese of Grafton		<u>(150,000)</u>	<u>(150,000)</u>
Net cash provided by (used in) operating activities	11 (b)	<u>166,329</u>	<u>(160,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net movement in loans and receivables		2,417,080	1,028,875
Net movement in other financial assets		(2,839,077)	(3,684,910)
Purchase of property, plant and equipment		<u>-</u>	<u>(724)</u>
Net cash used in investing activities		<u>(421,997)</u>	<u>(2,656,759)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in depositor funds		<u>3,542,582</u>	<u>925,251</u>
Net cash provided by financing activities		<u>3,542,582</u>	<u>925,251</u>
Net increase (decrease) in cash held		3,286,914	(1,891,875)
Cash at the beginning of the financial year		<u>4,630,935</u>	<u>6,522,810</u>
Cash at the end of the financial year	11 (a)	<u>\$ 7,917,849</u>	<u>\$ 4,630,935</u>

ANGLICAN FUNDS GRAFTON DIOCESE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Statement of Significant Accounting Policies

Statement of Compliance

The financial report is a special purpose financial report of the Anglican Funds Grafton Diocese.

The Anglican Funds Grafton Diocese is established as an operation of The Corporate Trustees of the Diocese of Grafton and is governed under the Diocese of Grafton's 'Diocesan Governance Ordinance 2008' (as amended), specifically Chapter 18. The ordinance provides that the Fund shall be under the control of The Corporate Trustees of the Diocese of Grafton who are empowered to delegate the administration and management of the Fund to a Board.

The Anglican Funds Grafton Diocese is not a separately incorporated legal entity and as such operates as a segment of The Corporate Trustees of the Diocese of Grafton.

Basis of Preparation

The financial statements are special purpose financial statements that have been prepared in accordance with all Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue by a resolution of the Board on 19 May 2016.

Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Income Tax

The organisation is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value 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.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated on straight-line basis over their useful lives to the Fund commencing from the time the asset is held ready for use.

The estimated useful lives are as follows:

Class of Fixed Asset	Effective Useful Life
Plant and Equipment	3 - 10 years
Computer Equipment	3 years
Software	6 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit and loss' in which case transactions costs are expensed to the statement of profit or loss and other comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method;
- less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of profit or loss and other comprehensive income.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the organisation's intention to hold these investment to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the organisation sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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Available-for-sale financial assets are included in non-current assets except for those which are expected to be disposed within 12 months after the end of the reporting period, which will be classified as current assets.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions.

Impairment

At the end of each reporting period, the organisation assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit or loss and other

(d) Impairment of Assets

At the end of each reporting period, the organisation assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value of its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the organisation estimates the receivable amount of the cash-generating unit to which the asset belongs.

(e) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

(f) Provisions

Provisions are recognised when the Fund has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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(g) 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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

All revenue is stated net of the amount of goods and services tax (GST).

(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 Trustees during the reporting period, which remain unpaid. The balance is recognised as a liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Goods and Services Tax

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. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Depositor Funds

Depositor funds are those that are lodged with the Anglican Funds Grafton Diocese by the Diocese, Anglican Parishioners, Ministry Units and related Anglican Institutions.

(l) Comparative Figures

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

(m) Going Concern

At 31 December 2015, Anglican Funds Grafton Diocese maturity forecasts identify that the amount of depositor funds maturing within 12 months far exceeds the value of loans and receivables and other assets expected to be realised within the next 12 months. The financial report has been prepared on the basis of the Fund being a going concern. The ability of Anglican Funds Grafton Diocese to continue as a going concern is dependent upon the following key factors:

- continuing liquidity of the Fund. The Board and Management have reviewed the historical trend of depositor funds reinvested with the Fund. The Fund has seen growth in the amount of funds deposited over the past several years resulting from a direction from the Anglican Diocese of Grafton that all transactional banking of Anglican Affiliates (unless otherwise approved) are to be undertaken through Anglican Funds Grafton Diocese. This has seen an improvement in the Funds liquidity ratio.

