



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

**ANGLICAN FUNDS GRAFTON DIOCESE BOARD MEETING**  
**Wednesday 27<sup>th</sup> February 2019**  
**AGENDA**

1. **9am** - Opening Prayer
2. Confirm attendees and apologies
3. Conflict of Interest Declarations  
Current standing register of interests:
  - Bishop Murray Harvey – various Diocesan boards and committees
  - David Ford – Chair of Bishop Druitt College Council; member of Bishop-in-Council
  - Ted Clarke – Agreement with Clarence Valley Anglican School
  - Chris Nelson – involved on various Diocesan boards and committees
4. Confirmation of Minutes
  - Meeting of 20 December 2018
5. Call for additional agenda items and close of agenda
6. Financial and performance reports
  - a) Finance reports
  - b) Cashflow update
  - c) 2019 Budget
  - d) Audit Management Letter update
7. Matters for discussion and/or decision
  - a) Financial Analysis of Strategic Options
  - b) Schools Update (**9.45am** - Mr Blaine Fitzgerald to join by video-conference)
    - i. Update on activation of finance for Bishop Druitt College
    - ii. Other school matters
  - c) Bank@Post fees
8. Matters for noting and status updates
  - a) Sale of Fund Manager Motor Vehicle
  - b) Westpac security release
  - c) AFSA Endowment Fund Performance Report
  - d) AFSA Fund News June 2018
  - e) AICD Executive Summary on Final Report of Hayne Royal Commission
9. Correspondence  
In:  
Nil

Out:  
Nil

**10.** Next meeting scheduled for 28 March 2019.

**11.** Meeting close



**BOARD MEETING DATE:**

27/02/2019

**No 4 Confirmation of Minutes**

**Meeting of 20 December 2018**

**No of Pages. 5 incl Header**



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

**Minutes**  
**Thursday 20 December 2018**  
**Meeting at the Registry Conference Room, Grafton**

1. **Opening Prayer** - Meeting opened at 9.01am with prayers by Mr Gary Boyd
2. **Attendees:** Mr David Ford (Chair), Bishop Murray Harvey (for items 1 to 6c, 7a and 7c), Mr Phil Crandon, Mr Gary Boyd, Mr John Adlington, Mr Ted Clarke  
Non-members: Mr Chris Nelson, Mr Blaine Fitzgerald (for item 7a only), Mrs Annette Dent (from item 6d until end of meeting)

**Apologies:** None

**3. Conflict of Interest Declarations**

The current standing register of interests as follows was noted:

- Bishop Murray Harvey - involved on various Diocesan boards and committees
- Chris Nelson - involved on various Diocesan boards and committees
- David Ford – Chair of Bishop Drutt College Council
- Ted Clarke – Agreement with Clarence Valley Anglican School

No new or changed declarations were required.

**4. Confirmation of Minutes**

*That the minutes of the meeting of 23 August 2018 be accepted as true and correct.*

**Moved:** Mr John Adlington

**Seconded:** Mr Phil Crandon

CARRIED

*That the flying minute of 7 November 2018 (Contract Extension for Blaine Fitzgerald) be ratified.*

**Moved:** Mr Gary Boyd

**Seconded:** Mr Ted Clarke

CARRIED

**5. Call for additional Agenda items and close of Agenda**

No further agenda items were requested.

**6. Financial and Performance Reports**

**a. Finance reports**

Balance Sheet and Profit & Loss reports for YTD 30 November 2018 were considered.

**b. Cashflow Update**

A report on cashflow for December 2018 and January 2019 was considered.

The Board commended Ms Annette Dent on her management of cashflow and the clear report that was presented.

*That the AFGD Board receives the financial and cashflow reports as presented.*

**Moved:** Bishop Murray Harvey

**Seconded:** Mr Phil Crandon

CARRIED

**c. 2019 Budget**

The need for a 2019 budget was raised however with different strategic options available the basis for the budget is unclear.

*That the AFGD Board requests the Registrar to create a budget for 2019 using the 2018 budget as a base but taking out the Fund Manager salary and car costs and adding in service fees and adjusting for inflation, consideration of 2018 actuals and other known factors.*

**Moved:** Mr Ted Clarke

**Seconded:** Mr Gary Boyd

CARRIED

**d. Audit Management Letter update**

The Board considered a report on progress with regard to improvement actions listed in the Management Letter arising from the 2017 audit.

*That the AFGD Board notes the progress report on the 2017 Audit Management Letter included in the meeting papers.*

**Moved:** Mr John Adlington

**Seconded:** Mr Ted Clarke

CARRIED

**7. Matters for Discussion and or Decision:**

**a. AFSA Proposal**

Mr Blaine Fitzgerald joined the meeting and made a presentation of the proposal dated 28 November 2018 for greater management services and investment opportunities through Anglican Funds South Australia. Mr Fitzgerald responded to questions from the Board relating to this proposal.

This matter was further discussed at item 7c

**b. i. Clarence Valley Anglican School half yearly review**

The Board discussed this report noting that no matters of special concern were reported.

*The AFGD Board accepts the report from Mr Blaine Fitzgerald on Clarence Valley Anglican School.*

**Moved:** Mr Phil Crandon

**Seconded:** Mr Ted Clarke

CARRIED

**b. ii. Update on activation of finance for Bishop Druitt College**

It was noted that contractual paperwork is available and has been signed by the school, AFGD and the Corporate Trustees. AFGD's legal representatives are liaising with Westpac's legal representatives to get the matter finalised as soon as possible.

**b. iii. Any other school matter**

No other matters were raised.

**c. Strategic Options discussion**

The AFGD Board discussed the Anglican Funds South Australia proposal as presented by Mr Blaine Fitzgerald and the discussion paper submitted by Mr Chris Nelson.

