



To be the trusted financial services provider of the Diocese of Grafton, enabling ministry growth.

Agenda
Thursday 5th October 2017 9.00 am
via teleconference

1. Opening Prayer

2. Attendees:

Apologies:

3. Call for additional Agenda items and close of Agenda –

4. Confirmation of

a) Minutes - 24 August 2017 –

3 Pages

5. Conflict of Interest Declarations - Standing Register of interests at present

- Bishop Sarah Macneil - various Diocesan Board representations
- Chris Nelson - various Diocesan Board representations
- Blaine Fitzgerald – Anglicare North Coast
- David Ford - Bishop Druitt College (BDC)
- Ted Clarke – Clarence Valley Anglican School (CVAS)

6. Correspondence In & Out

In: i. CVAS Response

(including header)

5 Pages

Out: i.

7. Matters for Decision/Discussion:

a) APRA/ASIC update and next steps – refer to item 7.b)

Consistent with key result area 5. Governance Compliance and Risk Management

b) AFS Licence update - (Australian Financial Services licence)

Melbourne Securities Corporation (MSC) have been engaged to complete our initial registration of the trust for the Managed Investment Scheme. through ASIC

Refer to Fund Managers Report & scope and fee proposals

I. Mills Oakley

(including header)

20 Pages

II. Pitcher Partners

(including header)

3 Pages

III. Minter Ellison

(including header)

10 Pages

Consistent with key result area 5. Governance Compliance and Risk Management.

c) Board member recruitment update

Refer to CV attached James Flavin.

(including header)

7 Pages

Consistent with key result area 5. Governance Compliance and Risk Management.

8. Matters for Update:

- a) **Staff update** - Manager to discuss refer Fund Managers report

Consistent with key result area 4. Human Resources

9. Matters for Noting

- | | | |
|--|--------------------|----------|
| a) Fund Managers Report - to 18/8/17 to 22/9/17 - | (including header) | 7 pages |
| b) Financial Reports - as at 31/8/17 | (including header) | 14 pages |

Next Meeting – 23rd November 2017
(or via teleconference if required between 5/10/17 and 23/11/17)

Minutes
Thursday 24 August 2017 9.00 am
Level 1 50 Victoria St Grafton

Meeting commenced

9.04am

1. Opening Prayer

2. Attendees all others

Mr David Ford Chair, Mr Terry Hunt, Mr Gary Boyd, Mrs Lisa Mulvaney,
Mr Phil Crandon, Mr John Adlington, Mr Ted Clarke, Mr Chris Nelson and
Mr Blaine Fitzgerald.

Apologies

Bishop Sarah Macneil

3. Call for additional Agenda items and close of Agenda

Revisit the Board succession plan and raise a formal request for Board succession planning to be added as a regular agenda item at point 7 "matters for decision/discussion " of future agendas.

4. Confirmation of Minutes

a) Minutes - 27 July 2017

Motion

That the minutes of 27 July 2017 be accepted as true and correct.

Moved: Mr John Adlington

Seconded: Mr Chris Nelson

Carried

5. Conflict of Interest Declarations

Standing Register of interests at present

- Bishop Sarah Macneil - various Diocesan Board representations
- Chris Nelson - various Diocesan Board representations
- Blaine Fitzgerald - Anglicare North Coast
- David Ford - Bishop Druitt College (BDC)
- Ted Clarke – Clarence Valley Anglican School (CVAS)

6. Correspondence In & Out

In

Nil

Out

a) CVAS Financial Performance update dated 28/7/17

Motion

That the correspondence out be accepted.

Moved: Mr John Adlington

Seconded: Mr Phil Crandon

Carried

7. Matters for Decision/Discussion:

a) APRA/ASIC update and next steps – linked to item 7.b)

Consistent with key result area 5. Governance Compliance and Risk Management

For information purposes only – legal clarity for Board members on the potential ramifications for breaches of the Corporations Act.

Motion

That the advice provided by Emil Ford Lawyers in relation to the consequences of potential breaches of the Corporations Act to be included in the induction pack for future AFGD Board Members.

Moved: Mr Chris Nelson

Seconded: Mr Terry Hunt

Carried

b) AFS Licence update - (Australian Financial Services licence)

Consistent with key result area 5. Governance Compliance and Risk Management

- (i) Email from Matt Fletcher MSC dated 9/8/17

Motion

That the AFGD Board approves the use of Mills Oakley to provide legal advice on the structure, documentation and compliance matters relating to establishing a retail fund arrangement with Melbourne Securities Corporation.

Moved: Mr Chris Nelson

Seconded: Mr Ted Clarke

Carried

- (ii) PowerPoint presentation to the Corporate Trustees

Motion

That AFGD Manager prepares a paper narrating the bodies involved in future transactions and their role in the operations.

Moved: Mr Terry Hunt

Seconded: Mr Phil Crandon

Carried

c) AFGD – Auditor Selection

Motion

That the AFGD Board supports the recommendation of the Audit Committee and recommends to the Corporate Trustees that Thomas Noble & Russell be appointed as auditor for the 2017 financial year.

Moved: Mr John Adlington

Seconded: Mr Phil Crandon

Carried

Motion

That the AFGD Board thanks the Audit Committee for their input in this matter.

Moved: Mr Terry Hunt

Seconded: Mr Gary Boyd

Carried

8. Matters for Update:

a) Staff update

Manager discussed staff update in Fund Managers report
Consistent with key result area 4. Human Resources

9. Matters for Noting

a) Fund Managers Report - to 20/7/17 to 18/8/17

Motion

That the Fund Managers reports be accepted.

Moved: Mr John Adlington

Seconded: Mrs Lisa Mulvaney

Carried

b) Financial Reports - as at 31/7/17 – includes forecast update with mitigants.

Motion

That the AFGD Board requests a Performance Report from Ord Minnett which discloses the following

1. *Cost of Investment*
2. *Income from Investment – Gross and net of management fees*
3. *Closing Valuation*

Moved: Mr Terry Hunt

Seconded: Mr Ted Clarke

Carried

Motion

That the financial reports be accepted and the Board notes that AFGD is trading solvently.

Moved: Mrs Lisa Mulvaney

Seconded: Mr Phil Crandon

Carried

10. Next Meeting 5 October 2017

11. Close of meeting 1.03pm

CONFIRMED – As a true and correct record of proceedings of Anglican Funds Grafton Diocese (AFGD) meeting of 24th August 2017

Chair – David Ford



BOARD MEETING DATE:

5/10/2017

No 6 Correspondence In & Out

Item: i

Title: Clarence Valley Anglican School Response

No of Pages. 5 incl Header



Clarence Valley
ANGLICAN SCHOOL

**Clarence Valley
Anglican School**
ABN 23 341 979 287
PO Box 500
GRAFTON NSW 2460

Cathedral Campus
39 Victoria Street
GRAFTON NSW 2460
T. 02 6642 2011
F. 02 6642 2144

jsreception@cvas.nsw.edu.au

Clarenza Campus
74 Centenary Drive
GRAFTON NSW 2460
T. 02 6642 8205
F. 02 6642 8203

ssreception@cvas.nsw.edu.au

19 September 2017

Blaine Fitzgerald
Fund Manager
Anglican Funds Grafton Diocese
PO Box 4
GRAFTON NSW 2460

Dear Blaine

Clarence Valley Anglican School Financial Performance Update

I refer to your letter dated 28 July 2017 addressed to the Clarence Valley Anglican School Council seeking an assurance that the school has a clear plan for its ongoing sustainability.

I am pleased to report that over the past six months the School Council has been working closely with the Principal, and more recently with our new Business Manager, to consider, approve and implement a range of initiatives to improve school operations and financial performance.

As requested in your letter the school has also sought the assistance of AIS NSW to guide key actions. To this end, a meeting was held at the school on 5 September between Michael Carr (Deputy Executive Officer and Chief Operating Officer, AIS NSW), Principal, Deputy Principal and Business Manager, to review school staff structure, current financial statements and opportunities for future growth. Key outcomes of the meeting included recommendations to combine some senior school classes; increase school profile in the local community by advertising and participation in community events; decrease primary school relief from face-to-face teaching to more closely align with the government and catholic sectors; increase face-to-face teaching in the secondary school by restructuring the timetable; and rationalise pastoral care responsibilities and allowances. The Principal and Business Manager reported on these matters at the most recent Council meeting and will provide further information, including more detailed information on the financial benefits, at the October meeting of Council. These recommendations will have particular effect from the commencement of the 2018 school year.

Financial initiatives that have already been or are in the process of being implemented include a weekly cash flows worksheet to proactively manage the cheque, cash management and overdraft bank accounts; changing from 'Reckon' to 'The Administration System for Schools' (TASS) – independent school specific, fully integrated administration and financial management software also being embraced by other member schools of the Diocesan Schools Network; and development of a robust financial forecast and budget model.

Key 2017 forecast financial and 2018 draft budget results and assumptions are set-out in the attached extract from the 2018 draft budget document currently being considered by School Council. In summary, an operating surplus of \$70K, and end-of-year cash and overdraft balances of \$75K and \$430K respectively are forecast for 2017, with an operating surplus of \$45K and end-of-year cash and overdraft balances of \$20K and \$400K respectively budgeted for 2018.

The 2018 draft budget financial results are based on a conservative estimate of 306 enrolments, 2.8% tuition fee increase, refinements to staff numbers, a legislated 3.0% per capita increase in state recurrent grants and a conservative 3.75% per capita increase (the increase this year was 7.5%) in commonwealth recurrent grants.

The overall student teacher ratio improves slightly, all loan commitments are accommodated, recurrent expenditure is reduced by 1%, salary and wage costs are within an acceptable benchmark of 68% of recurrent expenditure, and buildings and grounds expenditure is sufficient to maintain an appropriate standard. The level of capital expenditure is significantly improved, reflecting the AIS Block Grant Authority funded amenities block and provision for some information technology infrastructure equipment.

The School Council is committed to achieving positive outcomes for the school's ongoing operational and financial sustainability and welcomes further feedback and suggestions from the Anglican Funds Grafton Diocese.

Yours sincerely



Phillip Bonser
Interim Chair
Clarence Valley Anglican School Council

Copies: Clarence Valley Anglican School Council
Principal, Clarence Valley Anglican School Council

Clarence Valley Anglican School
DRAFT BUDGET 2018

SUMMARY

INDICATOR	2017 AUG YTD	2017 BUDGET	2017 FCAST	2018 BUDGET	NOTES
FINANCIAL RESULTS					
	\$	\$	\$	\$	
Operations					
Net Operating Surplus/(Deficit)	365,653	441,360	70,556	46,131	
Investment					
Capital Expenditure	0	86,000	211,625	240,000	
Equity					
Net Working Capital	(727,784)		(1,170,049)	(1,241,939)	
Net Assets	(3,539,190)		(3,834,287)	(3,788,155)	
Gearing					
Loans Outstanding	8,747,692	0	8,684,024	8,493,020	Includes \$6,572,191 subordinated debt
Cash					
Net Cash From Operating Activities	123,427		408,113	378,004	
Net Increase/(Decrease) in Cash	(11,104)		(8,514)	(53,000)	
Cash at the end of the Period	72,180		74,770	21,770	
Overdraft at the end of the Period	(479,120)		(429,378)	(397,005)	
KEY VARIABLES					
Enrolments					
Non-Funded					
PK	12	17	12	10	
Total	12	17	12	10	
Enrolments					
Funded					
Primary	157	167	160	160	
Secondary	141	152	142	146	
Total	298	319	302	306	
Staff FTE					
Cwth Census					
Teaching		26.50	25.10	25.04	
Non-Teaching		13.44	11.89	11.96	
Total		39.94	36.99	37.00	
Student/Staff Ratios					
Teaching					
Primary		14.5	15.3	15.3	
Secondary		10.1	9.7	10.0	
Discounts & Concessions as % Tuition Fees					
Total	17.81%	17.44%	18.60%	18.50%	
State Recurrent Grant per Student					
Primary			\$ 2,119	\$ 2,183	
Secondary			\$ 2,861	\$ 2,947	
Cwth Recurrent Grant per Student					
Primary			\$ 10,472	\$ 10,865	
Secondary			\$ 10,472	\$ 10,865	

Clarence Valley Anglican School
DRAFT BUDGET 2018

SUMMARY

INDICATOR	2017 AUG YTD	2017 BUDGET	2017 FCAST	2018 BUDGET	NOTES
KEY VARIABLES					
CPI					
Underlying				2.0%	
Increases					
Pre-Kinder Fees		2.2%		2.8%	
K - 12 Tuition Fees		2.0%		2.8%	
Levies		Various		2.0%	
State Recurrent Grants		2.5%		3.0%	
Cwth Recurrent Grants		2.5%		3.8%	
Salaries & Wages					
Teaching		3.5%		2.5%	Annual rate 2.3% excl "incremental creep"
Non-Teaching		2.6%		2.5%	Annual rate 2.3% excl "incremental creep"
School Fees Collected					
Proportion Collected			90.7%	91.0%	
OTHER INFORMATION					
Net Income per Student	\$ 11,968	\$ 15,683	\$ 16,012	\$ 16,095	Tuition fees less discounts plus grants
Average Cost per Teacher				\$ 107,070	Including on costs @ 10%; excluding Principal
Salaries & Wages as proportion of Recurrent Expenditure	67%	66%	67%	68%	



BOARD MEETING DATE:

5/10/2017

No 7 Matters for Decision/Discussion

Item: b i

Title: AFS Licence Update – Mills Oakley Cost Estimate

No of Pages. 20 incl Header

Schedule – Costs Agreement

Dated:	21 September 2017
Between:	Mills Oakley (ABN 51 493 069 734)
Client:	Anglican Funds Grafton Diocese Level 1 50 Victoria St GRAFTON NSW 2460
Matter:	Diocese of Grafton Investment Trust
Reference:	5625965

1 Costs Agreement

The *Legal Profession Uniform Law* (Victoria) ("**the Law**") allows a law practice and you to agree on how the law practice's legal costs are to be calculated and paid through a document known as a "costs agreement". The costs agreement may be enforced in the same way as any other contract, and if you agree to its terms, you are bound by its terms.

2 Our Engagement Terms

This document together with the accompanying terms and conditions (Attachment I – Terms and Conditions) ("**Terms and Conditions**") form our engagement terms ("**Engagement Terms**").

Our Engagement Terms represent our offer to enter into a legal services and costs agreement with you and set out the terms on which we propose to undertake work for you. You may accept our offer in writing or by continuing to instruct us on this matter.

3 Scope

3.1 Background

From our discussions with you, we understand that the Work involves assisting with the establishment of a registered managed investment scheme, to be named the Anglican Investment Fund Trust (**Trust**), or such other name determined by you.

3.2 Scope of our legal services

We understand that the scope of the legal services we will provide for this matter is as follows:

- (a) Prepare constitution for the Trust including liaison with ASIC and Pitcher Partners and assist with application to ASIC on behalf of MSC for registration of the Trust as a registered managed investment scheme;

- (b) Review Compliance Plan for the Trust prepared by MSC;
- (c) Review and provide sign-off on the Product Disclosure Statement (**PDS**) for the Trust prepared by Ord Minett; and
- (d) Draft and negotiate Loan Facility Agreement between MSC as trustee and responsible entity of the Trust and the Diocese of Grafton Investment Fund.

3.3 Changes to the scope of our legal services

Please let us know if in the future new information becomes relevant or your objectives or instructions change. If this occurs, we may need to:

- (a) discuss with you any consequential changes to the scope of our legal services and the costs of our work with you; and
- (b) make further enquiries before we can continue to act in this matter or agree to act in relation to any new instructions.

4 Our charges

4.1 How we will charge you

Our professional charges, disbursements and other costs incurred and applicable GST (Goods and Services Tax) for this matter will be charged as follows:

Professional Charges - Hourly rate

Our professional legal costs will be calculated based on the time spent at the specified hourly rate charged to you for fee earners. Our fee earners record their time in 6 minute units (with 1 unit being the minimum time charged for each item of work) and each fee earner has an hourly charge rate which reflects that fee earner's seniority, expertise, experience and specialisation (if applicable).

Our professional legal costs will be influenced by factors such as the time frame in which the work must be carried out in addition to (among other things) the complexity, difficulty and risk of your matter.