- continuing support from The Corporate Trustees of the Diocese of Grafton, whom hold net funds on investment at 31 December 2015 of \$10,091,574 (2014: \$9,493,400).

- low levels of non-performing or impaired loans. The Board and Management of Anglican Funds Grafton Diocese have undertaken an assessment of the loans issued to identify any non-performing or impaired loans. Additionally, Management has procedures in place to receive finance reports on a periodic base from borrowers depending upon the level of risk attached to the borrowings. As at 31 December 2015, the fund had not identified any non-performing or impaired loans (2014: \$nil).

Should any of the above matters significantly change, there may be inherent uncertainty as to whether Anglican Funds Grafton Diocese would be able to continue as a going concern and realise its assets or extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(n) Critical Accounting Estimates and Judgements

Anglican Funds Grafton Diocese evaluates estimates and judgment to incorporate into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the organisation.

Key estimates — Impairment

The Board assess impairment at each reporting date by evaluating conditions specific to the organisation that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Note	2015 \$	2014 \$
Note 2: Revenue		
Dividend income	1,246	4,023
Interest income	2,002,632	2,207,768
Other income	11,886	-
Total revenue	\$ 2,015,764	\$ 2,211,791

Note 3: Profit Before Income Tax Expense

Significant expenses

Computer expenses	109,434	107,614
AFGD Contribution to Diocese of Grafton	150,000	150,000
Finance costs	1,206,273	1,342,706
Salaries and wages	242,475	238,470

Note 4: Cash and Cash Equivalents

Cash at bank	500,785	603,217
Short term deposits	7,417,064	4,027,718
	\$ 7,917,849	\$ 4,630,935

Short term deposits include a number of on call accounts and term deposits with maturity dates of less than 3 months.

Note 5: Trade and Other Receivables

CURRENT

Other receivables	1,243	132
	\$ 1,243	\$ 132

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Note 6: Financial assets			
Available-for-sale financial assets	6 (a)	6,041,903	53,635
Held-to-maturity financial assets	6 (b)	1,153,807	4,275,963
Loans and receivables	6 (c)	25,591,818	28,008,898
		32,787,528	32,338,496
Less non-current portion		(15,104,496)	(22,492,517)
		\$ 17,683,032	\$ 9,845,979
<i>Expected to be collected in the next 12 months</i>			
Available-for-sale financial assets		6,041,903	53,635
Held-to-maturity financial assets		1,153,807	4,275,963
Loans and receivables		10,487,322	5,516,381
		\$ 17,683,032	\$ 9,845,979
<i>Expected to be collected after 12 months</i>			
Loans and receivables		15,104,496	22,492,517
		\$ 15,104,496	\$ 22,492,517
(a) Available-for-sale financial assets comprise:			
- investments in listed companies		52,397	53,635
- interest bearing securities		5,989,506	-
		\$ 6,041,903	\$ 53,635
Available-for-sale financial assets comprise:			
- investments in various capital options of listed entities. There are no fixed returns or fixed maturity dates attached to these assets; and			
- investments in bonds and floating rate notes of various listed entities. There are fixed maturity dates and floating returns to these assets.			
(b) Held-to-maturity financial assets comprise:			
- fixed rate investments		1,153,807	4,275,963
		\$ 1,153,807	\$ 4,275,963
Held-to-maturity financial assets comprise investments in term deposits with terms greater than 3 months. There are fixed rate returns on these investments.			
(c) Loans and receivables:			
- loans to The Corporate Trustees of the Diocese of Grafton		1,675,870	1,914,244
- loans and receivables		23,915,948	26,094,654
		\$ 25,591,818	\$ 28,008,898

Loans and receivables assets comprise loans from AFGD to other parties including Anglican Diocese of Grafton, Anglican schools, parishes and individuals.

No provision for doubtful debts is considered necessary due to the performing nature of the loan book and the funds prior history of bad debt write-offs.