*That the AFGD Board asks its Chair to convey the Board's thanks to Anglican Funds South Australia (AFSA) for their proposal and asks that further development of the proposal be considered.*

*That on receipt of the final proposal from AFSA, that the Registrar engages TNR to conduct a comparison of the financial impact of the AFSA proposal in comparison with a treasury proposal, the current arrangements and a wind up of AFGD.*

**Moved:** Mr John Adlington

**Seconded:** Bishop Murray Harvey

CARRIED

**d. Fund Manager Motor Vehicle**

The Board discussed the disposition of the motor vehicle that has been in storage since Mr Blaine Fitzgerald resigned as Fund Manager in January 2018.

*That the AFGD Board approves the sale of the Holden Captiva that was purchased for the position of AFGD Fund Manager and that the Chair be authorised to sell this vehicle for at least \$21,500.*

**Moved:** Mr John Adlington

**Seconded:** Mr Gary Boyd

CARRIED

**e. Review of AFGD Investment Policy**

The Board considered the AFGD Investment Policy which was due for its 2 year review in May 2018.

*That the AFGD Board recognises the need to review the AFGD Investment Policy but notes that the policy is generally suitable for its operations and that various strategic options are being considered. The AFGD Board therefore defers the review of this policy to July 2019.*

**Moved:** Mr David Ford

**Seconded:** Mr Phil Crandon

CARRIED

**f. Review of AFGD Capital Adequacy Policy**

The Board considered the AFGD Capital Adequacy Policy which was due for its 2 year review in November 2018.

*That the AFGD Board has reviewed the AFGD Capital Adequacy Policy and considers that no change is required at this time.*

**Moved:** Mr Ted Clarke

**Seconded:** Mr John Adlington

CARRIED

**8. Matters for noting and status updates**

**a. Activation of AFSA line of credit and cancellation of Westpac line of credit**

Ms Annette Dent supplemented the report in the papers with a verbal update. Forms to activate this change are available for signing.

*The AFGD Board accepts the report on the progress in changing line of credit arrangements.*

**Moved:** Mr David Ford

**Seconded:** Mr Gary Boyd

CARRIED

## 9. Correspondence

In:

- indue – 18 October 2018 – Price increases for Chequing
- Westpac – 1 November 2018 – Changes to Australia Post services

*That the AFGD Board requests a letter to be sent to parish customers explaining that any increases of Bank@Post fees will continue to be absorbed into AFGD operating costs.*

**Moved:** Mr David Ford

**Seconded:** Mr Gary Boyd

CARRIED

Out:

- Mr Blaine Fitzgerald – 14 November 2018 – Extension to Service Agreement with Anglican Funds Grafton Diocese
- St Columba Anglican School – 3 December 2018 – Consent for funding of fit out costs associated with the Performing Arts Centre of Excellence from Westpac Banking Corporation

*That the inward correspondence be received and the outward correspondence be endorsed.*

**Moved:** Mr Phil Crandon

**Seconded:** Mr John Adlington

CARRIED

## 10. Next Meeting: 14 February 2019 (rescheduled from 31 January 2019)

## 11. Meeting Close

The meeting closed at 12.06pm with the Chair thanking board members for their work and diligence throughout the year and wishing them well for Christmas. The board members and staff retired to lunch.

CONFIRMED as a true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 20 December 2018.

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Chair – David Ford



**BOARD MEETING DATE:**

27/02/2019

**No 6 Financial and performance reports**

**Item: a**

**Title: Finance reports**

**December 2018 & January 2019**

**No of Pages. 16 incl Header**



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

**Profit & Loss Statement**  
January to December 2018

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Budget	Variance
<b>4-0000</b>															
Income															
Interest Recd - Investments	11,890	21,539	22,384	16,845	15,028	11,192	9,232	11,430	6,890	7,295	12,568	7,540	153,832	184,240	(30,408)
Interest Recd - Borrowers	85,818	59,795	67,358	63,737	70,076	72,183	76,461	75,351	73,215	72,528	64,291	75,752	856,563	1,000,771	(36,690)
Sundry Income - Other Asset classes and Ser	36,913	44,837	59,581	39,548	39,548	70,398	39,548	36,443	89,172	36,214	26,703	53,028	571,932	634,022	(62,090)
Total Income	134,621	126,171	149,322	120,130	124,652	153,772	125,241	123,224	169,276	116,037	103,561	136,320	1,582,328	1,819,033	(41,378)
Cost Of Sales															
Total Interest Paid to Investors	77,885	70,828	76,040	70,997	69,509	65,089	67,178	65,302	60,890	62,674	60,413	61,202	808,005	923,412	115,407
Gross Profit	56,736	55,343	73,282	49,132	55,144	88,684	58,063	57,922	108,386	53,363	43,149	75,118	774,322	895,621	(121,299)
<b>6-0000</b>															
Expenses															
Total Employee Benefits	7,586	9,073	8,429	9,164	9,330	10,911	8,823	8,867	9,250	8,732	8,960	10,847	109,971	271,973	162,002
Total Professional fees	1,942	1,742	2,959	3,560	7,723	6,645	3,431	1,991	1,782	3,166	6,938	2,411	44,291	40,600	(3,691)
Total Banking and Indue Costs	15,559	16,979	16,791	25,436	17,681	20,835	18,060	15,684	14,549	15,788	18,068	14,887	210,315	254,761	(44,446)
Total insurance costs	1,096	780	856	847	851	11,228	851	851	833	854	866	467	20,381	13,280	(7,101)
Total General Operations costs	3,334	3,327	2,014	2,196	4,167	1,507	3,471	2,276	2,866	3,349	1,490	2,074	32,170	44,070	11,900
Total Expenses	29,517	31,901	31,048	41,203	39,751	51,125	34,637	29,669	29,380	31,888	36,322	30,686	417,129	624,684	207,555
Total Net Profit	27,220	23,442	42,234	7,929	15,392	37,559	23,426	28,253	79,006	21,474	6,826	44,432	357,193	270,937	86,256
<b>9-0000</b>															
Distribution to Diocese															
Total Other Expenses	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	175,000	-
Net Profit/(Loss) after distribution	12,620	8,842	27,634	-6,671	792	22,959	8,826	13,653	64,406	6,874	-7,774	30,032	182,193	95,937	86,256