You will:

- (a) not be charged for time disclosing costs or invoicing you for work done;
- (b) be charged in units of time for time spent on or incidental to work by fee earners, for example (but not limited to) conferring, reviewing instructions, advising, travelling to and from the office, negotiating, attending court, waiting time at court, appearing in court, telephone calls, email correspondence, drafting and settling documents and letters, reading documents and research, file review and supervision and delegation of work; and
- (c) be charged for time spent on or incidental to work by a clerk, administrative assistant or employee, not requiring the skill of a lawyer, for example (but not limited to) telephone calls, email correspondence, photocopying and making enquiries.

Disbursements

All necessary and proper disbursements will be incurred by this law firm on your behalf as outlined in clause 13 of the Terms and Conditions.

5 Mills Oakley Team

5.1 Our core team

The following carefully selected team of people have been selected to work on your matter including their standard hourly rates.

Each of the following people are an Australian legal practitioner unless otherwise stated:

Name	Type	Ex-GST
Mark Bland	Partner	\$600.00
Lauree Blair	Special Counsel	\$510.00

5.2 Other team members

Other members of our team may be required to undertake work on your matter from time to time. Where this occurs, we will charge you for their time at the following hourly rates:

Type	Ex-GST
Partners	\$600.00
Special Counsel	\$510.00
Senior Associates	\$420.00
Associates	\$360.00
Lawyers	\$280.00
Law Graduates	\$200.00
Paralegals	\$190.00

5.3 Review of hourly rates

The hourly rates for our fee earners are reviewed from time to time, usually annually, and may change, in which case we will notify you of the change. Unless you advise within 7 days of receipt of our notification as to the change that you no longer wish to continue our engagement, the change of rates will be taken as accepted by you.

6 Costs

6.1 Our estimate of total fees and expenses

We estimate our total legal costs for carrying out the work set out above under 'Scope of our legal services' including our charges and disbursements, will be approximately \$24,000 (plus GST of \$2,400).

This estimate is not a quote and is made up as follows:

\$191K + 1.91K GST

Professional fees:

(a) Prepare constitution and application for registration of Trust, including liaison with Pitcher Partners and ASIC	\$8,000
(b) Review Compliance Plan for the Trust prepared by MSC	\$1,000
(c) Review and sign-off on PDS prepared by Ord Minett	\$6,000
(d) Draft and negotiate Loan Facility Agreement	\$4,000

Charges & disbursements \$0

Total (excl GST): **\$19,000**

Total (incl GST): **\$20,900**

We note that our estimates above are limited to two rounds of comments on each of the documents, after which we may charge extra time at our usual hourly rates.

The costs above do not include the ASIC Application Fee for registration of the Trust.

6.2 Matters affecting our total fees and expenses

Our total legal cost estimate may change as your matter proceeds and as our evaluation of its likely course changes. Our actual costs may be lower or higher than the amount estimated, particularly in the event that there is any change of instructions, objectives, role or scope of work. We will notify you as soon as practicable after there is any significant change to our legal costs estimate as disclosed above.

The actual costs will depend upon a number of factors including, but not limited to the following:

- (a) the efficiency with which you provide instructions;
- (b) if you ask us to perform variations to, or additional work beyond the scope of the initial retainer;
- (c) if negotiations with third parties or bodies become protracted;
- (d) if unforeseen circumstances arise;
- (e) whether and when the matter is able to be negotiated and settled;
- (f) the complexity of the matter;
- (g) the time spent in preparing and presenting the matter;
- (h) the work carried out on your behalf;
- (i) any additional work you require us to attend to;
- (j) the number of drafts of documents and the complexity of amendments made to documents; and
- (k) the position adopted by other parties or bodies.

7 Other information

The other terms of our client services agreement with you are contained in the Terms and Conditions. Your other rights and our obligations under the Law are contained in the Terms and Conditions. You accept our Engagement Terms by either signing them or continuing to instruct us.

8 Acknowledgement

Please note that this information is a term or condition of the agreement.

You accept this offer and ACKNOWLEDGE that you have:

- (a) the right to negotiate a costs agreement;
- (b) received, read and understood our Engagement Terms; and
- (c) been advised of your right to get independent legal advice before entering into our Engagement Terms.

Executed by or on behalf of the client:

Signature

Full name

Date

Executed by or on behalf of Mills Oakley:



Signature

Mark Bland

Full name

21/09/2017

Date

Attachment I – Terms and Conditions

1 Introduction

Our Engagement Terms represent our offer to enter into a legal services and costs agreement with you and sets out the terms on which we propose to undertake work for you. You have a right to negotiate these terms with us.

We are an unincorporated legal practice under the Law and Rules (defined below) because we provide both legal services and non-legal services. In accordance with our obligations as an unincorporated legal practice, we note the following:

- (a) the legal services which we will provide to you are set out in clause 3 in the schedule in our Engagement Terms titled Costs Agreement (“**Costs Agreement**”);
- (b) all services will be provided by an Australian legal practitioner unless otherwise set out in these Engagement Terms;
- (c) legal services will not be provided by a person other than an Australian legal practitioner;
- (d) where non-legal services are to be provided by a person who is not an Australian legal practitioner, information about those services and information about the status or qualifications of the person or persons who are to provide those services is set out in clause 3 of the Costs Agreement; and
- (e) the Law and Rules (as defined below) apply to the provision of legal services but do not apply to the provision of non-legal services.

2 Engagement Terms

Our Engagement Terms replace any earlier agreement between us in relation to the matter described in these Engagement Terms. For any future matter or any other existing matter, our Engagement Terms will apply, unless otherwise agreed.

From time to time we review our Engagement Terms and we will send you any new version which will apply to you.

3 Acceptance

If you accept our Engagement Terms you will have entered into an agreement that can be legally enforced in the same way as any other contract.

This means you will be legally bound by our Engagement Terms, including the way in which we will charge you and the way in which you must pay our tax invoices. You should be certain that you understand our Engagement Terms. If you are uncertain about any clause of our Engagement Terms, we invite you to discuss its contents and put your questions to any professional you trust (such as your accountant) or even another lawyer. You are also welcome to discuss our Engagement Terms with our people. We will not charge you for any attendances relating to our costs disclosure and our Engagement Terms with you.

You can accept our Engagement Terms by:

- (a) signing them and returning one signed copy of the whole of our Engagement Terms to our office; or
- (b) continuing to give us instructions after you receive our Engagement Terms.

We reserve the right to not commence work until you have signed and returned our Engagement Terms, unless we indicate in writing otherwise.

If you do not accept our Engagement Terms within 7 days, we may withdraw our offer to act on your behalf.

4 Scope of our legal services

Except for the following, the scope of our legal services we will provide you is described in the Costs Agreement.

Matters outside of scope

The scope of legal services does not include:

- (a) advice on changes to law or practice after the date of the communication containing the advice;
- (b) advice on tax issues, unless expressly included in the scope of our legal services in the Costs Agreement;
- (c) advice on the laws of jurisdictions other than as stated in the scope of work in the Costs Agreement;
- (d) any non-legal services such as advice on financial or tax matters; and
- (e) confirming or checking of information given to us by you in the context of the matter is current or accurate other than as stated in the scope of work in the Costs Agreement.

Third party information

If any material or information is received from a third party and that material or information is incorporated in any manner into our work, we are not responsible for its accuracy.

5 Our commitment to you

We will:

- (a) provide you with professional legal services that are of a high standard, in an efficient and timely manner;
- (b) unless urgent and/or we are unable to contact you, send you copies of all important letters and documents for your consideration and instructions;
- (c) advise you regularly of the progress of the work; and
- (d) keep all information you give us in confidence, unless you say otherwise or we are legally obliged to disclose it to someone else.

6 Your main obligations to us

You will:

- (a) provide the information and instructions we request in a timely manner and in full; and
- (b) pay our invoice or invoices in accordance with our Engagement Terms.

7 Termination

Circumstances in which we are entitled to cease acting for you

Without limiting the circumstances in which we are otherwise by law entitled to cease acting for you, we may cease to act for you if:

- (a) you do not give us adequate instructions;
- (b) you do not give us instructions or other information within a reasonable time;
- (c) you give us instructions that are false or intentionally misleading;
- (d) you do not accept an offer of settlement that we think is clearly reasonable;
- (e) you engage another law practice to advise you on this matter without our prior knowledge and consent;
- (f) we have a conflict of interest;
- (g) you indicate to us or we reasonably form the view that you no longer have confidence in us;
- (h) you unreasonably refuse to act in accordance with our advice;
- (i) any amount in respect of an account (including an interim account) is outstanding to us for more than 14 days or such other time as is agreed in writing, without our written consent;
- (j) you fail to provide any security required by us pursuant to clause 18 of the Terms and Conditions;
- (k) you do not, within 7 days, comply with a request to pay a disbursement under clause 13 or the money in advance under clause 20 of the Terms and Conditions;
- (l) there is another reasonable basis to terminate our Engagement Terms; or
- (m) in our absolute discretion we consider it is no longer appropriate to act for you.

Other circumstances in which we are entitled to cease acting for you

If we, on reasonable grounds, form the view that the necessary relationship of mutual trust, respect and confidence between you and us no longer exists, then:

- (a) we will not be obliged to take any further step in a conduct of the matter;
- (b) we will be entitled to cease acting for you upon reasonable notice and, in the cases of litigious matters, by filing a Notice of ceasing to act; and

- (c) if we continue to act for you or take any further step on your behalf, we do so without affecting our rights under this clause.

If we intend to stop working for you, we will notify you in advance and also tell you the reason(s) why.

Your right to terminate and obligations on termination

You may tell us to stop doing work for you and terminate our Engagement Terms at any time.

You must still pay our professional fees and charges for work done, and charges for expenses and disbursements incurred, until the date our Engagement Terms are terminated. For fixed or lump sum fee matters, you must pay the part of the fee that we reasonably estimate has been incurred in respect of the legal services provided to you up to the date of termination, plus charges, expenses and disbursements, subject to your right to a costs assessment.

We can keep your files and documents (including original certificates of title) until all invoices have been paid. On termination of our Engagement Terms, you will be liable for any professional fees and costs we incur in relation to retrieving any of your files and documents in storage, and providing such files and documents to you or as directed by you.

8 Conflicts

You agree that instructing us will not prevent us from acting for current or any future clients who may have, or have in the future, commercial interests adverse to you.

You acknowledge that there may be circumstances where one or more clients are interested or potentially interested in the same transaction as you are or a related transaction. You agree that we are free to accept an instruction to act for more than one client in relation to that transaction provided that we comply with the applicable professional rules, are able to act in the best interest of each client, keep the information of each client confidential and, if appropriate, use separate teams of lawyers and other fee earners.

9 Benefit of advice

Any advice is given solely for your benefit. This is due to you being the client named in these Engagement Terms, and to whom we owe our duty of care. This duty of care does not extend to third parties (including but without limitation, your employees). You may disclose our advice to persons who in the ordinary course of business have access to your papers and records, on the basis that we will not owe them any duty or be liable to them in any respect and they will not disclose the advice to anyone. If you do so you may be waiving any legal professional privilege which applies to the advice.

You agree that you must obtain our prior written consent if you want to disclose our advice to any other person. We suggest if you anticipate that you want to show our advice to any other person you should discuss this with us as soon as possible.

Any advice given by us only applies to the specific factual and legal matters it deals with and no others.

10 Lien

Without affecting any lien to which we are otherwise entitled at law over funds, papers and other of your property in our possession:

- (a) we are entitled to retain by way of lien any of your funds, property or papers which are from time to time in our possession or under our control until all costs, disbursements and interest due to us have been paid; and
- (b) our lien shall continue notwithstanding that we cease to act for you in accordance with clause 7 of these Terms and Conditions.

11 File retention and destruction of documents

- (a) Upon completion of the matter, we will return any personal papers to you.
- (b) Unless instructed otherwise, we will retain in our possession all other documents comprising your file for a period of 7 years after the final account rendered to you by us.
- (c) If the file is retrieved from the storage facility at your request, you agree to pay the storage retrieval fee.

12 Privacy protection

We will collect personal information from you in the course of providing our legal services. We may also obtain personal information from third party searches, other investigations and/or other parties to the matter.

We are required, pursuant to Rule 93 of the *Legal Profession Uniform General Rules 2015 (Victoria)* ("**Rules**") to collect the full name and address of our clients. Accurate name and address information must also be collected in order for us to comply with the trust account record keeping requirements of Rule 47 of the Rules.

Your personal information is protected under the *Privacy Act 1988 (Cth)*. You authorise us to disclose such information to others where it is necessary for the work we do, for instance within the law practice, to the Court, to the other party or parties in litigation, to valuers, experts, barristers etc. In some cases we may be compelled by law to disclose that information (e.g. under the *Social Security Act 1991 (Cth)*).

13 How costs are calculated

Professional fees

We will charge you professional fees for work undertaken by our fee earners in the manner and at the rates set out in the Costs Agreement.

Expenses and disbursements

- (a) In addition to our professional fees, you may also have to pay expenses which we incur in the course of working on your matter, which represent amounts charged by third parties for services supplied and may include:
 - (i) search, lodging and enquiry fees;

- (ii) financial institution charges;
 - (iii) agent's fees;
 - (iv) travel and accommodation expenses;
 - (v) expert's fees;
 - (vi) barrister's fees; and
 - (vii) postage.
- (b) Unless there are sufficient funds for that purpose already held in our trust account, you will pay to us upon request:
- (i) all out-of-pocket expenses ("**disbursements**") which we have incurred in properly representing you;
 - (ii) any disbursements which we reasonably anticipates that it will incur in properly representing you; and
 - (iii) where we have made such a request we shall not be obliged to pay any such disbursements on your behalf unless and until you have complied with that request.
- (c) Unless otherwise agreed between you and us, you shall contract directly with outside experts (valuers, accountants, doctors, etc.) and be directly responsible for the payment of all fees associated with their engagement.
- (d) We will inform you of these expenses and disbursements, as well as any other payments required to be made, as soon as is reasonably practicable.
- (e) In circumstances of urgency or where it is otherwise impracticable to obtain your agreement to the engagement of an expert, we are authorised to do so and any expert(s)' fees shall be paid by you in accordance with clause 13(b) of the Terms and Conditions.

14 Barristers and other experts

It may be necessary for us to engage, on your behalf, the services of another law practice, barrister, local agent or expert (each an "**Expert**") to provide specialist advice or services, including advocacy services, or to act as our agent.

We will obtain your approval before retaining another Expert. You may be asked to enter into a costs agreement directly with them or to approve one between us and an Expert, in which case we will provide you with a copy.

You shall be responsible for the payment of each Expert's fees so incurred and such fees are a disbursement under clause 13 of the Terms and Conditions.

15 Litigation and costs in your proceedings

Litigation costs

In the event of litigation, costs are always at the court's discretion. The court will decide who will pay the successful party's costs. If your matter is successful, the court may order the other party to pay some of your costs. If you are **unsuccessful**,

the court may order you to pay the costs of the successful party. These costs are usually determined on the standard basis.

In Victoria these costs are usually calculated by considering all costs reasonably incurred and of a reasonable amount referring to the court scale of costs applicable to your case. If the court orders one party to pay the other party's legal costs on the standard basis the Court will do a further assessment of these costs, known as a taxation of costs. We estimate that the party with a successful costs order on a standard basis will be entitled to recover approximately 50-65% of their total costs and disbursements when calculated in accordance with this test.

[If your matter is in VCAT there is a presumption that each party will bear their own costs of the proceeding. This means that if you are successful, the starting point is that you will not be entitled to recover any costs against the other party. You will remain responsible for our costs regardless of the outcome. The presumption that there be no order as to costs can be displaced in certain limited circumstances. For example, if the actions of a party are unreasonable such as, raising a hopeless case or defence that is done purely for delay, or when a written offer is made before determination of the proceeding which is unreasonably refused by the other party which is equal or better to the determination made by the Tribunal. Costs remain in the discretion of the Tribunal meaning that costs may not be ordered in any event. If costs are ordered, they are ordered based upon a court scale. We estimate that the costs possibly recoverable will be approximately 50-65% of your actual costs.]

Please note that if the court does order costs in your favour, this only gives you a right to recover some costs from the other party. It does not affect your responsibility to pay our legal fees and costs, and does not mean that you will be able to recover the costs ordered in your favour.

The costs you recover are unlikely to cover the whole of the costs that you must pay us. If you cannot recover the costs from the other party (e.g. if a party goes into liquidation, is bankrupted or disappears) then you will still be responsible for our legal costs.

If your matter goes to court and you are successful you will still therefore be out of pocket for your legal costs.

Estimating these costs is extremely difficult because of the uncertainties of litigation, particularly at this early stage. At this time, our estimates are:

- (a) if you are **successful**, you may be entitled to recover from the unsuccessful party an amount in the range of 50-65% of your total costs;
- (b) if you are **unsuccessful**, you may be ordered to pay the successful party an amount in the range of 50-65% of that party's total costs.