ANGLICAN FUNDS GRAFTON DIOCESE

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Note 7: Property, Plant & Equipment			
Plant and Equipment (at cost)			
Plant & equipment		24,095	24,096
Less: Accumulated depreciation		(23,982)	(16,942)
		<u>113</u>	<u>7,154</u>
Computer Software		60,500	60,500
Less: Accumulated depreciation		(47,152)	(32,027)
		<u>13,348</u>	<u>28,473</u>
Total Plant and Equipment		<u>\$ 13,461</u>	<u>\$ 35,627</u>
(a) Movements in carrying amounts			
		Plant and Equipment	Total
Balance at the beginning of the year		35,627	35,627
Additions		-	-
Disposals		-	-
Depreciation expense		(22,166)	(22,166)
Carrying amount at the end of the year		<u>\$ 13,461</u>	<u>\$ 13,461</u>
Note 8: Trade and Other Payables			
CURRENT			
Unsecured liabilities;			
Trade and other payables		23,644	25,932
Accrued interest		318,271	337,130
		<u>\$ 341,915</u>	<u>\$ 363,062</u>

All balances are expected to be paid within the next 12 months.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
Note 9: Borrowings			
Depositors funds		<u>39,226,365</u>	<u>35,683,783</u>
Total Borrowings		<u>\$ 39,226,365</u>	<u>\$ 35,683,783</u>
<i>Maturing within the next 12 months</i>			
Funds deposited by The Corporate Trustees of the Diocese of Grafton		<u>11,767,444</u>	<u>11,407,644</u>
Other depositors		<u>25,399,222</u>	<u>23,806,304</u>
		<u>\$ 37,166,666</u>	<u>\$ 35,213,948</u>
<i>Maturing after the next 12 months</i>			
Other depositors		<u>2,059,699</u>	<u>469,835</u>
		<u>\$ 2,059,699</u>	<u>\$ 469,835</u>
(a) Approved standby credit facilities limits			
Westpac Banking Corporation		<u>1,500,000</u>	<u>2,600,000</u>
Anglican Funds South Australia (AFSA)		<u>100,000</u>	<u>100,000</u>
		<u>\$ 1,600,000</u>	<u>\$ 2,700,000</u>
The Westpac Banking Corporation facility is secured by registered first mortgages over freehold land and buildings owned by the Corporate Trustees of the Diocese of Grafton and an \$800,000 term deposit.			
(b) Unused standby credit facilities limits			
Westpac Banking Corporation		<u>1,500,000</u>	<u>2,600,000</u>
Anglican Funds South Australia (AFSA)		<u>100,000</u>	<u>100,000</u>
		<u>\$ 1,600,000</u>	<u>\$ 2,700,000</u>
The Westpac Banking Corporation credit facility was reduced to a line limit of \$1,500,000 effective from 23 December 2015. At this same time, the entity adjusted the assets held as security for this line of credit.			
Note 10: Employee benefits			
Provision for employee benefits		<u>7,851</u>	<u>9,170</u>
		<u>\$ 7,851</u>	<u>\$ 9,170</u>

All amounts are expected to be paid within the next 12 months.

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015	2014
		\$	\$
Note 11: Cash Flow Information			
(a) Reconciliation of cash			
Cash and cash equivalents		<u>7,917,849</u>	<u>4,630,935</u>
		<u>\$ 7,917,849</u>	<u>\$ 4,630,935</u>
(b) Reconciliation of cash flow from operations with profit from activities after income tax expense:			
Profit from ordinary activities after income tax expense		167,742	242,529
Non cash flows in profit from ordinary activities:			
Depreciation		22,166	22,837
Changes in Assets and Liabilities:			
(Increase)/Decrease in trade and other receivables		(1,111)	1,991
Increase/(Decrease) in trade payables		(2,290)	(320,349)
Increase/(Decrease) in accrued interest payable		(18,859)	(106,063)
Increase/(Decrease) in provisions		<u>(1,319)</u>	<u>(1,312)</u>
Cash flows from operations		<u>\$ 166,329</u>	<u>\$ (160,367)</u>

Note 12: Capital and Leasing Commitments

As at 31 December 2015, the Anglican Funds Grafton Diocese had not engaged in any capital expenditure or leasing commitments.