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

**Profit & Loss Statement**  
January to December 2018

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Budget	Variance
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
<b>4-0000</b>															
Income															
4-101 4-1010	0	0	0	0	0	0	0	0	0	0	0	0	0	184,240	(184,240)
4-101 4-1011	406	1,895	2,098	2,030	1,692	0	0	0	0	0	0	0	8,121	0	8,121
4-101 4-1012	351	320	360	349	374	387	400	2,803	391	404	391	401	6,931	0	6,931
4-101 4-1013	6,443	11,910	11,815	7,829	6,191	4,505	2,694	4,821	4,505	4,868	10,501	5,041	60,673	0	60,673
4-101 4-1014	2,179	1,930	2,038	2,148	2,355	2,026	2,026	2,169	1,994	2,023	2,126	2,097	25,090	0	25,090
4-101 4-1015	2,511	5,485	6,073	4,488	4,416	4,274	4,132	1,638	0	0	0	0	33,016	0	33,016
<b>4-102 4-1020</b>	<b>11,890</b>	<b>21,539</b>	<b>22,384</b>	<b>16,845</b>	<b>15,028</b>	<b>11,192</b>	<b>9,232</b>	<b>11,430</b>	<b>6,890</b>	<b>7,295</b>	<b>12,568</b>	<b>7,540</b>	<b>153,832</b>	<b>184,240</b>	<b>(30,408)</b>
4-102 4-1021	24,827	5,422	7,897	6,869	12,147	16,599	19,564	19,148	19,981	18,582	13,550	22,589	187,175	1,000,771	(813,596)
4-102 4-1022	20,939	19,118	21,166	20,483	21,166	20,483	21,166	21,166	20,194	20,821	19,379	21,301	247,383	0	247,383
	40,052	35,255	38,295	36,384	36,763	35,101	35,731	35,036	33,041	33,125	31,362	31,982	422,005	0	422,005
<b>4-105 4-1055</b>	<b>88,818</b>	<b>59,795</b>	<b>67,358</b>	<b>63,737</b>	<b>70,076</b>	<b>72,183</b>	<b>76,461</b>	<b>75,351</b>	<b>73,215</b>	<b>72,528</b>	<b>64,291</b>	<b>75,752</b>	<b>856,563</b>	<b>1,000,771</b>	<b>(144,208)</b>
4-105 4-1056	13,010	20,706	13,034	15,575	15,575	15,934	15,575	16,659	17,573	12,227	13,313	12,920	182,101	194,951	(12,850)
4-105 4-1057	24,794	23,973	22,915	23,973	23,973	24,159	23,973	23,973	27,961	23,973	25,952	26,511	296,130	304,924	(8,794)
4-105 4-1058	0	0	0	0	0	0	0	-4,213	0	0	-12,569	-28,571	-45,354	-45,353	(1)
4-105 4-1058	-907	0	0	0	0	0	0	0	0	0	0	-1,460	-2,367	0	(2,367)
4-105 4-2000	0	150	0	0	0	0	0	0	0	0	0	0	150	0	150
4-200 4-2000	0	0	23,625	0	0	30,292	0	0	43,625	0	0	43,625	141,167	179,500	(38,333)
4-210 4-2100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-300 4-3000	16	7	7	7	0	13	0	24	13	14	7	4	105	0	105
<b>Sundry Income - Other Asset classes and Service Fee</b>	<b>36,913</b>	<b>44,837</b>	<b>59,581</b>	<b>39,548</b>	<b>39,548</b>	<b>70,398</b>	<b>39,548</b>	<b>36,443</b>	<b>89,172</b>	<b>36,214</b>	<b>26,703</b>	<b>53,028</b>	<b>571,932</b>	<b>634,022</b>	<b>(62,090)</b>
<b>Total Income</b>	<b>134,621</b>	<b>126,171</b>	<b>149,322</b>	<b>120,130</b>	<b>124,652</b>	<b>153,772</b>	<b>125,241</b>	<b>123,224</b>	<b>169,276</b>	<b>116,037</b>	<b>103,561</b>	<b>136,320</b>	<b>1,582,328</b>	<b>1,819,033</b>	<b>(236,705)</b>
Interest Paid to Investors	77,885	70,828	76,040	70,997	69,509	65,089	67,178	65,302	60,890	62,674	60,413	61,202	808,005	923,412	(115,407)
<b>Total Cost Of Sales</b>	<b>77,885</b>	<b>70,828</b>	<b>76,040</b>	<b>70,997</b>	<b>69,509</b>	<b>65,089</b>	<b>67,178</b>	<b>65,302</b>	<b>60,890</b>	<b>62,674</b>	<b>60,413</b>	<b>61,202</b>	<b>808,005</b>	<b>923,412</b>	<b>(115,407)</b>
<b>Gross Profit</b>	<b>56,736</b>	<b>55,343</b>	<b>73,282</b>	<b>49,132</b>	<b>55,144</b>	<b>88,684</b>	<b>58,063</b>	<b>57,922</b>	<b>108,386</b>	<b>53,363</b>	<b>43,149</b>	<b>75,118</b>	<b>774,322</b>	<b>895,621</b>	<b>(121,299)</b>
<b>Expenses</b>															
6-110 6-1100	-7,440	452	-633	-633	452	336	452	514	462	185	462	1,447	-3,944	0	3,944
6-120 6-1200	-11,595	0	0	0	0	1,640	0	0	0	0	0	800	-9,155	14,004	23,159
6-130 6-1300	24,445	7,629	7,920	8,969	7,629	7,649	7,647	7,629	8,025	7,810	7,761	7,863	110,975	225,360	114,385
6-150 6-1500	1,767	725	734	827	725	725	725	725	762	737	737	737	9,926	21,409	11,483
6-160 6-1600	0	0	0	0	0	0	0	0	0	0	0	0	1,600	0	1,600
6-170 6-1700	409	267	407	0	524	561	0	0	0	0	0	0	2,169	9,600	7,431
<b>Total Employee Benefits</b>	<b>7,586</b>	<b>9,073</b>	<b>8,429</b>	<b>9,164</b>	<b>9,330</b>	<b>10,911</b>	<b>8,823</b>	<b>8,867</b>	<b>9,260</b>	<b>8,732</b>	<b>8,860</b>	<b>10,847</b>	<b>109,971</b>	<b>271,973</b>	<b>162,002</b>
Advertising	0	0	210	0	0	990	210	210	0	0	1,258	210	2,678	2,400	(478)
6-430 6-4300	1,742	1,742	1,742	1,742	1,742	1,865	1,865	1,781	1,782	1,780	1,781	2,201	26,890	28,200	1,310
6-436 6-4360	200	0	1,007	1,818	858	4,780	576	0	1,386	1,386	3,898	0	14,523	10,000	(4,523)
<b>Total Professional fees</b>	<b>1,942</b>	<b>1,742</b>	<b>2,959</b>	<b>3,560</b>	<b>7,723</b>	<b>6,645</b>	<b>3,431</b>	<b>1,991</b>	<b>1,782</b>	<b>3,166</b>	<b>6,938</b>	<b>2,411</b>	<b>44,291</b>	<b>40,600</b>	<b>(3,691)</b>
WBC Bank Charges	535	476	542	533	479	593	556	547	563	519	517	538	6,398	7,800	1,402
6-440 6-4400	20	31	19	31	68	57	144	77	28	23	43	46	586	0	(586)
6-441 6-4410	0	0	0	0	0	0	0	0	0	0	0	0	2,500	56,850	24,073
6-441 6-4412	0	0	0	0	0	0	0	0	0	0	0	0	2,500	56,850	24,073
6-441 6-4412	828	748	948	801	828	921	828	828	921	828	801	948	10,230	11,400	1,170
6-441 6-4440	3,675	3,331	3,682	3,500	3,709	3,432	4,244	3,726	1,700	3,204	3,230	1,049	39,482	46,500	8,018
6-441 6-4442	0	0	0	0	0	0	0	0	0	0	0	0	624	0	(624)
6-441 6-4445	10,501	8,560	9,267	18,237	10,263	7,887	9,444	8,149	9,000	8,881	8,644	9,885	118,718	127,211	8,493
6-445 6-4450															
AFSA Service Agreement Fees															