In certain cases different levels of costs can be awarded such as where one party makes an offer to the other party which is rejected and at the trial of the proceeding the other party does not achieve a result better than the offer. In these cases an indemnity costs order may be made which increases the costs recovered to a range of 70%-85% of the total cost. If an indemnity costs order is made against you it is likely that the costs you will be obliged to pay to the other party will be in the range of 70%-85% of their total costs.

The above are estimates only and we will inform you if our estimates change. We invite you to discuss any aspects of these costs at any time.

Settlement negotiations

If **settlement** of your claim is being negotiated, we will provide you before settlement with:

- (a) a reasonable estimate of our costs payable by you on settlement;
- (b) a reasonable estimate of the costs you would obtain from the other party on settlement if the settlement is favourable to you; and
- (c) a reasonable estimate of the costs you may have to pay the other party (if your case is weak etc).

16 Accounts

We will usually send you bills/accounts on a monthly basis containing particulars of the work we have undertaken, our legal fees, disbursements and other expenses, however the frequency of our bills/accounts will depend on the amount of costs incurred on the matter and other relevant factors (such as the progress of the matter). At the conclusion of the matter we will send you a final bill/account.

You agree to receive accounts electronically via email. We may send accounts to you at your usual email address or another email address or by fax number or any other means as specified by you.

Our bills/accounts are tax invoices and are payable within 14 days of the date of the invoice ("the **due date**").

We may give you invoices in the form of a lump sum bill or an itemised bill. If we give you a lump sum bill, then you can request to be given an itemised bill of costs. The request for an itemised bill must be made within 30 days after the due date.

You are entitled to receive an invoice or bill of costs from us. If we send you a lump sum invoice you may request an itemised bill within 30 days of the date on which the legal costs become payable. An itemised bill will provide more detail and show the date, description, time and cost for each item of work.

If you request an itemised bill of costs after being given a lump sum bill, then we will not be bound by the amount and matters stated in the lump sum bill of costs. The total amount of the legal costs specified in an itemised bill may be higher than the amount specified in the lump sum bill for the same matter and we may recover the additional costs from you.

17 Interest on overdue accounts

We will charge interest on rendered accounts which remain unpaid 30 days after the date of issue of the account. The rate of interest charged will be 2 percentage points higher than the percentage specified by the Reserve bank of Australia as the Cash Target Rate at the date the account was issued.

The Cash Rate Target set by the Reserve Bank of Australia can be viewed at <http://www.rba.gov.au/statistics/cash-rate/>

18 Security

We may at any time in our discretion require you to provide security for payment of any moneys payable or to become payable to us pursuant to our Engagement Terms on such terms and conditions as we deem appropriate.

You are entitled to and shall be given the opportunity to obtain independent legal advice as to any security required by us pursuant to clause 18 of the Terms and Conditions.

19 Authority to receive and deduct

If we receive money on your behalf we will deposit the money into our trust account.

You irrevocably authorise and direct us:

- (a) to receive on your behalf any moneys due to you in the course of or as a result of acting for you;
- (b) to deduct from any such moneys as may be received by us and to transfer to our own account, such amount or amounts as are necessary to pay our costs and disbursements in accordance with our Engagement Terms, including to pay accounts rendered to you by us from time to time, provided a statement of account is provided to you within 2 business days of such payment; and
- (c) in the event we receive money to be paid to a third party, to forward that money to the third party unless the client instructs us to do otherwise.

20 Invoicing arrangements and our accounts

We may ask you to pay an amount in advance to cover expenses or on account of our fees. We will normally send you an invoice containing information about our professional fees and charges, disbursements and expenses, including GST. Our terms for all invoices are 14 days from date of invoice, or such other time as agreed in writing.

The account will be a tax invoice and briefly describe the work we have undertaken on your behalf. You have a right to seek further itemisation as described in clause 16 above.

21 Goods and Services Tax ("GST")

All costs for legal services referred to in our Engagement Terms, including professional fees, rates, charges, expenses and disbursements, are exclusive of GST and represent the GST exclusive supply price. Apart from amounts we ask you to reimburse us as disbursements, if GST is payable in relation to any goods or services we supply, an amount of 10% (or such other rate as prescribed by the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)) will be added to the GST exclusive supply price and is payable by you at the time our bill is given to you.

We can also ask you to pay any GST which we may have to pay on reimbursement of disbursements in excess of any input tax credit which we are entitled to receive

for the disbursement. We will advise you of the amount you have to pay for GST on disbursements when our bill is given to you.

22 Reports

We will provide you with:

- (a) written reports of the progress of the matter; and
- (b) written reports of legal costs incurred to date or since the last invoice (if any),

upon your reasonable request.

We may charge you a reasonable amount for a report requested under paragraph (a) above. A report requested under paragraph (b) above will be provided to you free of charge.

23 Continuation of this agreement

Even though interim accounts may be rendered from time to time, our Engagement Terms shall continue in force unless and until terminated in accordance with its provisions.

Our Engagement Terms shall be binding upon your heirs, legal personal representatives, executors, administrators, successors and assigns.

24 Privacy

Your personal information is protected under the *Privacy Act 1988* (Cth).

You agree to us:

- (a) collecting (whether from you directly or from any other party) personal information and sensitive information about you ("**information**") to enable us to perform the work and/or to protect your legal position;
- (b) using and disclosing to any party (whether within or outside Australia) such of the information as we consider necessary to perform the work and/or to protect your legal position; and
- (c) using the information to market our services and products to you (unless you request us to cease doing so).

We advise that you may seek access to the information by contacting our Privacy Officer, Roger Jepson on (03) 9670 9111, or email rjepson@millsoakley.com.au.

We advise that, if you are to be granted access to any of the information, an appointment will be made for you to attend personally at our offices for that purpose and we advise that you must pay our reasonable costs in providing that access to you.

We have the right to disclose any of the information referred to above to any party described above under the heading "Privacy". The types of parties to whom we would usually disclose the information could include our staff, lawyers in other firms, barristers, judges, court staff, relevant witnesses, accountants, parties providing

expert advice to us and yourself, our agents, other persons or firms providing other services to us and any other party with whom we may deal on your behalf.

25 Disputes about legal costs

If you are unhappy about your invoice, please contact one of the people responsible for your work first, stating why you are unhappy and what you would like us to do.

If we cannot satisfactorily resolve your concern, you also have the following options:

- (a) contact the Law Institute of Victoria on (03) 9607 9311;
- (b) seek a costs review by the Costs Court under Division 7 of Part 4.3 of the Law within 12 months after the bill is given to you or we request payment or you pay the costs (whichever is the earlier or the earliest);
- (c) make an application to have the Costs Agreement declared void under Division 4 of Part 4.3 of the Law;
- (d) apply to have the dispute determined by VCAT in the event that the total of legal costs in dispute is not more than \$25,000.00;
- (e) make a complaint to the Victorian Legal Services Commissioner under Chapter 5 of the Law within 60 days after the legal costs were payable or, if an itemised bill was requested in respect of those costs, within 30 days after the request was complied with; or
- (f) make a complaint to the Victorian Legal Services Commissioner up to 4 months after the end of the period referred to. This is provided that you can satisfy the Commissioner that there was a reasonable cause for the delay in making the complaint, and legal proceedings have not been commenced for the recovery or review of the legal costs that are subject to the complaint.

26 Applicable law and invalidity

The law of Victoria shall apply to our Engagement Terms and you irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of Victoria and any courts which have jurisdiction to hear appeals from any of those courts and waive any right to object to any proceedings being brought in those courts. You have the right to sign a costs agreement under a corresponding law or to advise us that you require the law of another jurisdiction shall apply.

In the event that that any of these terms are held to be invalid, or are otherwise not permitted in any jurisdiction, the remainder of the terms will remain in full force and effect.

Please note the Law does not apply to non-legal services.

27 Limitation of liability

We do not currently participate in the solicitors' limitation of liability scheme.

However, subject to any legal, regulatory or professional requirements which cannot be excluded or limited by agreement, you agree that the following limitations on our liability will apply:

- (a) our liability for any loss, damage, liability or costs and expenses ("**Loss**") or any claim, demand, action, proceeding or judgment made or threatened ("**Claim**") in connection with our provision of services to you is limited as follows:
 - (i) we will have no liability to any person other than you in relation to our provision of services;
 - (ii) liability for any Claim or Loss is recoverable only from us and not from any of our partners, members, employees, officers, representatives or agents; and
 - (iii) our liability is limited to such proportion of the Loss or Claim as is just and equitable having regard to the extent of your own responsibility for the Loss or Claim and that of any other person (regardless of any inability on your part to enforce a claim against such other person for any reason).
- (b) if the amount for which we are able to claim contribution against any other person in connection with any claim by you is reduced for any reason, including as a result of any exclusion and/or limitation of liability agreed by you with such person, our liability to you in respect of such claim shall be reduced by the amount by which the amount for which we are entitled to claim from such other person is reduced.
- (c) notwithstanding any other provision in this document, we will not be liable in any circumstances for any:
 - (i) Claim or Loss that does not arise naturally and according to the usual course of things from the event giving rise to the Claim or Loss, or that arises due to special circumstances of you or any other person that were not known to us;
 - (ii) loss of profit;
 - (iii) loss of goodwill, loss of opportunity or loss of anticipated saving;
 - (iv) special or punitive loss or damages;
 - (v) Claim to the extent that it relates to or includes a claim for any loss or damages set out in paragraphs (ii), (iii) or (iv) above; or
 - (vi) default or other act or omission on the part of any bank or other financial institution with which money has been deposited in connection with our services or otherwise on your behalf or at your direction.
- (d) The limitations of liability referred to in paragraph (a) to (c) above are subject to the following:
 - (i) If a legal, regulatory or professional requirement which cannot be excluded or limited by agreement states a minimum amount below which liability may not be limited or prohibits or makes void the

exclusion of liability (for example, liability for fraud or personal injury), then the limitations in paragraphs (a) to (c) above will be construed so as to not limit our liability below any prescribed minimum amount or, in the case of a prohibited or void exclusion of liability, shall be construed so that such limitation does not apply.

- (ii) Nothing in paragraphs (a) to (c) above applies if it would result in us, or any of our partners, members, employees, officers, representatives or agents, being in breach of any legal, regulatory or professional requirements which cannot under any relevant legal, regulatory or professional requirements be excluded or limited by agreement.

28 Immunity

As a matter of public policy, the law provides immunity from suit in relation to advocacy. Nothing in our Engagement Terms affects advocate's immunity from suit in relation to any advocacy conducted on your behalf.

29 Copyright and intellectual property rights

We will at all times seek to maintain the confidentiality of your information, however we may be permitted or required by law to disclose your confidential information. We may also provide your information to third parties where we consider it is appropriate.

We retain all copyright and other intellectual property rights in all legal works and other things created, developed, designed or generated by us in connection with the provision of services to you, including all copyright and other intellectual property rights in all letters, documents, reports, advice or other materials provided by us to you.

Our Engagement Terms do not constitute any transfer, assignment, licence or other right to use or reproduce any letters, documents, reports, advice or other materials we prepare as a result of our Engagement Terms.

30 Emails

You authorise us to transmit any document or file electronically (including via the internet) although an electronic transmission may not be secure. Your right to deny access to a document under the doctrine of professional privilege may be lost due to an erroneous electronic transmission. You release us from any claim you may have that arises in relation to any unauthorised copying, interception, recording, reading or interference with any document or file transmitted electronically, for any delay or non-delivery of any document or file and for any damage caused to your system or any files by an electronic transmission.

31 Payment of our charges

On request you must pay such amounts as are properly invoiced for our professional fees, disbursements and other costs plus any GST that may be

payable. In some cases, we may request that you immediately lodge an amount into our trust account in advance of the delivery of services.

Accounts are payable within 14 days of the date of issue.

Please note a GST inclusive credit card surcharge of 2.145% applies to payments by AMEX and 1% for all other credit cards.

32 Mills Oakley and You

In our Engagement Terms:

- (a) 'we', 'our', 'us' mean Mills Oakley ABN 51 493 069 734; and
- (b) 'you' and 'your' mean the client or clients named in our Engagement Terms. If there is more than one client, each client is jointly and severally liable under the Engagement Terms.



BOARD MEETING DATE:

5/10/2017

No 7 Matters for Decision/Discussion

Item: b ii

Title: AFS Licence Update – Pitcher Partners Cost Estimate

No of Pages. 3 incl Header

Ph: 02 6642 4480 Fax: 02 6643 2391 Mobile: 0488 724 480
FreeCall 1800 810 919 (NSW Only)

[Quoted text hidden]

Blaine Fitzgerald <fundmanager@afgd.com.au>
To: Matt Fletcher <mfletcher@melbournesecurities.com.au>

18 September 2017 at 10:44

Hi Matt,

I have forwarded Pitcher Partners scope and fee proposal as well.
On the initial read of both on the surface their appears some overlap with Mills Oakley.
Happy to discuss when you get a chance.

kind regards,

Blaine Fitzgerald FICDA, Dip. Bus. (Gov), Assoc. Dip. Acc
Manager - Anglican Funds Grafton Diocese
Level 1, 50 Victoria Street GRAFTON NSW 2460
PO Box 4 GRAFTON NSW 2460
Ph: 02 6642 4480 Fax: 02 6643 2391 Mobile: 0488 724 480
FreeCall 1800 810 919 (NSW Only)

[Quoted text hidden]

Brenton Chan <Brenton.Chan@pitcher.com.au>
To: Blaine Fitzgerald <fundmanager@afgd.com.au>
Cc: Alexis Kokkinos <Alexis.Kokkinos@pitcher.com.au>, Julian Cheng <Julian.Cheng@pitcher.com.au>

27 September 2017 at 17:36

Hi Blaine,

I hope you are well.

We have now caught up with Mills Oakley and have agreed on a structure (briefly outlined below) which we think will cater to your objectives. Please also refer below for our revised scope and fee estimate for your consideration.

Broadly, we think that the optimal structure will include setting up separate classes of units to be issued for each category of investment (e.g. 4 classes if there are 4 different types of investments). Each class of units will be made referable to a loan note asset under a master loan agreement between the new registered Anglican Investment Fund and the AFGD. We would be happy to take you through the mechanics on a separate call if you'd prefer.

Revised scope and fee estimate

- Review of the trust deed to ensure appropriate clauses are contained in the deed including consideration of appropriate AMIT clauses; and

- Assistance in reviewing/or preparing the tax section of the Product Disclosure Statement (including considering the contents of the statement).

For the provision of the above services, we have revised the fee estimate to \$6,000 (excl. GST). Note that the revised fee estimate represents a significant discount from our standard fees for these services.

Please note that the revised fee estimate will not include a sign off on the loan documentation to confirm the characterisation of the loans as being debt or equity for tax purposes. It will also not include any consideration as to whether interest income should be treated on an accruals (or non-accruals) basis. That is, an assumption will be made that all interest will be assessed to investors on an accruals basis.

We look forward to your response in relation to our revised proposal. If you would prefer to have a call to discuss the above, please don't hesitate to contact us.

Regards,

Brent Chan | Manager

Pitcher Partners Advisors Proprietary Limited

Level 19, 15 William Street, Melbourne VIC 3000 | www.pitcher.com.au

T: +613 8612 9570 | F: +613 8610 5737 | brenton.chan@pitcher.com.au

From: Blaine Fitzgerald [<mailto:fundmanager@afgd.com.au>]

Sent: Thursday, 14 September 2017 3:43 PM

To: Brenton Chan <Brenton.Chan@pitcher.com.au>

Subject: Re: Pitcher Partners - Scope and fee proposal

[Quoted text hidden]

[Quoted text hidden]

Blaine Fitzgerald <fundmanager@afgd.com.au>

28 September 2017 at 11:02

To: Brenton Chan <Brenton.Chan@pitcher.com.au>

Cc: Alexis Kokkinos <Alexis.Kokkinos@pitcher.com.au>, Julian Cheng <Julian.Cheng@pitcher.com.au>

Hi Brenton, Alexis & Julian,

Thank you for meeting with Mark Bland and discussing the revised simplified Trust structure.

We are very appreciative of the support and assistance we have received to date, including the new proposed fee structure.