Note 13: Events After the End of the Reporting Period

There have been no matters arising since the End of the Reporting Period which are expected to significantly impact the operations, or the results of the operations, in future financial years.

Note 14: Related Party Transactions

Transactions between related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 15: APRA/ASIC Regulation

Anglican Funds Grafton Diocese are continuing to monitor the reviews being undertaken by APRA and ASIC into existing banking exemptions held.

APRA

The Anglican Funds Grafton Diocese currently holds a banking exemption order for Religious Charitable Development Funds which expires on 31 December 2016. APRA are currently in the final stages of updating the requirements of Religious Charitable Development Funds to be in place under the new exemption. It is expected that there will be a 12 month transitional period to implement any changes. The changes currently proposed by APRA are expected to have minimal impact on the operations of Anglican Funds Grafton Diocese.

ASIC

Anglican Funds Grafton Diocese currently has exemptions under Regulatory Guide 87: Charities as a Charitable Investment Fundraiser until 31 December 2016. Anglican Funds Grafton Diocese have responded to the ASIC Consultation Paper 207 which identifies the extent of proposed changes to the current exemptions and the likely impact of these changes on the Anglican Funds Grafton Diocese. Given the current state of the review, it is expected that the full impact of changes will not be known until October 2016. It is expected that ASIC will allow a 12 month transitional period to comply with the requirements of the new exemption order.

ANGLICAN FUNDS GRAFTON DIOCESE

ABN 42 489 753 905

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015	2014
		\$	\$
Note 16: Board Members			
The names of members of the Board of the Anglican Funds Grafton Diocese at any time during, or since the end of, the year were:			
The Right Reverend Dr Sarah Macneil			
Mr David John Ford			
Mr Kenneth John Adlington			
Mr Philip Charles Crandon			
Mr Edward Alfred Clarke			
Mr Christopher Philip Nelson			
Mr Terence Lancelot Hunt			
Mr Gary Laurence Boyd			
Note 17: Financial Instruments			
(a) Financial Risk Management			
The operations of Anglican Funds Grafton Diocese expose it to a number of financial risks: credit risk, liquidity risk and market risk and interest rate risk. The Board does not consider foreign currency risk to be significant given the financial instruments of the Fund. The entity's financial instruments consist mainly of deposits with banks, short term investments, interest bearing securities, loans receivable and accounts payable and depositor funds.			
<u>Interest Rate Risk</u>			
The Fund's interest rate risk arises from two significant components of its operations, being loans receivable and depositor funds. The fund also has interest rate risk in relation to its deposits with bank and interest bearing securities.			
The Fund has loans receivable at 31 December 2015 of \$25,591,818 (2014: \$28,008,898). These loans receivable are a combination of short term floating rate facilities, interest only facilities and principal and interest facilities. The average years to maturity of loans receivable (excluding short term floating rate facilities) at 31 December 2015 is 6.77 years (2014: 6.91 years).			
Depositor funds held at 31 December 2015 totalled \$39,226,365 (2014: \$35,683,783). These depositor funds represent a mix of short term at call floating rate facilities and fixed rate term investments. At 31 December 2015, 94.7% (2014: 98.7%) of funds held on deposit had a maturity date of less than 12 months.			
<u>Credit Risk</u>			
Credit risk refers to the risk that a borrower will default on its obligations resulting in financial loss to the Fund. The Fund has strict policies in place relating to the collection and analysis of financial information prior to the lending of moneys. The Fund also obtains appropriate securities over loans made and monitors and reviews the operations and financial results of borrowers on a regular basis depending upon the individual borrowers risk assessment.			
<u>Liquidity Risk</u>			
Liquidity risk management requires the Fund to maintain sufficient liquid assets (mainly cash and cash equivalents) to enable redemptions of depositor funds, drawdown on approved borrowings and pay other operation costs as and when they become due and payable.			
The Fund manages its capital requirements by preparing forward looking cash flow reports in relation to its operational, investing and financing activities which are monitored on a monthly basis. Longer term trend analysis is also undertaken to identify future influences upon capital requirements.			
		2015	2014
		\$	\$
Available capital at end of financial year:			
Cash and cash equivalents		7,917,849	4,630,935
Unused finance facilities		1,600,000	2,700,000
		\$ 9,517,849	\$ 7,330,935