6-451 6-4510	15,559	16,979	16,791	25,436	17,681	20,835	19,060	15,684	14,549	15,788	18,068	14,887	210,315	254,761	44,446
6-453 6-4530	359	114	119	134	114	114	114	114	120	26	116	118	1,563	4,080	2,517
	737	666	737	713	737	11,113	737	737	713	828	750	349	18,018	9,200	(9,618)
<b>Total Insurance costs</b>	<b>1,096</b>	<b>780</b>	<b>856</b>	<b>847</b>	<b>851</b>	<b>11,228</b>	<b>851</b>	<b>851</b>	<b>833</b>	<b>854</b>	<b>866</b>	<b>467</b>	<b>20,381</b>	<b>13,280</b>	<b>(7,101)</b>
6-442 6-4425	626	626	626	626	626	626	626	626	626	626	626	34	6,925	7,800	875
6-460 6-4600	222	174	106	0	11	0	50	15	0	0	16	228	822	1,680	858
6-461 6-4610	0	0	0	0	0	0	0	0	0	0	0	0	0	4,800	4,800
6-470 6-4700	0	184	503	154	143	158	104	123	129	104	212	214	2,030	3,350	1,320
6-480 6-4800	327	537	0	0	9	0	1,191	0	12	0	0	16	2,093	7,200	5,107
6-490 6-4900	433	433	433	433	433	433	433	433	433	433	433	433	5,200	5,400	200
6-500 6-5000	0	0	0	0	0	0	0	0	0	0	0	25	25	400	375
6-510 6-5100	117	214	216	193	199	212	197	194	202	195	201	191	2,332	2,640	308
6-520 6-5200	1,061	1,152	128	789	1,097	77	869	885	1,517	1,910	0	931	10,416	6,000	(4,416)
6-530 6-5300	309	0	0	0	1,597	0	0	0	-200	0	0	0	1,706	4,800	3,094
6-531 6-5310	239	5	0	0	50	0	0	0	246	80	0	0	621	0	(621)
<b>Total General Operations costs</b>	<b>3,334</b>	<b>3,327</b>	<b>2,014</b>	<b>2,196</b>	<b>4,167</b>	<b>1,507</b>	<b>3,471</b>	<b>2,276</b>	<b>2,966</b>	<b>3,349</b>	<b>1,490</b>	<b>2,074</b>	<b>32,170</b>	<b>44,070</b>	<b>11,900</b>
<b>Total Expenses</b>	<b>29,517</b>	<b>31,901</b>	<b>31,048</b>	<b>41,203</b>	<b>39,751</b>	<b>51,125</b>	<b>34,637</b>	<b>29,669</b>	<b>29,380</b>	<b>31,888</b>	<b>36,322</b>	<b>30,686</b>	<b>417,129</b>	<b>624,684</b>	<b>207,555</b>
<b>Total Net Profit</b>	<b>27,220</b>	<b>23,442</b>	<b>42,234</b>	<b>7,929</b>	<b>15,392</b>	<b>37,559</b>	<b>23,426</b>	<b>28,253</b>	<b>79,006</b>	<b>21,474</b>	<b>6,826</b>	<b>44,432</b>	<b>357,193</b>	<b>270,937</b>	<b>86,256</b>
Contribution to Diocese	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	175,000	-
<b>Total Other Expenses</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,400</b>	<b>175,000</b>	<b>175,000</b>	<b>0</b>
<b>Net Profit/(Loss) after distribution</b>	<b>12,620</b>	<b>8,842</b>	<b>27,634</b>	<b>-6,671</b>	<b>792</b>	<b>22,959</b>	<b>8,826</b>	<b>13,653</b>	<b>64,406</b>	<b>6,874</b>	<b>-7,774</b>	<b>30,032</b>	<b>182,193</b>	<b>95,937</b>	<b>86,256</b>