I am meeting with the Board next Thursday and will provide an update after they have provided their feedback.

kind regards,



BOARD MEETING DATE:

5/10/2017

No 7 Matters for Decision/Discussion

Item: b iii

Title: AFS Licence Update – Minter Ellison Opinion Armidale Diocese

No of Pages. 10 incl Header

MinterEllison

21 September 2017

**PRIVATE & CONFIDENTIAL
BY EMAIL**

Mr Ron Perry
Registrar
Diocese of Armidale
Corner of Rusden & Faulkner Streets
Armidale NSW 2350

Dear Ron

Advice on exemptions for the Corporate Trustees of the Diocese of Armidale (CTDA)

1. Summary of advice

Self-dealing exemption under section 766C(4)

1.1 We believe that CTDA is likely to be able to rely on the self-dealing exemption under section 766C(4). There are two ways CTDA may satisfy this exemption (and it may be able to rely on both):

- (a) The first and most straightforward would be to ensure that the offer documentation does not create a reasonable expectation that the return of the debentures is dependent on the performance of the investment of DDF funds into interest earning securities, including bank deposits.
- (b) The alternative is to construct the class of investors so that it is not a 'section of the public'. This would require defining the investors using specific and objective criteria.

Other exemptions

1.2 If CTDA relies on the self-dealing exemption it must ensure that it does not conduct any other financial services for which it would otherwise need a licence. Relevantly, there is an exemption for the offer documentation and other materials CTDA gives to investors in relation to the debentures provided:

- (a) CTDA only gives general advice about the debentures; and
- (b) it advises investors that CTDA is not licensed to provide financial product advice in relation to the debentures, recommends that investors obtain the offer documentation and read it before making a decision to invest in the debentures and notifies the investor about the availability or otherwise of any cooling-off regime that applies in respect of the investment in the debentures.

CTDA's offer documentation will need to be re-drafted to ensure that these requirements are met.

Relying on other relief provided by ASIC Instrument 2016/813 (Instrument)

1.3 The exemptions under the Instrument operate independently of each other. Consequently, CTDA is able to rely on the exemptions under paragraph 5(1), including the exemption from the prospectus and related obligations relating to offers of debentures under paragraph 5(1)(b), whether or not it is able to rely on the licensing exemption in paragraph 5(2).

Is CTDA required to return funds to non-associated retail clients?

1.4 There is no requirement for CTDA to return funds to existing clients on or before 1 January 2018 relating to debentures issued to retail clients under the transitional relief under ASIC Instrument

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2016/813 or the preceding Class Order CO 02/184 (together the 'existing ASIC Relief'). In other words, CTDA can retain such funds after 1 January 2018 and can continue to deal with those investors in accordance with their instructions regarding those debentures.

- 1.5 However, CTDA would have a liability in respect of its existing investors if CTDA raised funds without complying with either the prospectus provisions or the licensing requirement when an exemption under the existing ASIC Relief did not apply (see paragraph 6.4 below).

2. Background

2.1 We understand that:

- (a) The Corporate Trustees of the Diocese of Armidale (**CTDA**) operates the Diocesan Development Fund (**DDF**);
- (b) in relation to the DDF:
 - (i) debentures are issued to:
 - (A) parishioners (who we understand make up the bulk of investors in the debentures);
 - (B) the Diocese and schools, agencies, parishes and ministry units that are constituted by or under the authority of the Diocese;
 - (C) persons acting as trustees of CTDA;
 - (D) bodies formed for the purpose of advancing the Anglican religion; and
 - (E) clergy, training clergy, employees and voluntary staff of the above mentioned bodies;
 - (ii) funds raised are on-lent to parishes, Diocesan entities, clergy and Diocesan employees; and
 - (iii) surplus funds are invested in interest bearing securities which include cash and term deposits with ADIs;
- (c) as a result of the *ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 (ASIC Instrument 2016/813 or Instrument)*, which repealed Class Order CO 02/184 *Charitable investment schemes – fundraising*:
 - (i) the DDF has not accepted any new funds from retail investors since 31 December 2016;
 - (ii) CTDA has taken the following actions:
 - (A) raised its concerns regarding the Instrument with the Minister for Revenue and Financial Services;
 - (B) lodged a new Identification Statement with ASIC by the 28 February 2017 deadline as required under ASIC Instrument 2016/813;
 - (C) considered the option of participating in a managed investment scheme (**MIS**) established by the Melbourne Securities Corporation which holds an Australian Financial Services Licence (**AFSL**);
 - (D) had discussions with ASIC in relation to its concerns;
- (d) ASIC has recommended that CTDA seek legal advice in relation to possible exemptions to AFS licensing requirements that may be available in relation to the DDF, including:
 - (i) the self-dealing exemption in section 766C(4) of the *Corporations Act 2001 (Cth) (Corporations Act)* on the basis that:
 - (A) corporations issuing debentures generally do not require an AFSL unless money is raised to carry on an 'investment business'; and

(B) lending is not generally considered to be 'investment business'; and

- (ii) under section 911A(2)(b) of the Corporations Act, an AFSL is not required where the issue of a financial product occurs under an offer that was arranged by a AFS licensee where there is an arrangement between the issuer and the licensee.

2.2 You have asked us to consider the following questions:

- (a) whether CTDA may rely on the section 766C(4) self-dealing exemption under the Corporations Act;
- (b) whether CTDA will need other relief in respect of its offer documentation in relation to the provision of general advice or the provision of any other 'financial services';
- (c) if the answer is yes to 2.2(a), whether CTDA can nevertheless rely on the other relief available under clause 5(1)(b) of the Instrument;
- (d) if the answer is no to 2.2(c), whether CTDA needs to prepare an offer document under Part 6D and enter into a trust deed under section 283AA; and
- (e) if CTDA can no longer rely on the Instrument after 31 December 2017 and does not hold an AFSL or enter into a white-badge arrangement, whether it must return money to all non-associated retail clients by 1 January 2018.

3. Self-dealing exemption under section 766C(4) of the Corporations Act 2001 (Cth)

3.1 An AFSL is generally required where an entity is carrying on a financial services business in Australia. This includes dealing in, or providing financial product advice in relation to a financial product.

3.2 Financial product is defined in section 764A of the Corporations Act to include a security. Under section 92 of the Corporations Act, a security includes a share or a debenture of a body. A debenture of the body is further defined as a chose in action that includes an undertaking by the borrowing entity to repay, as a debt, funds invested with or lent to the borrowing entity.¹

3.3 Under section 766C(4) of the Corporations Act, an AFSL is not required for dealing in a body's own securities, including debentures. An entity may rely on this exemption in relation to the issue, variation and disposal of debentures, unless the entity:

- (a) carries on a business of investments in securities, interests in land or other investments (766C(5)) (**first limb**); and
- (b) in the course of carrying on that investments business, invests funds subscribed, whether directly or indirectly, after an offer or invitation to the public made on terms that the funds subscribed would be invested (**second limb**).

3.4 CTDA is prima facie exempt from holding an AFS licence under the self-dealing exemption in section 766C(4) of the Corporations Act in relation to the issuing of its own debentures.

3.5 However, CTDA may not rely on the section 766C(4) exemption where the issuing of debentures meet both the first **and** second limbs under 766C(5).

First limb

3.6 We are not aware of any relevant case law on the first limb. ASIC has however set out its position on the licensing exemption available for the issue of debentures, including the meaning of 'investment business', in a statement formerly published as QFS 121 (**Debentures exemption guidance**).²

3.7 ASIC states that an entity issuing debentures will be a business of investing where the debenture issuer:

- (a) applies money to acquire shares, interests in land or some other asset;

¹ Section 9 of the Corporations Act 2001 (Cth).

² <http://asic.gov.au/for-finance-professionals/afs-licences/do-you-need-an-afs-licence/is-there-a-licensing-exemption-available-for-the-issue-of-debentures/>

- (b) expects to generate (or derives) a return from assets;
- (c) obtains an interest in, ownership, or derives a benefit from the value, of the assets; and
- (d) engages in those activities as a business. The extent to which the activities are repetitive or systematic is relevant to whether a person is carrying on a business.

- 3.8 For the purpose of the Corporations Act, carrying on a business includes business that is carried on otherwise than for profit and, in the case of a body corporate, business carried on otherwise than for the profit of the members of the body.³ Cases indicate that a company will be carrying on a business when it engages in the relevant activities with system, regularity and continuity.⁴
- 3.9 However, ASIC indicates that lending money is generally not characterised as an investment, at least where there is no understanding that the borrower's repayments will be coming from any particular assets or core commercial activity of the borrower. We believe that ASIC's views in this regard are likely to be very influential for the courts.
- 3.10 On the basis of ASIC's view, CTDA will not be carrying on an investment business for the purpose first limb in paragraph 3.3(a) when it lends funds to parishes, Diocesan entities, clergy and Diocesan employees.
- 3.11 As noted above, ASIC generally does not consider lending money to be an investment business unless there is an understanding that borrower repayments will be made from particular assets or commercial activities of the borrower. The Identification Statement states that under the DDF's investment policy it is able to, and does, invest inter alia in secured Anglican retail loans, secured Anglican entity loans and unsecured loans. However, we are not aware of any understanding that the borrowers' repayments under these loan arrangements with CTDA will come from particular assets or activities of the borrower. We therefore believe that the CTDA loans will not be characterised as investments business.
- 3.12 However, the investment of the surplus DDF funds into interest bearing securities, including cash and term deposits with ADIs, may be characterised as an investment business. This activity falls within the first limb to the extent that the funds are invested in 'securities', such as corporate bonds, or 'other investments' which we believe would include bank deposits and that investment activity occurs with system, repetition and continuity, which we expect would be the case. In our opinion, this means that CTDA is likely to fall within the first limb in respect of these activities.

Second limb

- 3.13 However, CTDA can still rely on the self-dealing exemption if the second limb of the investment company provision does not apply. The second limb of the investment company provision will apply if CTDA both:
- (a) raises funds by making an offer or invitation to the public; and
 - (b) makes the offer on terms that the funds subscribed would be invested.

Second limb - offer to the public

- 3.14 An offer or invitation to the public is made where an offer is made, or an invitation is issued, to any section of the public, whether selected as clients of the person making the offer or issuing the invitation or in any other manner and notwithstanding that the offer or invitation may only be capable of acceptance from those persons.⁵
- 3.15 The question whether a particular group of persons constitutes a section of the public was considered by the High Court in *Corporate Affairs Commission (S.A.) V Australian Central Credit Union* (1985) 157 CLR 201 (**ACCU case**) in the context of then section 5(4) of the Companies (South Australia) Code, which was phrased in the same way as section 18 of the Corporations Act. The majority of the High Court stated that a group will ordinarily constitute a section of the public for the purposes of an offer where an offer is made by a stranger and there is no rational

³ Section 18 of the *Corporations Act 2001* (Cth).

⁴ See for example *Luckins v. Highway Motel (Carnarvon) Pty Ltd* (1975) 133 CLR 164; ASIC Regulatory Guide 121 *Doing financial services business in Australia*, para 47.

⁵ Section 82 of the *Corporations Act 2001* (Cth).

connection between the characteristic which sets the members of the group apart and the nature of the offer made to them.

- 3.16 This is in contrast to where there is some subsisting special relationship between the offeror and members of the group or some rational connection between that characteristic and the offer. In this case, the High Court held that the question whether a particular group of persons constitutes a section of the public will be determined by the following important factors:
- (a) the number of persons comprising the group;
 - (b) the subsisting relationship between the offeror and members of the group;
 - (c) the nature and content of the offer;
 - (d) the significance of any particular characteristic which identifies the members of the group; and
 - (e) any connection between that characteristic and the offer.
- 3.17 Furthermore, a bona fide offer or invitation is not taken to be an offer or invitation to the public if it is only made to:
- (a) a person whose ordinary business is to buy or sell shares, debentures or interests in MISs, whether as principal or agent; or
 - (b) existing members or debenture holders of a corporation and relates to shares in, or debentures of, that corporation.
- 3.18 We understand that CTDA makes offers of debentures (called 'investment products' in the Identification Statement and 'deposits' in the Identification Form) to bodies and persons set out in paragraph 2.1(b)(i) by making available marketing material at the premises of parishes, ministry units, Diocesan agencies and schools, and through the promotional activities of CTDA staff who travel throughout the Diocese.
- 3.19 Diocesan associates – We believe that there is a good argument that offers made to the Diocese and schools, agencies, parishes and ministry units that are constituted by or under the authority of the Diocese and clergy, training clergy, employees and voluntary staff of these bodies are not a 'section of the public' for the purpose of the second limb as there is a subsisting special relationship between those bodies and individuals (offerees) and CTDA (offeror). We understand that CTDA is itself constituted by or under the authority of the Diocese. There therefore seems to be a subsisting relationship between CTDA and these offerees which is sufficient to set them apart from a section of the public. There is also a rational connection between this group and the offer given that the funds raised by the DDF are primarily used to make loans to support Diocesan bodies and individuals.
- 3.20 We have not been provided with information as to the number of individuals or bodies who are considered to be associates of the Diocese. As noted above, the High Court recognised that the magnitude of people is an important consideration of whether the members constitute a section of the public. However, in that case, the High Court held that while 23,000 members in that relevant group was of considerable magnitude and a factor that would support the conclusion that those members are a section of the public, the characteristic that set offerees apart as a group (ie eligibility for membership) was restricted and well-defined. To the extent that this is also true for Diocesan associates, offering debentures to them would not fall within the second limb. We note that this position is likely to be more tenuous where the membership of the class is less certain or defined as may be the case for voluntary staff.
- 3.21 Trustees of CTDA - Persons acting as trustees of CTDA and staff of CTDA will not be viewed as a section of the public. They are a defined group with a clearly identifiable relationship with the offeror, being CTDA.
- 3.22 Parishioners - We understand that ASIC has expressed concern about the offer of debentures to parishioners. We assume that 'parishioners' may include any individuals who attend or are members of the Armidale Anglican Diocese and not any other diocese. As mentioned above, the relevant considerations in relation to the question of whether 'parishioners' are a section of the public, include:

- (a) the population of the group;
- (b) the subsisting relationship between the offeror and members of the group;
- (c) the nature and content of the offer;
- (d) the significance of any particular characteristic which identifies the members of the group; and
- (e) any connection between that characteristic and the offer.

3.23 If the only relationship between the offeror (ie CTDA) and the members of the group (ie the parishioners) would seem to be the Anglican faith and involvement with the Diocese as members of the Armidale Anglican community, it is less likely that this would be viewed as being a sufficiently restricted and well-defined characteristic that sets parishioners as a group apart. In the ACCU Case, the High Court stated that credit union membership was restricted and well-defined on the basis of members' employment, place of residence and payment of subscription fees. We assume that there is not a register of parishioners which can be used to define the group.

3.24 However, by email dated 13/9/2017 from Mr Ron Perry it has been proposed that, going forward the class of eligible retail investors for the DDF be defined as follows:

New [retail] investors in the Diocesan Development Fund would need to attest that they are 18 years of age or more, have primarily and usually attended services of public worship for a period of no less than three months in a parochial district of the Diocese prior to signalling their intention to invest in the Fund and they are not a member of any other Christian denomination.

We understand that this description is based on the definition of parishioner in the Diocese's Parish Governance and Administration Ordinance 2015 and is the class of parishioners that are entitled to attend and vote at a parish 'general meeting'.

3.25 We note that there is a subjective element to this definition, in that investors self-certify that they 'have primarily and usually attended services of public worship for a period of no less than three months in a parochial district of the Diocese'. It would be more objective if, for example, investors had to certify that they had attended a specified number of services and/or that this had to be verified by someone else, such as the relevant minister. However, we also note that this is the criteria used for determining who is entitled to vote at parish general meetings. Assuming that this is a valuable right and that parish general meetings make significant decisions affecting the parish, then the definition would seem to identify a class of people who are closely connected with the Diocese and on this basis we believe that any offer of debentures to eligible parishioners is not likely to be viewed as an offer to a section of the public.

3.26 Bodies formed to advance the Anglican religion - For the reasons discussed above, we do not believe that this group is sufficiently defined and therefore offers made to such bodies and their staff, etc are likely to be viewed as offers to a section of the public.

Second limb –offer on terms that the funds would be invested

3.27 In the Debentures exemption guidance, ASIC states that it believes that an offer is 'on terms' that the funds will be invested if the conduct of the debenture issuer creates a reasonable expectation that the return on capital, the rate of return or the financial risk is dependent on the performance of the investment business. It is not sufficient that the terms of the offer make it merely possible that the funds will be invested, nor is it necessary that the terms of the offer require such investment.