ANGLICAN FUNDS GRAFTON DIOCESE

ABN 42 489 753 905

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

(b) Interest Rate Risk

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Within 1 year		1 to 5 years		Over 5 years		Non-Interest Bearing		Total	
	2015 %	2014 %	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Financial assets:														
Cash and cash equivalents	2.3%	2.8%	1,917,849	1,120,863	6,000,000	3,510,072	-	-	-	-	-	-	7,917,849	4,630,935
Trade and other receivables	0.0%	0.0%	-	-	-	-	-	-	-	-	1,243	132	1,243	132
Available-for-sale financial assets	2.5%	0.0%	5,989,506	-	-	-	-	-	-	-	52,397	53,635	6,041,903	53,635
Held-to-maturity financial assets	2.7%	3.5%	-	-	1,153,807	4,275,963	-	-	-	-	-	-	1,153,807	4,275,963
Loans and receivables	5.7%	6.9%	7,869,948	2,488,106	2,617,374	3,028,275	10,469,496	12,113,100	4,635,000	10,379,417	-	-	25,591,818	28,008,898
Total			\$15,777,303	\$ 3,608,969	\$ 9,771,181	\$10,814,310	\$10,469,496	\$12,113,100	\$ 4,635,000	\$10,379,417	\$ 53,640	\$ 53,767	\$40,706,620	\$36,969,563
Financial liabilities:														
Trade and other payables	0.0%	0.0%	-	-	-	-	-	-	-	-	341,915	363,062	341,915	363,062
Depositor funds	2.8%	3.6%	5,614,323	5,317,301	31,550,353	29,907,243	2,059,699	459,189	-	-	2,000	2,000	39,226,375	35,685,733
Total			\$ 5,614,323	\$ 5,317,301	\$31,550,353	\$29,907,243	\$ 2,059,699	\$ 459,189	\$ -	\$ -	\$ 343,915	\$ 365,062	\$39,568,290	\$36,048,795

(c) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements

No financial assets or financial liabilities are readily traded on organised markets in standardised form. For other assets and other liabilities the net fair value approximates their carrying value.

Note 18: Fund Details

The registered office and principal place of business is:

Anglican Funds Grafton Diocese
50 Victoria Street
GRAFTON, NSW, 2460

ANGLICAN FUNDS GRAFTON DIOCESE

ABN 42 489 753 905

**STATEMENT BY THE FUND MANAGER
FOR THE YEAR ENDED 31 DECEMBER 2015**

In my opinion, the accounts present fairly the operations of the Anglican Funds Grafton Diocese for the year ended 31 December 2015 and of the state of affairs as at that date, and are properly drawn up in accordance with the accounting policies as described in Note 1 to the financial statements.

A handwritten signature in blue ink, appearing to be 'BF', enclosed within a large, loopy oval shape.

Blaine Fitzgerald
Fund Manager

Dated: 19 May 2016

ANGLICAN FUNDS GRAFTON DIOCESE

ABN 42 489 753 905

**STATEMENT BY THE MEMBERS OF THE ANGLICAN FUNDS GRAFTON DIOCESE
FOR THE YEAR ENDED 31 DECEMBER 2015**

In the opinion of the members of the Anglican Funds Grafton Diocese, the accompanying financial statements:

- (a) presents fairly the operations of the Anglican Funds Grafton Diocese for the year ended 31 December 2015, and of the state of affairs as at that date and are properly drawn up in accordance with the accounting policies as described in Note 1 to the financial statements; and
- (b) at the date of this statement there are reasonable grounds to believe that the Anglican Funds Grafton Diocese will be able to pay its debts as and when they become due and payable; and
- (c) The activities of the Anglican Funds Grafton Diocese have been undertaken in line with the delegated authority of the Board of Management as per Chapter 18 of the Diocese Governance Ordinance 2008.