**Anglican Funds Grafton Diocese**

Level 1 - 50 Victoria Street  
Grafton 2460  
NSW

**Balance Sheet**

As of December 2018

Account No.				
1-0000	Assets			
1-1000	Current Assets			
1-1105	WBC 032537	\$31,000.38		
1-1110	WBC 032537	\$134,541.19		
1-1130	AFSA Float	\$1,272,295.38		
1-1137	Daily Txns	(\$20,855.55)		
1-1160	WBC 032537	\$155,443.17		
1-1165	Melb DIF 30 day	\$1,500,000.00		
1-1170	Accrued Int	\$24,032.27		
1-1172	Ord Min U/List	(\$0.60)		
1-1400	Prepaid Insurance	(\$0.02)		
1-2700	Furniture &			
1-2710	Furniture &	\$4,852.56		
1-2720	Furniture &	(\$1,400.72)		
1-2800	Plant & Equipment			
1-2810	Computer	\$26,730.39		
1-2820	Acc Deprn	(\$25,243.25)		
1-2900	Intangible Assets			
1-2910	Computer Software	\$60,500.00		
1-2920	Acc Deprn - Compr	(\$60,500.00)		
1-3000	Financial Assets -			
1-3120	AFSA Security Dep	\$247,792.38		
1-3130	WBC Term	\$900,000.00		
1-3145	Ord Minnett-Listed	\$1,192,879.10		
1-3147	Ord Minnett-Global	\$65,795.30		
1-3148	Ord Minn-Global	\$6,316,320.00		
1-3150	Loan Assets			
1-3155	Line of Credit - O/D	\$8,880,486.12		
1-3160	Loan Advances	\$4,601,468.48		
1-3170	Loan Advances - P	\$7,289,063.62		
1-3190	Accrued Interest			
1-3199	Financial Assets	(\$15,104,496.17)		
1-4000	Financial Assets -			
1-4110	Financial Assets	\$15,104,496.17		
	Total Assets			\$32,595,200.20
2-0000	Liabilities			
2-1000	Current Liabilities			
2-1004	Audit Costs	\$21,890.00		
2-1200	Accounts payable		\$2,372.34	
2-1221	2243310 Term 90		\$25,530.72	
2-1222	2243320 Term 180		\$63,590.66	
2-1223	2243330 Term 365		\$118,189.57	
2-1700	Investor Funds Fin			
2-1710	2103300 Access	\$125,847.11		
2-1715	2103310 Institution	\$115,441.42		
2-1725	2103330 Parish	\$4,362.07		
2-1730	2103350 Interest	\$8,616.47		
2-1735	2103370 Chq Acc	\$900,056.96		
2-1740	2103380 Chq Acc	\$2,349,384.52		
2-1745	2103400 Anglican	\$745,774.80		
2-1750	139 Parishes CMA	\$625,015.10		
2-1755	2183310 Term Inv	\$6,000,825.14		
2-1756	2103420 Clergy	\$242,366.79		
2-1760	2183320 Term Inv	\$9,690,384.45		
2-1765	2183330 Term Inv	\$10,088,950.00		
2-1900	Other Current			
2-1910	Accrued Annual	\$5,367.40		
2-1911	Accrued Long	\$9,488.20		
2-1915	Accrued Expenses	\$18,069.34		
2-3010	GST from Sales		\$1,954.55	
2-3030	GST from		(\$886.13)	
2-9999	Westpac Unknown		\$223.68	
	Total Liabilities			\$31,162,815.16
	Net Assets			\$1,432,385.04
3-0000	Equity			
3-7000	Revaluation		(\$8,124.86)	
3-8000	Retained Earnings	\$1,258,315.96		
3-9000	Current Earnings	\$182,193.94		
	Total Equity			\$1,432,385.04