3.28 There is a question whether 'invested' in the second limb has the same meaning as the first limb, i.e. whether investing funds in loans would be sufficient for the purpose of determining whether the offer is made on terms that the funds will be invested (in loans made by CTDA). If it was, then CTDA would meet the requirements for the second limb. However, we believe that the term 'invested' in the second limb is intended to be a reference to the first limb, i.e. the offer would need to be made on terms that the funds will be invested in securities, interests in land or other investments. While the Debentures exemption guidance does not address this question directly, ASIC does appear to proceed on the basis that our interpretation is correct.

- 3.29 The question is therefore whether the offers made by CTDA create a reasonable expectation that the return on capital, the rate of return or the financial risk of the debentures is dependent on the performance of the investment business of CTDA (ie the investment of DDF funds into interest earning securities).
- 3.30 We have not seen the offer documents or any other marketing material relating to the debentures and cannot therefore confirm whether the DDF debenture offers meet this requirement of the second limb.
- 3.31 We note that it appears from the DDF Identification Statement that the offer is made on terms that funds subscribed will be used to enable to the CTDA to:
- (a) make loans to entities operating within the Diocese for buildings and for other purposes;
 - (b) to make loans to clergy and staff of the Diocese;
 - (c) to borrow funds to support the provision of loans;
 - (d) to make grants to the Diocese.
- 3.32 On the basis of these purposes, there would not be any reasonable expectation that the return on capital, the rate of return or the financial risk of the debentures is dependent on the performance of the interest bearing securities that CTDA invest in. According to ASIC (and we agree with this view), a reasonable expectation will not be formed where the terms of the offer only make it possible that the funds will be invested in investments contemplated by the first limb.
- 3.33 However, as noted above, we would need consider the terms of offers made to prospective investors to be certain whether the second limb could apply to CDTA.

4. Will CTDA need other relief in respect of its offer documentation in relation to the provision of general advice or the provision of any other 'financial services'?

- 4.1 Where CTDA is able to rely on the self-dealing exemption discussed above, it can also rely on the exemption for general advice given by product issuers under regulation 7.1.33H. To rely on this exemption, CTDA must ensure that:
- (a) it only gives general advice about the products it issues – it must not therefore compare investing in DDF debentures against other types of investments or deposits;
 - (b) documents in which it gives general advice (such as the offer documentation):
 - (i) inform investors that CTDA is not licensed to provide financial product advice in relation to the debentures;
 - (ii) recommend that investors obtain the offer documentation and read it before making a decision to invest in the debentures; and
 - (iii) notify the investor about the availability or otherwise of any cooling-off regime that applies in respect of the investment in the debentures; and
 - (c) the requirements in paragraph (b) are also met whenever CTDA or its representatives give any general advice about the DDF debentures in any other circumstances (e.g. when talking to prospective investors).

Is the offer documentation an 'exempt document'?

- 4.2 Provided CTDA satisfies the requirements under regulation 7.1.33H outlined above, there is no need for offer documentation relating to the DDF debentures to be an 'exempt document'. However, we have considered the issue below as you have asked the question.
- 4.3 CTDA's offer documentation will be an exempt document or statement and therefore exempt from financial product advice regulation if it is prepared or given in accordance with Chapter 7 of the Corporations Act.⁶

⁶ Section 766B(9) of the Corporations Act.

4.4 There is no provision of the Corporations Act or Regulations which requires the DDF offer documentation to be prepared or given. However, the Instrument requires a charitable investment fundraiser to:

- (a) disclose the following in writing to prospective investors:
 - (i) how the investment funds will be used to support the charitable purpose of the charitable investment fundraiser;
 - (ii) where the identification statement may be viewed;
 - (iii) that that the charitable investment fundraiser is required by law to notify investors that the debenture or interest and their offering is not subject to the usual protections for investors under the Corporations Act or regulation by ASIC;
 - (iv) if the charitable investment fundraiser does not hold an Australian financial services licence, a statement of that fact; and
- (b) ensure that each offer document and all promotional material that it provides, or causes, authorises or permits to be provided, to retail clients in connection with the offer to contain a prominent statement that the charitable investment fundraiser is required by law to notify investors that:
 - (i) the investment is only intended to attract investors whose primary purpose for making their investment is to support the relevant charitable purpose; and
 - (ii) investors may be unable to get some or all of their money back when the investor expects or at all; and
 - (iii) the investment is not comparable to investments with banks, finance companies or fund managers,

(paragraph 11 & 12 information).⁷

4.5 These requirements arise under an ASIC instrument which is made under various provisions of the Corporations Act, including sections 741(1)(a), 926A(2)(a), 992B(1)(a) and 1020F(1)(a)⁸ which are in Chapter 7 of the Corporations Act.

4.6 In our view, the paragraph 11 & 12 information provided by CTDA in relation to the DDF is prepared or given in accordance with the requirements of Chapter 7 of the Corporations Act and is therefore an exempt statement. It is arguable that this means that the DDF offer documentation is an exempt document. However, the Instrument does not require CTDA to provide the offer documentation to investors. It only requires the paragraph 11 & 12 information to be given. It is our view therefore that only the paragraph 11 & 12 information in the offer documentation are exempt statements and the rest of the offer documentation is not an exempt document or statement.

4.7 However, CTDA does not need to rely on the exemption document or statement exclusion while it is able to rely on the Instrument because the Instrument provides a licensing exemption providing general advice that is included in an offer document for the debentures. It will however need to ensure that other promotional material and staff do not give any financial product advice in relation to the debentures.

4.8 If CTDA continues to offer debentures to retail investors after 1 January 2018, it will not be able to rely on the licensing exemption in the Instrument. Its offer documentation will not therefore be prepared or given in accordance with Chapter 7 of the Corporations Act and will not therefore be an exempt document or statement. We note that there is a licensing exemption for prospectuses under ASIC Instrument 2016/356. We discuss whether a prospectus is required in paragraph 5 below.

5. Ability to rely on ASIC Instrument 2016/813

5.1 The Instrument provides two different types of exemptions for charitable investment fundraisers:

⁷ ASIC Instrument 2016/813, paras 11 & 12.

⁸ ASIC Instrument 2016/813, para 3.

- (a) relief from, among other things, sections 601ED(5) (prohibition on operating unregistered schemes), Parts 6D.2 and 6D.3 (prospectus and related obligations relating to offers of securities) – this applies to all charitable investment fundraisers: para 5(1); and
 - (b) a licensing exemption for wholesale charitable investment fundraisers: para 5(2).
- 5.2 "Wholesale charitable investment fundraiser" is defined as a charitable investment fundraiser in relation to which no person holds a debenture or interest in a managed investment scheme issued to them after 31 December 2016 as a retail, non-associated client. "Charitable investment fundraiser" is defined as a charity, or a trustee of a charity, that raises funds to support the charitable purposes of the charity through the issue of debentures or interests in a managed investment scheme.
- 5.3 We understand that the DDF is a charity under the *Charities Act 2013* (Cth) and CTDA is therefore a trustee of a charity.
- 5.4 The exemptions under the Instrument operate independently of each other. Consequently, CTDA is able to rely on the exemptions under paragraph 5(1), including the exemption from the prospectus and related obligations relating to offers of securities under paragraph 5(1)(b), whether or not it is able to rely on the licensing exemption in paragraph 5(2).
- 6. Is CTDA required to return funds to non-associated retail clients?**
- 6.1 There is no requirement for CTDA to return funds relating to debentures issued to retail clients under ASIC Instrument 2016/813 or the preceding Class Order CO 02/184. These instruments only provide exemptions for certain activities if the requirements of the relevant instrument are met.
- 6.2 CTDA will be able to raise further funds from existing investors by issuing further debentures to them after 1 January 2018 because existing investors are a specific and objective class and, therefore, are not a section of the public and the self-dealing exemption will apply. CTDA will of course need to comply with the general advice exemption discussed in paragraph 4.1 above.
- 6.3 CTDA can also deal in (i.e. vary or cash out) debentures previously issued to investors under the existing ASIC Relief. This is because there are exemptions for product issuers dealing in products they have issued after they have been issued under section 911A(2)(c) and regulation 7.6.01(1)(q).
- 6.4 However, if in any case, CTDA raised the initial funds from investors without complying with either the prospectus provisions or the licensing requirement when an exemption (such as that available under the existing ASIC Relief) did not apply:
- (a) it will be liable for damages for losses arising from offering securities without a current prospectus or other regulated disclosure document or holding an AFSL: s 1324(10); and
 - (b) investors are entitled to rescind the agreement to invest in the debentures by giving written notice to CTDA within a reasonable time after become aware of CTDA's failure to hold an AFSL: ss 924A-925B. If a client exercised this right, CTDA would be required to refund the amount invested by the client. CTDA is not however required to refund clients until and unless they give notice of rescission.

Please let us know if you have any queries about any aspect of our advice.

Yours sincerely
MinterEllison



Richard Batten
Partner

Contact: Richard Batten T: +61 2 9921 4712
Richard.Batten@minterellison.com
OUR REF: 1177889



BOARD MEETING DATE:

5/10/2017

No 7 Matters for Decision/Discussion

Item: c

Title: Board member recruitment update

No of Pages. 7 incl Header

JAMES FLAVIN

M: 0416145261

PROFILE

Finance and Operations Executive with a track record in process improvement and change management. Strong on corporate governance, implementing risk management frameworks and financial reporting. An accomplished Project Manager and Program Manager across infrastructure, services and the not-for-profit sectors.

Proven experience in managing HR, IT and Finance functions.

Relationship builder with a passion for enabling staff to reach their potential.

QUALIFICATIONS / EDUCATION

CPA Australia (since 1992)

University of NSW, Bachelor of Commerce 1985 - 1988

Sydney Technical High School 1979 - 1984

PROFESSIONAL EXPERIENCE

Generate Ministries

July 2015 - Ongoing

Generate Ministries supports Christian ministry in 400 Government Schools in NSW in the areas of Chaplaincy services and High School SRE. It has a paid workforce of 300 people and is funded by local churches, Government grants and donors.

General Manager

Grow the work, increase donations and oversee the staff.

Achievements:

- Restructured Generate and rebuilt the management team;
- Expanded Generate's footprint from 280 schools to over 400 (180 High School SRE and 220 Government School Chaplains);
- Secured \$1.4 million in funding from 4 Foundation donors;
- Expanded our partnership with Bush Church Aid with the 'Bush Scripture' program, to bring SRE to Central schools with a large indigenous population;

Consulting

Oct 2013 - July 2015

Consulting roles in the areas of:

- Financial Services
- Superannuation,
- Regulatory Affairs,
- IT Project Management & Commercial Development,
- Not-for-profit sector,
- Financial Services Start-up.

Recent Assignments:

Strategic Projects Manager at Anglican Youthworks April 2015 - July 2015

Anglican Youthworks is the youth department of the Anglican Diocese of Sydney. It has an annual cashflow of \$15 million, about 7% of which is sourced from Synod grants, 3% from donations and 90% from commercial operations.

Its activities include publishing, training, camping and governance of Anglican youth operations in NSW State Schools.

The role of Strategic Projects Manager is a new position, established to oversee the strategic projects of the company.

Interim Chief Financial Officer at Anglican Youthworks October 2014 - April 2015

As Interim CFO I was responsible for:

- 2014 Year End & Audit,
- 2015 Budget,
- Property purchases and sales,
- Lease negotiations,
- Treasury Management,
- Financial & Business Forecasting.

Christian Super

Aug 2011 – Sep 2013

Christian Super is an industry Superannuation Fund primarily serving employees of faith-based organisations across Australia, although 20% of members come from outside this sphere. It had 21,000 members and \$800 million under management and is well regarded in the area of ethical investing.

Chief Operating Officer

Developing and implementing strategies to enhance the Member- and Employer- facing side of the business; overseeing the Member Care Centre; managing the major Outsourced Service contracts – Superannuation Administration, Insurance, Scaled Advice and Comprehensive Advice.

Achievements:

- Renegotiated the Insurance deal for members so that Income Protection is 40% cheaper than it was 2 years earlier and Death & TPD coverage is 20% higher for the same premium;
- Introduced Mercer for Scaled Advice for members;
- Introduced Mid-Year Statements for members;
- Introduced Forecasts to the Annual Statement and have them in the hands of members a month earlier;
- Implemented the required reforms for Stronger Super.

Ongoing Responsibilities:

- Reporting to the Board on Member and Employer issues,
- Overseeing the Member Care Centre, the in-house call centre, that receives 17,000 Member and Employer interactions annually,
- Managing the outsourced service relationship with Australian Administration Services Limited, a Link Company, for superannuation administration services,
- Managing the outsourced service relationship with Hannover Life Re, for Member insurance,
- Managing the outsourced service relationship with Mercer for scaled advice for members,
- Reviewed the reform of the not for profits legislation and the ACNC,
- Membership of the Portfolio Committee, overseeing key investment decisions.

Anglican Church of Australia General Synod Office

Jan 2009 – Jun 2011

The General Synod Office is the peak body of the Anglican Church of Australia. It acts as Registry to the Primate and coordinates national church commissions, committees and task forces.

Business Manager

Managing the Financial, HR, IT, Property and business activities of the General Synod; oversee the commercial relationships of the National Church; manage the investments of the General Synod and be Company Secretary for the Anglican Long Service Leave Fund.

Achievements:

- Renegotiated enterprise-wide agreement through Church Resources with Telstra for Anglican Church's \$12 million annual telecommunication requirements,
- Negotiated enterprise-wide agreement with Allied Pickford for removalist services for people associated with the Anglican Church nationally and internationally with savings of \$100,000 annually,
- Implemented a Lotus Quickr/Notes solution to replace aging IT infrastructure with 400 users nationally,
- Established a new website for the National Church at www.anglican.org.au.
- Restructured the budgeting and reporting processes for the General Synod to improve transparency.

Ongoing Responsibilities:

- Company Secretary of Anglican Long Service Leave Fund, a national fund serving 2,200 members of the clergy and with \$30 million in assets.
- Annual Statutory Reporting for the Anglican Long Service Leave Fund and the General Synod,
- Reporting to the General Synod, Standing Committee and Anglican Long Service Leave Board on Financial, Investment, Charities Reform, Taxation & Regulatory issues and Management of outsourced service agreements,
- Oversight of the investments of the Long Service Leave Fund and the General Synod.

TransGrid

1999 - Nov 2008

TransGrid is the NSW Electricity Transmission company, has 1,000 employees, a turnover of \$600 million, a capital program of \$400 million and a profit of \$200 million.

Manager, Corporate Finance (2005 - November 2008)

Managing the TransGrid Treasury unit and the internal financial consulting unit of Financial Management.

Achievements:

- Structured a new \$500 million debt facility,
- Managed an investment facility of \$50 million,
- Organised Foreign Exchange hedges for \$100 million into Japanese Yen, \$75 million into Euros and \$60 million into US Dollars,
- Prepared the 2007 and 2008 Regulatory Financial Report for the Australian Energy Regulator,

- Project Managed the NewBank Project, (moving TransGrid's banking services from ANZ to Westpac),
- Implemented a Credit Card expenses online system utilising Oracle iExpenses for 450 personnel across NSW,
- Project Manager, Commercial for the Australian Energy Regulator Review 2009/14,
- Constructed and managed the Projects database, containing historic information on all projects going back ten years and the 300 major future projects for the next five years.
- Acting Financial Controller for the 2007 financial year end.

Ongoing Responsibilities:

- Manage the \$1.5 billion debt portfolio, and annual cashflow of \$1 billion,
- Reporting to the Board on Debt, Investment, Derivative and Regulatory issues.

Manager, Business Services (1999 – 2005)

- Managing the internal financial consulting unit of TransGrid.
- Oversaw the AEIFRS implementation process,
- Co-ordinating the financial reporting requirements under TransGrid's regulatory and compliance commitments,
- Project managing the upgrade to the Oracle Financial Systems software (a \$9 million project) covering General Ledger, Fixed Assets, Accounts Payable & Receivable, Project Management and Payroll, with associated training for 300 people across New South Wales.
- Redesigning and implementing the overhead cost recovery process across TransGrid's separate business streams.

NSW Rail Organisations

1992–1999

Financial Systems Development Manager, Rail Services Australia (RSA) (1996 – 1999)

2IC of the System Development Team, a twenty-five member team, analysing the ongoing business requirements of Rail Services Australia.

- Implementation, Upgrade and Year 2000 Compliance of the Financial Modules of RSA's Enterprise Software Solution MIMS.
- Designed the Chart of Accounts to deliver an appropriate financial reporting and management reporting solutions.
- Member – Rail Services Corporatisation Task Force.