Signed in accordance with a resolution at a duly constituted meeting.

Signed on behalf of the Members of the Anglican Funds Grafton Diocese.



David Ford
AFGD Board Chairperson



Edward Clarke
AFGD Board Member

Dated: 19 May 2016

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ANGLICAN FUNDS GRAFTON DIOCESE**

ABN 42 489 753 905

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Anglican Funds Grafton Diocese, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the Corporate Trustees.

Trustees Responsibility for the Financial Report

The Trustees are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the reporting requirements of the organisation.

The Trustees responsibility also includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 to 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 control relevant to the entity's preparation of the financial report that gives a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluation 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ANGLICAN FUNDS GRAFTON DIOCESE**

ABN 42 489 753 905

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Auditing Standards.

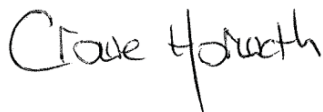
Audit Opinion

In our opinion, the financial report of Anglican Funds Grafton Diocese:

- a) presents fairly the entity's financial position as at 31 December 2015 and its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1.

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 for the purpose of fulfilling the organisations financial reporting responsibilities for Synod. As a result, the financial report may not be suitable for any other purpose.



CROWE HORWATH CENTRAL NORTH



Bradley D Bohun

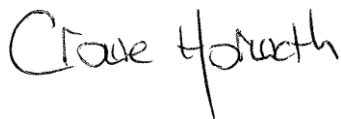
Registered Company Auditor
24 Queen Street
GRAFTON NSW 2460

Dated: 30 May 2016

**DISCLAIMER
TO THE MEMBERS OF
ANGLICAN FUNDS GRAFTON DIOCESE**

ABN 42 489 753 905

The additional financial data presented on pages 2 - 6 is in accordance with the books and records of the Fund which have been subjected to the auditing procedures applied in our statutory audit of the Fund for the financial year ended 31 December 2015. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Anglican Funds Grafton Diocese) in respect of such data, including any errors or omissions therein however caused.



CROWE HORWATH CENTRAL NORTH



Bradley D Bohun
Registered Company Auditor
24 Queen Street
GRAFTON NSW 2460

Dated: 30 May 2016

ANGLICAN FUNDS GRAFTON DIOCESE

ABN 42 489 753 905

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	\$	\$
Income		
Dividends received	1,246	4,023
Interest received	2,002,632	2,207,768
Sundry income	11,886	-
Total Income	\$ 2,015,764	\$ 2,211,791
Expenditure		
Advertising	6,169	7,906
Bank charges	13,188	2,827
Computer expenses	109,434	107,614
Depreciation, amortisation and impairment	22,166	22,837
Donations	1,066	1,427
Finance costs	1,206,273	1,342,706
Insurance	8,531	4,456
Other employment expenses	7,294	14,831
Postage	2,113	2,476
Printing and stationery	11,447	8,331
Professional fees - auditor's remuneration	21,003	12,000
Professional fees - consultancy fees	6,445	10,936
Provision for annual leave	(1,315)	(1,230)
Rent	5,200	6,550
Salaries and wages	242,475	238,470
Sundry expenses	1,155	3,105
Superannuation contributions	21,117	20,486
Telephone	2,366	2,417
Training and computer implementation	5,535	-
Travel and accommodation	6,360	11,117
Total Expenditure	1,698,022	1,819,262
Profit before contribution to related parties	317,742	392,529
Contribution to Diocese of Grafton	(150,000)	(150,000)
Profit	\$ 167,742	\$ 242,529