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

**Balance Sheet [Multi-Period]**

January 2018 To December 2018

Account No.	Account Name	January	February	March	April	May	June	July	August	September	October	November	December
<b>Assets</b>													
<b>Current Assets</b>													
		989,695	1,021,463	1,039,180	964,850	1,025,767	979,786	949,314	951,548	915,358	926,736	944,591	996,796
		13,432,487	12,824,854	13,135,313	9,025,466	7,483,693	3,827,215	6,520,629	2,843,433	2,129,745	7,309,064	6,202,938	3,289,217
		10,794,038	10,794,038	10,754,759	10,754,759	10,754,759	10,673,434	10,673,434	9,678,459	9,673,912	9,673,912	8,751,109	7,509,199
		46,158	46,821	44,346	52,389	53,704	39,299	33,782	20,420	20,585	21,996	36,899	24,032
	<b>Fixed Assets</b>	32,243	31,616	30,990	30,364	29,737	29,111	28,484	27,858	27,232	26,605	25,979	4,939
	<b>Loan Assets</b>	15,885,109	15,227,046	14,786,293	15,682,818	16,749,722	19,235,077	17,203,674	19,897,600	19,559,629	15,722,228	16,887,430	20,771,018
		0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total Assets</b>	41,179,729	39,945,839	39,790,880	36,510,646	36,097,381	34,783,922	35,409,317	33,419,317	32,326,461	33,680,542	32,848,946	32,595,200
<b>Liabilities</b>													
<b>Current Liabilities</b>													
		66,960	59,572	43,405	26,413	33,215	36,497	29,908	33,630	38,540	35,063	38,282	42,332
		153	302	450	593	735	0	134	230	304	382	465	0
		266,741	275,346	302,387	264,095	273,754	289,484	267,446	265,425	262,344	225,286	190,649	207,311
	<b>Investor Funds Fin Liab Current</b>	7,265,036	6,535,970	7,157,651	6,012,581	6,242,339	4,744,764	6,094,964	4,826,700	4,691,353	6,062,968	5,397,119	5,116,865
		30,442,346	31,441,219	30,831,929	28,778,526	28,113,090	28,371,673	27,666,198	26,925,116	25,905,384	25,922,345	25,787,333	25,780,160
	<b>Sundry Liabilities</b>	6,549	6,320	2,344	2,394	7,711	8,331	8,669	11,427	11,887	10,974	12,283	15,924
		1,731,948	218,273	55,521	35,521	35,224	224	224	224	224	224	224	224
	<b>Total Liabilities</b>	39,779,734	38,537,001	38,393,687	35,120,123	34,706,066	33,450,972	34,067,542	32,062,751	30,910,036	32,257,242	31,426,355	31,162,815
	<b>Net Assets</b>	1,399,995	1,408,838	1,397,193	1,390,523	1,391,316	1,332,949	1,341,775	1,356,566	1,416,425	1,423,300	1,422,591	1,432,385
<b>Equity</b>													
	<b>Total Equity</b>	1,399,995	1,408,838	1,397,193	1,390,523	1,391,316	1,332,949	1,341,775	1,356,566	1,416,425	1,423,300	1,422,591	1,432,385

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

**Balance Sheet [Multi-Period]**

January 2018 To December 2018

Account No.	Account Name	January	February	March	April	May	June	July	August	September	October	November	December
<b>Assets</b>													
<b>Current Assets</b>													
1-1105	WBC 032537 247819 Operating Ac	27,875	19,157	75,705	18,146	37,041	14,373	17,336	26,566	15,358	10,286	2,974	31,000
1-2000	Trade Debtors	0	150	0	0	0	0	0	0	0	0	0	0
1-3130	WBC Term Invested Funds	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
1-3146	Ord Minnett-List Cash Account	36,538	53,165	62,722	21,817	40,415	52,556	0	0	0	0	0	0
1-3147	Ord Minnett-Global Cash Trust	25,282	48,991	753	24,887	48,311	12,857	31,978	24,982	0	16,451	41,617	65,795
		<b>989,695</b>	<b>1,021,463</b>	<b>1,039,180</b>	<b>964,850</b>	<b>1,025,767</b>	<b>979,786</b>	<b>949,314</b>	<b>951,548</b>	<b>915,358</b>	<b>926,736</b>	<b>944,591</b>	<b>996,796</b>
1-1110	WBC 032537 120455 Client Chq	132,596	130,575	171,758	138,785	136,381	87,832	143,039	120,790	134,013	121,289	143,925	134,541
1-1130	AFSA Float SAV00000202	2,149,924	2,016,756	3,603,604	1,777,587	701,780	579,254	959,472	310,190	6,619	729,541	174,297	1,272,295
1-1137	Daily Txns Unprocd in Phoenix	-86,997	-539,949	314,512	-586,958	-111,310	42,742	-54,739	-146,043	-59,902	48,723	-5,447	-20,856
1-1160	WBC 032537 163017 Cash Managem	493,350	473,539	51,145	951,409	1,011,826	121,984	1,227,054	562,291	52,418	662,512	642,771	155,443
1-1165	Melb DIF 30 day term	6,750,000	6,750,000	5,000,000	3,500,000	3,500,000	750,000	3,000,000	1,750,000	1,750,000	5,500,000	5,000,000	1,500,000
1-3110	NAB Term Investment	1,000,000	1,000,000	1,000,000	1,000,000	0	0	0	0	0	0	0	0
1-3111	AMP Term Investment	2,750,000	2,750,000	2,750,000	2,000,000	2,000,000	2,000,000	1,000,000	0	0	0	0	0
1-3120	AFSA Security Dep SAV00000203	243,613	243,933	244,294	244,643	245,017	245,403	245,803	246,205	246,596	247,000	247,391	247,792
		<b>13,432,487</b>	<b>12,824,854</b>	<b>13,135,313</b>	<b>9,025,466</b>	<b>7,483,693</b>	<b>3,827,215</b>	<b>6,520,629</b>	<b>2,843,433</b>	<b>2,129,745</b>	<b>7,309,064</b>	<b>6,202,938</b>	<b>3,289,217</b>
1-3145	Ord Minnett-Listed Investments	4,353,132	4,353,132	4,336,368	4,336,368	4,336,368	4,303,211	4,303,211	3,308,236	3,315,653	3,315,653	2,392,850	1,192,879
1-3148	Ord Minn-Global Investments	6,440,906	6,440,906	6,418,391	6,418,391	6,418,391	6,370,223	6,370,223	6,370,223	6,358,259	6,358,259	6,358,259	6,316,320
		<b>10,794,038</b>	<b>10,794,038</b>	<b>10,754,759</b>	<b>10,754,759</b>	<b>10,754,759</b>	<b>10,673,434</b>	<b>10,673,434</b>	<b>9,678,459</b>	<b>9,673,912</b>	<b>9,673,912</b>	<b>8,751,109</b>	<b>7,509,199</b>
1-1170	Accrued Int Receivable Investm	39,936	40,963	39,260	45,747	51,851	36,374	32,090	25,515	19,848	26,641	38,555	24,032
1-1171	Ord Min List Accrued Int Rec	150	187	0	2,430	-2,172	0	1,660	-3,382	0	-1,526	678	0
1-1172	Ord Min U/List Accrued Int Rec	-419	-154	-1	-162	387	0	-2,155	-3,164	0	-3,119	-2,334	-1
1-1400	Prepaid Insurance	6,491	5,825	5,088	4,375	3,638	2,924	2,187	1,450	737	0	0	0
		<b>46,158</b>	<b>46,821</b>	<b>44,346</b>	<b>52,389</b>	<b>53,704</b>	<b>39,299</b>	<b>33,782</b>	<b>20,420</b>	<b>20,585</b>	<b>21,996</b>	<b>36,899</b>	<b>24,032</b>
<b>Fixed Assets</b>													
1-2010	Vehicles - at Cost	30,536	30,536	30,536	30,536	30,536	30,536	30,536	30,536	30,536	30,536	30,536	0
1-2020	Vehicles - Accum dep	-4,441	-4,950	-5,459	-5,968	-6,477	-6,986	-7,495	-8,004	-8,513	-9,022	-9,531	0
1-2710	Furniture & Fixtures Orig Cost	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853	4,853
1-2720	Furniture & Fixtures Accum Dep	-1,022	-1,057	-1,091	-1,126	-1,160	-1,194	-1,229	-1,263	-1,298	-1,332	-1,366	-1,401