Chief Financial Accountant, Railway Services Authority (1995 - 1996)

- Managing the Financial Accounting function for the RSA
- Establishing the complete Financial Accounting function,
- Manage the Accounts Receivable, Accounts Payable & Treasury units,
- Perform the financial, taxation & compliance reporting,
- Statutory Reporting for the 1996 Financial Year and Reporting to the Board
- Member - Railway Services Authority Separation Group.

Senior Systems Development Accountant, State Rail Authority of NSW (1992 - 1995)

Managing improvements to the Financial Systems

National Terminals Australia Limited

1992

National Terminals was the joint venture Stevedoring operations of ANL and Strang Patrick.

Financial Accountant

Managing the Financial Accounting function for NTAL

Pioneer International Limited

1989 - 1991

Pioneer International was the holding company of the building material operations now owned by Hanson.

Divisional Financial Accountant

Management and Financial Accounting for the Sydney Metropolitan concrete plants (20 plants with \$100 million cashflow).

OTHER INVOLVEMENT

Member, Standing Committee, Anglican Diocese of Sydney,

Chairman, Charities Reform Taskforce, Anglican Diocese of Sydney,

Director, Long Service Leave Fund, Anglican Church of Australia,

Chairman, Anglican National Super,

Chairman, Finance Committee of the Anglican Diocese of Sydney,

Chairman, Stipends and Allowances Committee of the Anglican Diocese of Sydney,

REFERENCES

On Request



BOARD MEETING DATE:

5/10/2017

No 9 Matters for Noting

Item: a

Title: Fund Manager's Report

No of Pages. 7 incl Header



AFGD Management Report – to Board covering 18/08/2017 to 28/09/17

Last update was provided as at 24/08/2017.

1. **Financial Performance**

Detailed analysis of performance benchmarks can be obtained in the monthly Financial Report

Objective:

Achieve the annual financial targets of the organisation in line with approved budgets and the prudential guidelines set down by the Diocesan Financial Advisory Task Force (DFATF)

Strategies:

Maintain a net interest margin in the range of 1.75% - 2.50%.

- Net interest margin as at **31/8/17 is 2.19%**

Net interest margin is within target range.

Maintain Prudential Guidelines

- Capital Adequacy 31/08/2017 – 5.90% Benchmark 8% - 10%
- Liquidity – excluded Ord Minnett – 18.00% Benchmark 10% of Total Assets
This would be stronger if Ord Minnett included.

Increase deposit portfolio FUM (funds under Management) by 6% each year.

31/08/16 \$39,726,600

31/08/17 position \$37,990,472 **4.4% decrease** at same point in time last year.

Mitigants:

- Schools are using cash against lines of credit and not holding funds in operating accounts.
- Long Term retention rates of fixed investments remains stable.

Investment Policy that reflects a diversified portfolio.

A diversified Investment Policy is in place and currently producing returns the business is expecting. Summary Report is on the following page:

Operate the business within the expenditure budget parameters set Annually.

Total expenses YTD as at 31/08/17 is currently tracking \$44,454 under budget
Savings achieved in general operating costs and wages.

2. Marketing & Business Development

Objective:

Develop both internally within the Diocese and externally in other Dioceses opportunities to increase the portfolio in deposits and lending opportunities.

Business Development activities.

Merchant facilities for OP shops.

Complete:

- Coffs Harbour – installed June 17.
- Pt Macquarie – installed Sept 17.

Work in Progress:

- Alstonville – next by Nov 17.
- Ballina – rollout at a later date

Article written for North Coast Anglican for the October 17 issue.

Renewable Energy Loans – (parishes)

- Marketing letter sent to all 28 parishes 8/8/17.

“Pari Passu” agreement with Westpac

Bishop Druitt College (BDC)

- BDC Council approval to proceed has been obtained.
- Budgets for 2018 and projections for the years 2019 & 2020 have been approved by College Council
- Presented to Finance sub-committee on 18/9/17 to advise next steps with Westpac and ourselves.

Lindisfarne Anglican Grammar School (LAGS)

- Line of Credit Facility for \$6M settled 19/7/17.

St Columba Anglican School (SCAS)

- Met with Business Manager Garry Clifton 16/8/17 to view the completed Performing Arts Centre.
- The next half yearly review trigger is 30/9/17.
- I will need to commence putting this together in readiness for any potential change to facilities including a potential introduction of a line fee on the line of credit.

Externally:

Develop opportunities in deposit offering products with other Diocese that do not operate a development fund.

Develop opportunities in lending with other Diocese that do not operate a development fund or in conjunction with another Diocese who do operate a development fund and may want to do a joint lending venture.

Anglican Diocese of Armidale

- Ron Parry & myself had a conversation 20/9/17 they are still pursuing their legal argument to avoid any licencing requirements.
- In the short term I feel it is now unlikely that they will want to be part of an MSC solution.
- They have shared a legal opinion prepared by Minter Ellison indicating they may have another option and will not need to head down the licencing path for retail non-associates.

3. Customer & Stakeholder:

Objective:

Continue to enhance our service offering as a point of differentiation by providing exceptional personalised service.

Strategies:

Customer:

Continue building our culture as a customer focused organisation.

- Refer to Marketing and Business Development for recent activities.

Stakeholder:

Build on improving the relationship AFGD have with its stakeholders in order to achieve mutually beneficial outcomes.

Internal:

Most of my time over the past 30 days has been allocated to working with BDC.

Bishop Druiitt College (BDC)

- Budgets have now been signed off.
- Proposed split to AFGD has been tabled and consent obtained by Shane Oxley the Business Manager.
- A full application with detailed budgets and analysis is being put together to table with Westpac for assessment and agreeance.
- New Westpac Relationship Manager – Mark Attwood is due to commence 9/10/17.
- The College and AFGD are working towards having facilities in place in November 17 in readiness for the new Principal Nick Johnstone commencing in January 2018.

Clarence Valley Anglican School (CVAS)

- Half yearly review of facilities as at 30/04/17 completed 26/6/17 and approved at the July 17 Board meeting with a request to the school for an updated strategy plan for sustainability.
- Several meetings have been held with Ian Morris to discuss different aspects of our funding arrangements and for him to gain a better understanding of the stakeholders involved.
- He has commenced working on a number of improvements with the financial reporting including a weekly cash flow.
- Between Ian, Martin & Phil they have responded to our correspondence prior to the deadline 30/9/17.
- It would be an opportune time to discuss what we propose next.

Diocesan Schools Network (DSN)

- I attended the Diocesan Schools Network meeting of 31/8/17 & 1/9/17 and found the networking and learning experience beneficial.
- During the time I had an opportunity to break away into a small group with the Business Managers and listen to the current issues they all face.

External:

Focus for 2017 YTD has been external due to some critical timelines.

APRA/ASIC

- APRA –** No change in their position. AFGD remains confident it can comply with their requirements.
ASIC - previously well documented. Latest update provided in business papers for the 24th July 17 AFGD Board meeting.

As you all know we have signed the agreement with MSC to create a new Trust and constitution to facilitate our Managed Investment Scheme to retain our existing Retail-non associated clients. This process officially started 31/08/2017.

7/9/17 Teleconference held

MSC – Matt Fletcher
Mills Oakley Solicitors – Mark Bland & others
Pitcher Partners Tax advice – Alexis Kokkinos & others
Ord Minnett – Alison Perrott Investment Manager (supporting AFGD)
AFGD – Blaine Fitzgerald

To scope out work required and next steps.

8/9/17

Pitcher Partners scope and fee proposal received.
To do the essential work they quoted \$15K.
They wanted a further catch up to better understand our requirements.
I advised I was waiting on Mills Oakley's proposal and would get back to them.

9/9/17

Mills Oakley scope and fee proposal received.
To do the essential work they quoted \$24K.

19/9/17 Teleconference held

MSC – Matt Fletcher
Mills Oakley Solicitors – Mark Bland & others
AFGD – Blaine Fitzgerald

To discuss fee proposal and to suggest there appears duplication in the quote from Mills Oakley and Pitcher Partners.

Agreed next steps was

- Receive amended scope of work and fee proposal Mills Oakley 21/9/17 \$19K a 20% reduction.
- Mills Oakley and Pitcher Partners to meet 27/9/17 to discuss simplified and hopefully more cost effective Trust constitution and supporting documents.

27/9/17

Pitcher Partners amended quote for \$6K received.

28/9/17

Minter Ellison Armidale Diocese legal opinion received and we have requested Mills Oakley to provide a fee estimate to review and provide AFGD with an opinion as to our ability to rely on the opinion.

AFSA -

We are currently in test mode for the new digital platform. With rollout scheduled to occur 9th October 2017.

Some re-education and training for users will be required.

I would expect post rollout we will receive a revised pricing model to renew our current open ended service agreement contract with AFSA and DataAction.

4. Human Resources

Objective:

Develop our people to ensure they become valued contributors to the mission of AFGD.

Invest in our people by providing them with the necessary training to do their roles and equip them with qualifications recognised externally in the finance industry.

Strategies:

Ensure correct staffing structure is in place

Linda Predo

- Linda Predo has settled in well. It would be great to find sufficient work within the Diocese to retain Linda.
- If not she has indicated she is looking for more hours and is currently actively looking.

Annette Dent

- Annette is having her leave as planned for September and October and Linda and I are prepared for that time.

5. Governance Compliance and Risk Management.

Objective:

Improve our not for profit governance through undertaking a full review and upgrade of our policies and procedures.

Strategies:

Review and redraft any proposed amendments to improve Governance and transparency.

- Current Priority is to finalise our position with ASIC.

Blaine Fitzgerald
Fund Manager AFGD
28/9/17



BOARD MEETING DATE:

5/10/2017

No 9 Matters for Noting

Item: b

Title: Financial Reports

No of Pages. 14 incl Header

AFGD Dashboard

AFGD Dashboard - as at 31-08-17

Margins & Cost of Funds (COF)				Comment
	31-08-17	31-07-17	Variance	
Loans	5.387%	5.313%	0.07%	
Ord Minnett	4.360%	4.360%	0.00%	
Cash	2.601%	2.327%	0.27%	
Ave Return on assets	4.617%	4.458%	0.16%	
Savings	1.103%	1.129%	-0.03%	
Investment	2.634%	2.642%	-0.01%	
Ave weighted COF	2.426%	2.419%	0.01%	
Margin	2.191%	2.039%	0.15%	Strategic Plan benchmark 1.75% to high of 2.50%

Capital Adequacy - target is 10%				% below min target
	31-08-17	31-07-17	Variation	
Total Equity	1,320.5	1,312.9	\$ 7.60	Shift from cash to debt has increased risk weighting
Risk Weighted Assets	22,363.9	22,388.8	-\$ 24.90	
Capital Adequacy	5.90%	5.86%	0.04%	4.10%

Total Deposits & Lending (\$000's)				Cash & Investments	
	31-08-17	31-07-17	Variation	\$ 000's	
Deposits	\$ 37,990.5	\$ 37,653.9	\$ 337	AFSA	339.2
addback				Westpac	1,063.2
re-draw funds	\$ -	\$ -		ORD Minnett	10,652.9
	<u>\$ 37,990.5</u>	<u>\$ 37,653.9</u>		Melb DIF	2,750.0
				BOQ	-
Lending	\$ 32,665.2	\$ 32,887.0	-\$ 222	ME Bank	-
addback				AMP	3,250.0
re-draw funds	\$ -	\$ -			<u>18,055.3</u>
	<u>\$ 32,665.2</u>	<u>\$ 32,887.0</u>			% holding
				AFSA	1.88%
				Westpac	5.89%
				ORD Minnett	59.00%
				AMP	18.00%
				Melb DIF	15.23%
Cash/ Investment	\$ 18,055.3	\$ 18,532.6	-\$ 477	BOQ	0.00%
LOC facilities	\$ 1,600.0	\$ 1,600.0	\$ -	ME Bank	0.00%
Total available	\$ 19,655.3	\$ 20,132.6	-\$ 477		100.00%
Liquidity Ratio	51.74%	53.47%	-1.73%		

Fixed investment retention Rates at month end				Explanation
(000's)	Portfolio Balance	Redemptions	%	
	\$ 32,827.5	\$ 201.5	0.61%	Redemptions > 1% of portfolio value require further analysis

Loan Portfolio Performance at month end				Explanation
(000's)	Portfolio Balance	Undrawn Facilities	Term Loans	
	\$ 32,665.2	\$ 10,967.4	\$ 14,365.2	
			Arrears	
			Nil	No arrears/non-performing loans
			Av. Term to maturity (years)	
			7.44	Indicates without new lending loan portfolio to be repaid in full in less than 8 years

AFGD Dashboard

P & L Summary - Month in isolation (\$000's)				Explanation
	Actual 31-08-17	Budget for 31-08-17	Variation	
All income	\$ 137.7	\$ 162.0	-\$ 24.3	Income Timing delays on new business realised loss on notes/bonds \$57K YTD
Expenses	\$ 118.8	\$ 137.7	-\$ 18.9	
Net profit	\$ 18.9	\$ 24.3	-\$ 5.4	Expenses Savings achieved in wages and general operating expenses
Contrib Diocese	\$ 14.6	\$ 14.6	\$ -	
Balance after Dist	\$ 4.3	\$ 9.7	-\$ 5.4	

P & L Summary - YTD (\$000's)				Explanation
	Actual as at 31-08-17	Budget as at 31-08-17	Variation	
All income	\$ 1,085.1	\$ 1,326.5	-\$ 241.4	Income Timing delays on new business realised loss on notes/bonds \$57K YTD
Expenses	\$ 971.4	\$ 1,143.3	-\$ 171.9	
Net profit	\$ 113.7	\$ 183.2	-\$ 69.5	Expenses Savings achieved in wages and general operating expenses
Contrib Diocese	\$ 116.8	\$ 116.8	\$ -	
Balance after Dist	-\$ 3.1	\$ 66.4	-\$ 69.5	

Ord Minnett Portfolio Summary (000's)			Comments
MV 31-08-17	Cost base	Movement	
\$ 10,576.57	\$ 10,459.30	\$ 117.57	Portfolio MV is holding Revaluation occurs quarterly -
Income			Cash flow forecast indicates gross income to be \$449K. This annualised result will smooth as year progresses Anticipated Gross yield 4.37%
YTD Actual	Annualised	Gross Yield	
\$ 304.61	\$ 466.92	4.37%	
Cashflow	\$ 449.63	4.30%	
Fees			Agreement is .40% - tracking to plan
YTD Actual	Annualised	%	
\$ 25.83	\$ 36.76	0.37%	

Anglican Funds Crafton Diocese
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Crafton 2460
NSW

Month and YTD Budget Variance
August 2017

	Aug	Aug	Aug	Aug	YTD	YTD	YTD	YTD	YTD	Reason
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	%		
4-0000										
Income										
Interest Recd - Investments	14,830	14,387	443	156,104	160,576	(4,472)			-3% Reduced return on cash	
Interest Recd - Borrowers	89,704	109,349	(19,646)	681,948	857,156	(175,208)			-20% Timing delays on new business has negatively impacted returns.	
Sundry Income - Other Asset classes and Sen	33,209	38,219	(5,010)	247,090	308,784	(61,694)			-20% Realised loss on maturity of sub notes/bonds - not budgeted. \$57K	
Total Income	137,743	161,956	(24,213)	1,085,142	1,326,516	(241,374)			-18%	
Total Cost Of Sales	78,164	92,478	14,313	642,636	770,002	127,366			17% Reduced returns paid to investors has assisted offset income position.	
Gross Profit	59,578	69,478	(9,900)	442,506	556,514	(114,008)			-20%	
Expenses										
Total Employee Benefits	20,495	23,198	2,704	162,592	186,384	23,792			13% Restructure of staff has generated savings	
Total Professional Fees	1,313	1,313	1	18,524	13,504	(5,020)			-37% Legal Fees ASIC	
Total Banking Costs	14,664	15,100	436	113,587	118,800	5,213			4% within budget parameters	
Total Insurance Costs	1,083	1,454	371	8,507	11,632	3,125			27% adjust expected in October 17	
Total General Operations Costs	3,046	4,135	1,089	25,586	42,930	17,344			40% General expenditure well controlled.	
Total Expenses	40,600	45,200	4,600	328,796	373,250	44,454			12%	
Total Net Profit	18,978	24,278	(5,300)	113,710	183,264	(69,554)			-38%	
Distribution to Diocese	14,600	14,600	-	116,800	116,800	-				
Net Profit/(Loss) after distribution	4,378	9,678	(5,300)	-3,090	66,464	(69,554)			-55%	