2-1735	2103370 Chq Acc Parishes	836,181	805,746	752,416	705,347	744,382	789,012	862,153	816,826	834,872	841,311	859,082	900,057
2-1740	2103380 Chq Acc Ministry	2,888,969	2,313,672	3,198,981	2,246,098	1,940,345	1,672,824	3,143,864	2,098,028	2,050,027	2,836,929	2,636,744	2,349,385
2-1745	2103400 Anglican Affiliates	1,933,893	1,871,265	1,721,235	1,592,191	2,166,217	874,234	694,840	734,783	650,072	1,288,936	765,661	745,775
2-1750	139 Parishes CMA	847,234	778,670	752,331	763,677	744,254	785,686	856,189	758,268	735,628	649,860	640,372	625,015
2-1751	Next Gen Bonus Saver	57,529	49,067	33,997	31,695	8,413	0	0	0	0	0	0	0
2-1756	2103420 Clergy Access Account	203,523	188,153	198,502	198,941	203,078	213,240	220,728	200,819	200,104	226,170	233,311	242,367
	<b>Investor Funds Fin Liab Current</b>	<b>7,265,036</b>	<b>6,535,970</b>	<b>7,157,651</b>	<b>6,012,581</b>	<b>6,242,339</b>	<b>4,744,764</b>	<b>6,094,964</b>	<b>4,826,700</b>	<b>4,691,353</b>	<b>6,062,968</b>	<b>5,397,119</b>	<b>5,116,865</b>
2-1755	2183310 Term Inv 90 days	5,148,920	3,451,388	3,300,311	4,315,173	4,359,507	4,389,706	4,676,078	6,140,414	6,134,485	6,042,039	6,005,801	6,000,825
2-1760	2183320 Term Inv 180 days	11,515,889	12,979,536	12,904,127	10,604,238	10,548,760	11,378,113	11,268,318	9,712,049	9,686,323	9,725,054	9,714,979	9,690,384
2-1765	2183330 Term Inv 365 days	13,777,538	15,010,294	14,627,490	13,859,116	13,204,824	12,603,853	11,721,803	11,072,654	10,084,576	10,155,251	10,066,553	10,088,950
	<b>30,442,346</b>	<b>31,441,219</b>	<b>30,831,929</b>	<b>28,778,526</b>	<b>28,113,090</b>	<b>28,371,673</b>	<b>27,666,198</b>	<b>26,925,116</b>	<b>25,905,384</b>	<b>25,922,345</b>	<b>25,787,333</b>	<b>25,780,160</b>	
	<b>Sundry Liabilities</b>												
2-1910	Accrued Annual Leave	1,871	2,323	1,691	1,058	1,510	1,846	2,298	2,811	3,273	3,458	3,920	5,367
2-1911	Accrued Long Service Leave	7,048	7,048	7,048	7,048	7,048	8,688	8,688	8,688	8,688	8,688	8,688	9,488
2-3010	GST from Sales	0	0	0	0	0	0	0	0	0	0	0	1,955
2-3030	GST from purchases	-2,371	-3,052	-6,395	-5,712	-848	-2,203	-2,317	-73	-75	-1,173	-325	-886
	<b>Sundry Liabilities</b>	<b>6,549</b>	<b>6,320</b>	<b>2,344</b>	<b>2,394</b>	<b>7,711</b>	<b>8,331</b>	<b>8,669</b>	<b>11,427</b>	<b>11,887</b>	<b>10,974</b>	<b>12,283</b>	<b>15,924</b>
2-2310	2183350 Fixed 18 Mths	1,731,725	218,050	55,000	35,000	35,000	0	0	0	0	0	0	0
2-9999	Westpac Unknown transactions	224	224	521	521	224	224	224	224	224	224	224	224
	<b>1,731,948</b>	<b>218,273</b>	<b>55,521</b>	<b>35,521</b>	<b>35,224</b>	<b>224</b>	<b>224</b>	<b>224</b>	<b>224</b>	<b>224</b>	<b>224</b>	<b>224</b>	<b>224</b>
	<b>Total Liabilities</b>	<b>39,779,734</b>	<b>38,537,001</b>	<b>38,393,687</b>	<b>35,120,123</b>	<b>34,706,066</b>	<b>33,450,972</b>	<b>34,067,542</b>	<b>32,062,751</b>	<b>30,910,036</b>	<b>32,257,242</b>	<b>31,426,355</b>	<b>31,162,815</b>
	<b>Net Assets</b>	<b>1,399,995</b>	<b>1,408,838</b>	<b>1,397,193</b>	<b>1,390,523</b>	<b>1,391,316</b>	<b>1,332,949</b>	<b>1,341,775</b>	<b>1,356,566</b>	<b>1,416,425</b>	<b>1,423,300</b>	<b>1,422,591</b>	<b>1,432,385</b>
	<b>Equity</b>												
3-7000	Revaluation Financial Assets	129,060	129,060	89,781	89,781	89,781	8,456	8,456	9,594	5,048	5,048	12,113	-8,125
3-8000	Retained Earnings	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316	1,258,316
3-9000	Current Earnings	12,620	21,462	49,096	42,426	43,218	66,177	75,003	88,656	153,062	159,936	152,162	182,194
	<b>Total Equity</b>	<b>1,399,995</b>	<b>1,408,838</b>	<b>1,397,193</b>	<b>1,390,523</b>	<b>1,391,316</b>	<b>1,332,949</b>	<b>1,341,775</b>	<b>1,356,566</b>	<b>1,416,425</b>	<b>1,423,300</b>	<b>1,422,591</b>	<b>1,432,385</b>