Anglican Funds Grafton Diocese
 Level 1 - 50 Victoria Street
 Grafton 2460
 NSW

Month and YTD Budget Variance
 August 2017

	Aug Actual	Aug Budget	Aug Variance	YTD Actual	YTD Budget	YTD Variance
Income						
4-1010 Interest Received - Investment	-	14,387	(14,387)	-	160,576	(160,576)
4-1011 Interest Recd - NAB	-	-	-	-	-	-
4-1012 Interest Recd - AFSA	350	-	350	2,771	-	2,771
4-1013 Interest Recd - Melb CF7963	5,063	-	5,063	57,585	-	57,585
4-1014 Interest recd - WBC	2,017	-	2,017	17,952	-	17,952
4-1015 Interest Recd - AMP	7,400	-	7,400	42,729	-	42,729
4-1016 Interest Recd - ME Bank	-	-	-	9,801	-	9,801
4-1017 Interest Recd - BOQ	-	-	-	25,266	-	25,266
Interest Recd - Investments	14,830	14,387	443	156,104	160,576	(4,472)
4-1020 Overdraft/LOC INT INC	24,415	109,349	(84,934)	128,662	857,156	(728,494)
4-1021 Interest Only Loans INT INC	20,012	-	20,012	187,869	-	187,869
4-1022 Princ & Int Loans INT INC	45,276	-	45,276	365,417	-	365,417
Interest Recd - Borrowers	89,704	109,349	(19,646)	681,948	857,156	(175,208)
4-1053 Franking Credits	-	-	-	-	-	-
4-1055 Ord Min List Interest Income	17,390	27,782	(10,392)	182,218	210,590	(28,372)
4-1056 Ord Minnet Interest Income	20,678	10,438	10,241	102,525	70,820	31,705
4-1057 Proceeds of Sale of Bonds	(4,886)	-	(4,886)	(57,265)	-	(57,265)
4-2100 Line Fee Income	-	-	-	14,250	27,374	(13,124)
4-3000 Sundry Income	26	-	26	5,362	-	5,362
Sundry Income - Other Asset classes and Ser	33,209	38,219	(5,010)	247,090	308,784	(61,694)
Total Income	137,743	161,956	(24,213)	1,085,142	1,326,516	(241,374)
5-0000 Cost Of Sales	-	-	-	-	-	-
5-2100 Interest Paid to Investors	78,164	92,478	(14,313)	642,636	770,002	(127,366)
Total Cost Of Sales	78,164	92,478	(14,313)	642,636	770,002	(127,366)
Gross Profit	59,578	69,478	(9,900)	442,506	556,514	(114,008)
Expenses						
6-0000 Provision for Annual Leave	554	-	(554)	2,723	-	(2,723)
6-1200 Provision Long Service Leave	-	1,167	1,167	-	9,336	9,336
6-1300 Salaries and Wages	17,296	18,750	(1,454)	137,561	150,000	(12,439)
6-1500 Superannuation	1,632	1,781	(150)	12,900	14,248	(1,348)

6-1600	6-1600	Staff Training	-	-	-	-	-	800	800
6-1700	6-1700	Fund Manager Vehicle	1,013	1,500	-	9,408	12,000	2,592	2,592
		Total Employee Benefits	20,495	23,198	487	162,592	186,384	23,792	23,792
6-4300	6-4300	Audit Fees	1,313	1,313	1	10,500	10,504	4	4
6-4360	6-4360	Legal Fees	-	-	-	8,024	3,000	(5,024)	(5,024)
6-4410	6-4410	Consultancy Fees	-	-	-	-	-	-	-
		Total Professional fees	1,313	1,313	1	18,524	13,504	(5,020)	(5,020)
6-4400	6-4400	WBC Bank Charges	524	650	126	4,011	5,200	1,189	1,189
6-4402	6-4402	Indue Fees	110	-	(110)	764	-	(764)	(764)
6-4412	6-4412	Donations	-	-	-	-	-	-	-
6-4440	6-4440	WBC Line of Credit Charges	828	950	122	6,731	7,600	869	869
6-4442	6-4442	Ord Minnett Brokerage/Advice	3,600	4,000	400	25,503	30,000	4,497	4,497
6-4445	6-4445	ASFA Line of Credit Charges	-	-	-	18	-	(18)	(18)
6-4450	6-4450	AFSA Service Agreement Fees	9,602	9,500	(102)	76,560	76,000	(560)	(560)
		Total Banking Costs	14,664	15,100	436	113,587	118,800	5,213	5,213
6-4510	6-4510	Insurance - Workers Comp	259	534	275	2,045	4,272	2,227	2,227
6-4530	6-4530	Insurance - General	824	920	96	6,462	7,360	898	898
		Total insurance costs	1,083	1,454	371	8,507	11,632	3,125	3,125
6-4200	6-4200	Advertising	210	200	(10)	1,537	1,600	63	63
6-4425	6-4425	Depreciation Expense	650	200	(450)	2,783	1,600	(1,183)	(1,183)
6-4600	6-4600	Meeting Expenses	133	140	7	633	1,120	487	487
6-4610	6-4610	Marketing	-	400	400	-	3,200	3,200	3,200
6-4700	6-4700	Postage	141	175	34	998	3,250	2,252	2,252
6-4800	6-4800	Printing & Stationery	-	1,000	1,000	4,004	8,000	3,996	3,996
6-4850	6-4850	Recruitment Expenses	125	-	(125)	125	-	(125)	(125)
6-4900	6-4900	RenVVictoria Street	433	600	167	3,467	4,800	1,333	1,333
6-5000	6-5000	PC Repairs & Maintenance	-	-	-	81	800	719	719
6-5100	6-5100	Telephone	209	220	11	1,680	1,760	80	80
6-5200	6-5200	Travel & Accommodation - Board	1,043	800	(243)	3,582	5,600	2,018	2,018
6-5300	6-5300	Travel & Accommodation - AFGD	-	400	400	1,101	3,200	2,099	2,099
6-5310	6-5310	AFGD Staff Expenses Other	101	-	(101)	101	-	(101)	(101)
6-4910	6-4910	Office Fitout	-	-	-	5,495	8,000	2,505	2,505
		Total General Operations costs	3,046	4,135	1,089	25,586	42,930	17,344	17,344
		Total Expenses	40,600	45,200	4,500	328,796	373,250	44,454	44,454
		Operating Profit	18,978	24,278	(5,300)	113,710	183,264	(69,564)	(69,564)
9-0000	9-0000	Other Expenses	-	-	-	-	-	-	-
9-2200	9-2200	Contribution to Diocese	14,600	14,600	-	116,800	116,800	-	-
		Total Other Expenses	14,600	14,600	-	116,800	116,800	-	-
		Net Profit/(Loss) after distribution	4,378	9,678	(5,300)	(3,090)	66,464	(69,554)	(69,554)

Anglican Funds Grafton Diocese
Level 1 - 50 Victoria Street
Grafton, 2460
NSW

Profit & Loss Statement
January 2017 through December 2017

	January	February	March	April	May	June	July	August	YTD	September	October	November	December	Forecast	Budget	Variance
4-0000																
Income																
Interest Recd - Investments	18,379	25,507	28,171	27,690	19,506	10,557	11,464	14,930	156,104	13,200	19,985	16,274	14,014	218,277	222,748	(4,471)
Interest Recd - Borrowers	96,801	72,626	80,588	77,480	83,199	88,617	92,935	89,704	681,948	105,822	109,349	105,822	109,349	1,112,291	1,287,500	(175,209)
Sundry Income - Other Asset Classes and Ser	34,228	35,647	24,074	37,653	33,681	10,516	38,082	33,209	247,090	51,906	38,219	36,986	51,906	426,108	487,796	(61,688)
Total Income	149,408	133,780	132,832	142,822	136,386	109,690	142,481	137,743	1,085,142	170,928	166,253	159,082	175,269	1,756,675	1,998,044	(241,369)
Cost Of Sales																
Total Interest Paid to Investors	83,955	75,769	84,984	82,479	81,893	77,201	78,191	78,164	642,636	88,656	97,459	92,219	92,045	1,013,015	1,140,381	127,366
Gross Profit	65,453	58,011	47,848	60,343	54,493	32,489	64,290	59,578	442,506	82,272	68,795	66,863	83,225	743,660	857,663	(114,003)
Expenses																
Total Employee Benefits	21,181	21,522	21,189	19,070	18,977	20,342	19,818	20,495	162,592	23,598	23,198	23,198	23,598	256,185	279,979	23,794
Total Professional fees	1,322	1,322	3,648	1,313	6,977	1,313	1,319	1,313	18,524	2,313	1,313	1,313	2,313	25,776	20,756	(5,020)
Total Banking and Indue Costs	12,916	12,883	13,954	13,393	14,261	15,567	15,928	14,664	113,587	15,100	20,100	15,100	15,100	178,987	184,200	5,231
Total insurance costs	1,078	999	1,078	1,059	1,085	1,054	1,071	1,083	8,507	1,454	1,454	534	534	12,482	15,606	3,124
Total General Operations costs	956	3,280	2,030	2,769	7,610	1,867	4,029	3,046	25,586	4,535	4,360	4,135	3,735	42,351	59,695	17,344
Total Expenses	37,453	40,005	41,899	37,603	48,909	40,162	42,165	40,600	328,796	47,000	50,425	44,280	45,280	515,781	560,236	44,473
Total Net Profit	28,001	18,006	5,949	22,740	5,584	-7,673	22,124	18,978	113,710	35,272	18,369	22,583	37,945	227,879	297,427	(69,548)
9-0000																
Distribution to Diocese	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	116,800	14,600	14,600	14,600	14,400	175,000	175,000	-
Total Other Expenses	13,401	3,406	-8,651	8,140	-9,016	-22,273	7,524	4,378	-3,090	20,672	3,769	7,983	23,545	52,879	122,427	(69,548)
Net Profit/(Loss) after distribution																

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
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NSW

Balance Sheet [Multi-Period]

January 2017 To August 2017

Account No.	Account Name	January	February	March	April	May	June	July	August
Assets									
	Current Assets	986,475	991,055	1,789,743	970,554	1,145,047	973,950	999,236	1,439,970
		14,529,134	12,148,855	14,584,947	11,300,954	8,716,605	6,288,725	7,125,117	6,401,260
	Investors - Interest Bearing Securities	7,572,198	8,823,214	9,033,926	10,065,856	9,918,756	10,261,740	10,261,740	10,039,866
		76,994	100,143	74,656	72,427	79,313	25,862	36,291	42,377
	Fixed Assets Current	4,690	4,558	4,426	4,295	34,392	33,742	33,093	32,443
	Loan Assets	17,728,677	17,874,476	17,217,851	18,454,249	19,178,640	21,307,945	20,837,855	21,687,881
		0	0	0	0	0	0	0	0
	Total Assets	40,898,168	39,942,302	42,705,549	40,868,334	39,072,752	38,891,963	39,293,331	39,643,797
Liabilities									
	Current Liabilities	33,790	25,443	28,993	28,311	54,178	20,234	22,748	25,204
		130	256	375	500	633	0	143	295
		254,158	270,416	311,771	319,334	342,079	361,724	291,408	293,953
	Investor Funds Fin Liab Current	5,354,355	4,459,793	5,662,947	5,682,830	4,285,304	4,781,735	5,543,633	5,162,989
		32,051,491	31,962,340	33,486,735	31,616,225	31,175,649	30,481,583	30,183,980	30,915,331
	Sundry Liabilities	11,561	12,174	13,974	12,240	9,197	11,291	11,914	13,109
		1,905,859	1,921,649	1,923,922	1,923,922	1,926,555	1,929,971	1,926,555	1,912,376
	Total Liabilities	39,611,345	38,652,072	41,428,717	39,583,362	37,793,595	37,586,538	37,980,381	38,323,257
	Net Assets	1,286,824	1,290,230	1,276,832	1,284,972	1,279,157	1,305,425	1,312,949	1,320,540
	Total Equity	1,286,824	1,290,230	1,276,832	1,284,972	1,279,157	1,305,425	1,312,949	1,320,540

Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street
Grafton 2460
NSW

Balance Sheet [Multi-Period]

January 2017 To August 2017

Account No.	Account Name	January	February	March	April	May	June	July	August
Assets									
Current Assets									
1-1105	WBC 032537 247819 Operating Ac	27,061	8,775	19,767	8,356	1,928	41,311	32,849	463,969
1-3130	WBC Term Invested Funds	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
1-3146	Ord Minnett-List Cash Account	51,381	74,248	868,976	48,907	218,780	32,099	40,990	31,600
1-3147	Ord Minnett-Global Cash Trust	8,033	8,033	1,000	13,292	24,339	540	25,396	44,401
	Current Assets	986,475	991,055	1,789,743	970,554	1,145,047	973,950	999,236	1,439,970
1-1110	WBC 032537 120455 Client Chq	159,144	220,054	131,462	136,520	95,759	167,730	873,584	151,347
1-1130	AFSA Float SAV00000202	1,074,884	362,538	309,211	214,008	342,330	631,980	563,616	97,314
1-1137	Daily Txns Unproc'd in Phoenix	-51,472	-125,553	-43,007	-152,292	8,392	11,724	-20,317	-114,483
1-1160	WBC 032537 163017 Cash Managem	107,099	202,018	197,126	2,612,217	2,029,267	2,236,094	216,687	25,186
1-1165	Melb DIF 30 day term	7,000,000	5,250,000	7,750,000	3,500,000	2,750,000	1,250,000	2,000,000	2,750,000
1-3111	AMP Term Investment	1,500,000	1,500,000	1,500,000	3,250,000	3,250,000	1,750,000	3,250,000	3,250,000
1-3112	ME Bank Term Investment	1,500,000	1,500,000	1,500,000	1,500,000	0	0	0	0
1-3113	BOQ Term Investment	3,000,000	3,000,000	3,000,000	0	0	0	0	0
1-3120	AFSA Security Dep SAV00000203	239,479	239,799	240,155	240,501	240,857	241,196	241,546	241,896
		14,529,134	12,148,855	14,584,947	11,300,954	8,716,605	6,288,725	7,125,117	6,401,260
1-3145	Ord Minnett-Listed Investments	7,572,198	8,823,214	6,477,266	6,477,266	6,330,166	4,900,285	4,900,285	4,678,412
1-3148	Ord Minn-Global Investments	0	0	2,556,660	3,588,590	3,588,590	5,361,455	5,361,455	5,361,455
	Investors - Interest Bearing Securities	7,572,198	8,823,214	9,033,926	10,065,856	9,918,756	10,261,740	10,261,740	10,039,866
1-1170	Accrued Int Receivable Investm	61,960	91,128	67,921	55,532	63,828	22,591	33,110	47,483
1-1171	Ord Min List Accrued Int Rec	0	0	0	10,168	6,561	0	4,913	-4,224
1-1172	Ord Min U/List Accrued Int Rec	0	0	0	1,833	4,856	0	-4,178	-2,504
1-1400	Prepaid Insurance	7,259	6,515	5,691	4,893	4,068	3,271	2,446	1,622
1-1700	Other Prepayments	2,500	2,500	1,044	0	0	0	0	0
1-2000	Trade Debtors	5,275	0	0	0	0	0	0	0
		76,994	100,143	74,656	72,427	79,313	25,862	36,291	42,377
1-2510	Vehicles - at Cost	0	0	0	0	30,536	30,536	30,536	30,536
1-2520	Vehicles - Accum dep	0	0	0	0	-307	-825	-1,343	-1,861
1-2710	Furniture & Fixtures Orig Cost	724	724	724	724	724	724	724	724
1-2720	Furniture & Fixtures Accum Dep	-724	-724	-724	-724	-724	-724	-724	-724
1-2810	Computer Hardware	28,219	28,219	28,219	28,219	28,219	28,219	28,219	28,219
1-2820	Acc Depn Computer Hardware	-23,529	-23,661	-23,793	-23,925	-24,056	-24,188	-24,320	-24,452
1-2910	Computer Software	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500
1-2920	Acc Depn - Comptr Software	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500	-60,500
	Fixed Assets Current	4,690	4,558	4,426	4,295	34,392	33,742	33,093	32,443
Loan Assets									
1-3155	Line of Credit - O/D	1,714,310	1,942,865	1,388,205	2,656,994	3,563,591	6,008,611	6,240,880	7,322,649
1-3160	Loan Advances	5,200,860	5,200,322	5,202,763	5,201,949	5,202,763	4,669,264	4,092,309	4,092,309
1-3170	Loan Advances - P & I	10,813,507	10,731,289	10,626,883	10,595,305	10,412,286	10,630,862	10,504,666	10,272,923
1-3193	3247300 Int Only loan INT REC	0	0	0	0	0	-792	0	0
	Loan Assets	17,728,677	17,874,476	17,217,851	18,454,249	19,178,640	21,307,945	20,837,855	21,687,881
1-3199	Financial Assets Current - Adj	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496	-15,104,496
1-4110	Financial Assets Non Current	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496	15,104,496
		0	0	0	0	0	0	0	0
	Total Assets	40,898,168	39,942,302	42,705,549	40,868,334	39,072,752	38,891,963	39,293,331	39,643,797
Liabilities									
Current Liabilities									
2-1004	Audit Costs	12,063	13,375	14,688	16,000	6,563	7,875	9,188	10,500
2-1200	Accounts payable	9,392	133	11,188	38	34,985	0	54	1,104
2-1915	Accrued Expenses	12,335	11,935	3,117	12,273	12,630	12,359	13,507	13,600
	Current Liabilities	33,790	25,443	28,993	28,311	54,178	20,234	22,748	25,204
2-1101	2243130 Access Acc INT PAY	51	96	130	175	221	0	54	110

2-1102	2243131 Inst Acc INT PAY	43	85	134	183	235	0	59	124
2-1103	2243132 Student Acc INT PAY	0	1	1	2	2	0	0	1
2-1104	2243133 Parish Prov INT PAY	35	75	109	141	175	0	30	61
		130	256	375	500	633	0	143	295
2-1221	2243310 Term 90 Days INT PAY	13,789	21,941	28,657	22,666	24,546	20,245	22,631	37,767
2-1222	2243320 Term 180 days INT PAY	30,446	44,472	59,464	71,200	84,698	101,984	30,487	36,209
2-1223	2243330 Term 365 days INT PAY	187,744	198,466	215,957	214,086	219,611	221,991	216,312	214,113
2-1224	2243340 Negotiable INT PAY	17	31	3	20	37	4	20	37
2-1225	235 Fixed Inv - 18 Month INT P	22,163	5,507	7,689	11,363	13,187	17,500	21,958	5,828
		254,158	270,416	311,771	319,334	342,079	361,724	291,408	293,953
2-1710	2103300 Access Accounts	313,859	289,824	259,304	278,723	275,107	304,740	313,091	327,550
2-1715	2103310 Institution Access	123,304	129,678	138,561	136,370	143,222	158,971	174,204	164,157
2-1720	2103320 Student Access	4,531	4,531	4,531	4,531	4,531	4,549	4,007	4,007
2-1725	2103330 Parish Provider Access	5,322	3,164	5,539	4,009	6,582	4,766	3,937	4,329
2-1730	2103350 Interest Free Deposits	7,740	5,996	6,830	7,046	6,034	6,626	7,011	7,807
2-1735	2103370 Chq Acc Parishes	867,059	798,170	827,468	879,667	924,059	904,257	879,610	907,728
2-1740	2103380 Chq Acc Ministry	1,162,251	988,148	1,079,947	1,063,308	1,119,951	1,140,635	1,412,598	1,316,737
2-1745	2103400 Anglican Affiliates	1,735,462	1,120,744	2,228,529	2,199,049	764,562	1,165,764	1,560,013	1,202,718
2-1750	139 Parishes CMA	893,881	869,378	847,418	834,955	769,895	810,186	915,153	949,150
2-1751	Next Gen Bonus Saver	42,574	43,776	44,313	45,865	49,218	46,682	45,831	47,965
2-1756	2103420 Clergy Access Account	198,373	206,384	220,506	229,307	222,143	234,561	228,175	230,842
	Investor Funds Fin Liab Current	5,354,355	4,459,793	5,662,947	5,682,830	4,285,304	4,781,735	5,543,633	5,162,989
2-1755	2183310 Term Inv 90 days	7,466,255	7,372,787	8,395,074	7,005,373	6,685,339	6,150,367	11,336,068	12,080,359
2-1760	2183320 Term Inv 180 days	9,414,580	9,446,351	10,531,980	10,217,679	10,073,763	10,099,739	4,740,439	4,714,358
2-1765	2183330 Term Inv 365 days	15,164,218	15,136,764	14,552,182	14,385,673	14,409,047	14,223,927	14,099,923	14,113,064
2-1770	2183341 Neg Inv Mat bal	6,439	6,439	7,500	7,500	7,500	7,551	7,551	7,551
		32,051,491	31,962,340	33,486,735	31,616,225	31,175,649	30,481,583	30,183,980	30,915,331
	Sundry Liabilities								
2-1910	Accrued Annual Leave	6,152	7,168	8,414	7,075	5,736	5,829	7,075	7,629
2-1911	Accrued Long Service Leave	5,942	5,942	5,942	5,942	5,942	5,942	5,942	5,942
2-3030	GST from purchases	-534	-936	-382	-777	-2,480	-480	-1,103	-467
2-3070	Voluntary Withholdings Payable	0	0	0	0	0	0	0	5
	Sundry Liabilities	11,561	12,174	13,974	12,240	9,197	11,291	11,914	13,109
2-2310	2183350 Fixed 18 Mths	1,905,635	1,921,425	1,923,698	1,923,698	1,926,331	1,926,331	1,926,331	1,912,153
2-9999	Westpac Unknown transactions	224	224	224	224	224	3,640	224	224
		1,905,859	1,921,649	1,923,922	1,923,922	1,926,555	1,929,971	1,926,555	1,912,376
	Total Liabilities	39,611,345	38,652,072	41,428,717	39,583,362	37,793,595	37,586,538	37,980,381	38,323,257
	Net Assets	1,286,824	1,290,230	1,276,832	1,284,972	1,279,157	1,305,425	1,312,949	1,320,540
	Equity								
3-7000	Revaluation Financial Assets	34,970	34,970	30,224	30,224	33,424	81,965	81,965	85,178
3-8000	Retained Earnings	1,238,452	1,238,452	1,238,452	1,238,452	1,238,452	1,238,452	1,238,452	1,238,452
3-9000	Current Earnings	13,401	16,807	8,156	16,296	7,280	-14,993	-7,468	-3,090
	Total Equity	1,286,824	1,290,230	1,276,832	1,284,972	1,279,157	1,305,425	1,312,949	1,320,540

The Corporate Trustees of the Diocese of Grafton (AFGD)

12 Months to: 30-06-17 UMA AC 24011234

Portfolio Snapshot	LISTED SECURITIES	UNLISTED SECURITIES
Opening Balance	6,191,128.85	1,492,425.00
Deposits	1,250,000.00	3,864,959.00
Withdrawals	- 2,760,000.00	
Net In/Out	- 1,510,000.00	3,864,959.00
Coupons/Dividends	286,716.88	99,200.50
Interest	1,066.35	
Income	287,783.23	99,200.50
Portfolio Mgmt Fees*	- 35,922.17	-
Brokerage	- 1,560.88	-
Total Expenses	- 37,483.05	-
Capital Appreciation	955.08	19,220.00
Closing Balance	4,932,384.11	5,376,604.00
<i>Weighted Average Deposits</i>		<i>2,028,325.84</i>
Performance**	3.99% IRR net of all fees	5.84% Gross return
NET Total Return (Listed & Unlisted)**		
12 Month Bank Bill Return (SBCBB)		4.95%
3 year Govt Bond @ 30/6/17		1.81%
5 year Govt Bond @ 30/6/17		1.76%
10 year Govt Bond @ 30/6/17		1.99%
		2.60%

* Fees deducted for both the listed and unlisted portfolios from the UMA cash balance within the listed portfolio.

Because of the fees, the return on the unlisted is overstated (gross) and the listed return is understated.

** HUB24 IRR calculation provided for listed securities; weighted average return used for unlisted.

Capital Adequacy: (Target > 10% of Risk Weighted Assets)

Assets		Weighting	Asset Value	RWA
Cash (Govt. Securities, A Rated Aust. Banks)		10%	\$ 7,402,453	\$ 740,245
Cash (Other Aust. Banks, ADI's)		20%	\$ -	\$ -
Anglican Loans -Unsecured		100%	\$ -	\$ -
Anglican Loans -Secured	\$ 21,687,881	50%	\$ 21,687,881	\$ 10,843,940
Undrawn Anglican Loans -Secured		50%	\$ 10,967,351	\$ 5,483,676
redraw funds available		50%	\$ -	\$ -
External Loans - Secured Commercial property		100%	\$ -	\$ -
Undrawn Ext. Loans - Secured Commercial property		100%	\$ -	\$ -
Equities		400%	\$ -	\$ -
Ord Minnett Subordinated Notes		50%	\$ 10,576,875	\$ 5,288,437
Other Investments		300%	\$ -	\$ -
Ord Cash		10%	\$ 76,001	\$ 7,600
Total Assets			\$ 50,710,560	\$ 22,363,899

N.B. As Asset Values include undrawn loans, figures won't reconcile with the Balance Sheet.

Risk Concentration:

Internal loans (< 30% of Total Assets)

	Limit	30%	Total Assets:	Limit Amount:			
Limit	30%	\$ 50,710,560	\$ 15,213,168				
Loans > 30% of TA			\$ 12,845,613	200%	-\$ 2,367,555	\$ -	

External loans (< 5% of Total Assets)

	Limit	5%	Total Assets:	Limit Amount:			
Limit	5%	\$ -	\$ -				
Loans > 5% of TA			\$ -	400%	\$ -	\$ -	

Total Risk Weighted Assets \$ 22,363,899

8% \$ 1,789,112

+ 2% Buffer \$ 447,278

Required Capital 10% \$ 2,236,390

Equity:

	2016 audited	Accumulated Funds	\$	1,238,452
		Asset Reserves	\$	85,178
		Adjustments		
	Management results	YTD profit after distribution	-\$	3,090
		Total Equity	\$	1,320,540
		"Surplus" Capital	-\$	915,850
		Actual Capital Adequacy ratio		5.90%

Liquidity (> 10% of Total Assets):

Total Assets:		\$	50,715,250
Minimum Liquidity requirement	10%	\$	5,071,525

Actual position:

Cash		\$	7,478,454
Undrawn Bank OD Facility		\$	1,600,000
Total Actual Liquidity		\$	9,078,454
"Surplus" Liquidity		\$	4,006,929
Actual Liquidity Ratio			17.9%

Depositors in excess of 5% of Liabilities

	Client	Deposit Amount	% of Liabilities
Total Liabilities	Corp Trustees	\$ 12,112,442	32%
plus redraw funds	St Cuthberts	\$ 4,517,513	12%
			0%
			0%
		\$ 16,629,955	44%

External Loan in excess of 5% of Total Assets

Borrower	Loan Amount	% of Assets
		0

Internal Loan to any one anglican entity not to exceed 30% of TA

Borrower	Loan Amount	% of Assets
SCAS	\$ 12,845,613	25%

Asset Targets

	Target	Actual
Cash	20%	14.75%
Ord Hybrids	0%	0.00%
Secured External loans	0%	0.00%
Secured Anglican loans	70%	64.39%
Unsecured Anglican loans	0%	0.00%
Ord Minnett Subordinated Notes	10%	21%
Other Investments P&E wd value	0%	0.01%
\$ 50,715,250	100%	100.00%

Maximum % of Cash invested with any one institution, 20% of Total Assets

Bank	Inv. Amount	% of Assets
AMP	\$ 3,250,000	6.4%
		0.0%

Minimum % of Cash investments with maturity dates < 45 days, 12%

	Actual %
\$ 4,760,556	63.7%

Floating Rate Note/CDO investments to be "A" rated

Investments currently below this benchmark;

	Rating	Maturity Date	Market Value
Australian Unity Ltd	BBB+	15-12-20	\$ 1,195,167
Members Equity	BBB	29-08-19	\$ 1,717,850
Auswide Credit Union	BBB-	12-06-19	\$ 509,863
Bendigo Bank	BBB+	13-12-21	\$ 1,044,700
(n.b. Westpac credit rating AA-)			\$ 4,467,579

Westpac Covenants:

	Requirement	Actual
Tier 1 Capital	\$ 2,236,390	\$ 1,320,540
Liquid assets with maturity terms < 45 days	\$ 897,414	\$ 4,760,556
Min. liquid assets (Deposits, FRN & CDOs)	\$ 10,143,050	\$ 18,055,328
of not less than 20% of Total Assets	20%	36%

Capital Adequacy

Capital Adequacy: (Target > 10% of Risk Weighted Assets)

	Sept-17			Oct-17			Nov-17			Dec-17		
Assets	Weighting	Asset Value	RWA	Weighting	Asset Value	RWA	Weighting	Asset Value	RWA	Weighting	Asset Value	RWA
Cash (Govt. Securities, A Rated Aust. Banks)	10%	\$ 6,000,000	\$ 600,000	10%	\$ 9,000,000	\$ 900,000	10%	\$ 8,000,000	\$ 800,000	10%	\$ 6,000,000	\$ 600,000
Cash (Other Aust. Banks, ADI's)	20%	\$ -	\$ -	20%	\$ -	\$ -	20%	\$ -	\$ -	20%	\$ -	\$ -
Anglican Loans - Unsecured	100%	\$ -	\$ -	100%	\$ -	\$ -	100%	\$ -	\$ -	100%	\$ -	\$ -
Anglican Loans - Secured	50%	\$ 23,000,000	\$ 11,500,000	50%	\$ 22,500,000	\$ 11,250,000	50%	\$ 23,500,000	\$ 11,750,000	50%	\$ 25,000,000	\$ 12,500,000
Undrawn Anglican Loans -Secured	50%	\$ 10,000,000	\$ 5,000,000	50%	\$ 10,500,000	\$ 5,250,000	50%	\$ 9,500,000	\$ 4,750,000	50%	\$ 7,000,000	\$ 3,500,000
redraw funds available	50%	\$ -	\$ -	50%	\$ -	\$ -	50%	\$ -	\$ -	50%	\$ -	\$ -
External Loans - Secured Commercial property	100%	\$ -	\$ -	100%	\$ -	\$ -	100%	\$ -	\$ -	100%	\$ -	\$ -
Undrawn Ext. Loans - Secured Commercial property	400%	\$ -	\$ -	400%	\$ -	\$ -	400%	\$ -	\$ -	400%	\$ -	\$ -
Equities	300%	\$ 10,500,000	\$ 5,250,000	300%	\$ 10,500,000	\$ 5,250,000	300%	\$ 10,500,000	\$ 5,250,000	300%	\$ 10,500,000	\$ 5,250,000
Ord Minnett Subordinated Notes	10%	\$ 40,000	\$ 4,000	10%	\$ 40,000	\$ 4,000	10%	\$ 40,000	\$ 4,000	10%	\$ 40,000	\$ 4,000
Other Investments												
Ord Cash												
Total Assets		\$ 49,540,000	\$ 22,354,000		\$ 52,540,000	\$ 22,654,000		\$ 51,540,000	\$ 22,554,000		\$ 48,540,000	\$ 21,854,000
N.B. As Asset Values include undrawn loans, figures won't reconcile with the Balance Sheet.												
Risk Concentration:												
Internal loans (< 30% of Total Assets)		Total Assets:	Limit Amount:									
Limit	30%	\$ 49,540,000	\$ 14,862,000									
Loans > 30% of TA	200%	\$ 1,862,000	\$ -									
External loans (< 5% of Total Assets)		Total Assets:	Limit Amount:									
Limit	5%	\$ -	\$ -									
Loans > 5% of TA	400%	\$ -	\$ -									
Total Risk Weighted Assets		\$ 22,354,000		\$ 22,654,000		\$ 22,554,000		\$ 22,554,000		\$ 21,854,000		
Equity:												
Audited 2016 Final		Accumulated Funds	\$ 1,238,452		\$ 1,238,452		\$ 1,238,452		\$ 1,238,452		\$ 1,238,452	
		Asset Reserves	\$ 85,000		\$ 80,000		\$ 80,000		\$ 80,000		\$ 80,000	
		Adjustments	\$ -		\$ -		\$ -		\$ -		\$ -	
Management results		YTD profit after distribution	\$ 7,000		\$ 3,000		\$ 12,000		\$ 12,000		\$ 12,000	
		Total Equity	\$ 1,330,452		\$ 1,315,452		\$ 1,306,452		\$ 1,306,452		\$ 1,318,452	
		"Surplus" Capital	\$ 904,948		\$ 949,948		\$ 948,948		\$ 948,948		\$ 866,948	
		Actual Capital Adequacy ratio	5.95%		5.81%		5.79%		5.79%		6.03%	