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

**Profit & Loss Statement**

January to December 2019

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Forecast	Budget	Variance
<b>4-0000</b>															
Income															
Interest Recd - Investments	10,440	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	151,607	154,000	(2,393)
Interest Recd - Borrowers	72,392	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,337	989,059	1,000,000	(38,690)
Sundry Income - Other Asset classes and Ser	29,490	29,502	73,127	29,502	29,502	88,127	28,565	28,565	87,190	27,573	27,573	86,192	564,908	564,920	(12)
Total Income	112,322	125,668	169,293	125,668	125,668	184,293	124,731	124,731	183,356	123,739	123,739	182,366	1,705,574	1,718,920	(41,378)
Cost Of Sales															
Total Interest Paid to Investors	62,930	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,337	803,597	808,000	4,403
Gross Profit	49,393	58,335	101,960	58,335	58,335	116,960	57,398	57,398	116,023	56,406	56,406	115,029	901,978	910,920	(8,942)
<b>6-0000</b>															
Expenses															
Total Employee Benefits	7,347	8,760	9,160	8,760	8,760	9,760	8,760	8,760	9,160	8,760	8,760	9,760	106,507	107,920	1,413
Total Professional fees	1,825	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,888	44,633	46,755	2,072
Total Banking and Indue Costs	15,309	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,969	217,938	220,596	2,657
Total insurance costs	677	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,739	19,826	20,890	1,064
Total General Operations costs	767	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,251	25,458	26,935	1,477
Total Expenses	25,924	34,608	35,008	34,608	34,608	35,608	34,608	34,608	35,008	34,608	34,608	35,607	414,411	423,095	8,684
Total Net Profit	23,468	23,727	66,952	23,727	23,727	81,352	22,750	22,750	81,015	16,738	21,798	79,422	487,566	487,825	(259)
<b>9-0000</b>															
Distribution to Diocese															
Total Other Expenses	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,400	175,000	175,000	-
Net Profit/(Loss) after distribution	8,868	9,127	52,352	9,127	9,127	66,752	8,150	8,150	66,415	2,138	7,198	65,022	312,566	312,825	(259)

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

**Profit & Loss Statement**  
January to December 2019

	January Actual	February Budget	March Budget	April Budget	May Budget	June Budget	July Budget	August Budget	September Budget	October Budget	November Budget	December Budget	Forecast	Budget	Variance
<b>4-3000</b>															
Interest Received - Investment	0	0	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,837	141,167	154,000	(12,833)
Interest Received -NAB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Recd - AFSA	2,338	2,338	0	0	0	0	0	0	0	0	0	0	2,338	0	2,338
Interest Recd -Melb CF7963	6,081	6,081	0	0	0	0	0	0	0	0	0	0	6,081	0	6,081
Interest recd - WBC	2,022	2,022	0	0	0	0	0	0	0	0	0	0	2,022	0	2,022
Interest recd - AMP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Interest Recd - Investments</b>	<b>10,440</b>	<b>12,833</b>	<b>12,833</b>	<b>12,833</b>	<b>12,833</b>	<b>12,833</b>	<b>12,833</b>	<b>12,833</b>	<b>12,833</b>	<b>12,833</b>	<b>12,833</b>	<b>12,837</b>	<b>151,607</b>	<b>154,000</b>	<b>(2,393)</b>
Overdraft/LOC INT INC	20,419	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,337	937,086	1,000,000	(62,914)
Interest Only Loans INT INC	21,498	0	0	0	0	0	0	0	0	0	0	0	21,498	0	21,498
Prnc & Int Loans INT INC	30,475	30,475	0	0	0	0	0	0	0	0	0	0	30,475	0	30,475
<b>Interest Recd - Borrowers</b>	<b>72,392</b>	<b>83,333</b>	<b>83,333</b>	<b>83,333</b>	<b>83,333</b>	<b>83,333</b>	<b>83,333</b>	<b>83,333</b>	<b>83,333</b>	<b>83,333</b>	<b>83,333</b>	<b>83,337</b>	<b>989,059</b>	<b>1,000,000</b>	<b>(10,941)</b>
Ord Min List Interest Income	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	54,324	54,324	-
Ord Min U/List Interest Income	24,963	24,962	24,962	24,962	24,962	24,962	24,025	23,033	23,033	23,033	23,033	23,033	290,947	290,946	1
Proceeds on Sale of Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit/Loss Sale Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Fees Received	0	13	13	13	13	13	13	13	13	13	13	7	137	150	(13)
Line Fee Income	0	0	43,625	0	0	58,625	0	0	58,625	0	0	58,625	219,500	219,500	-
Sundry Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sundry Income - Other Asset classes and Service Fee</b>	<b>29,490</b>	<b>29,502</b>	<b>29,502</b>	<b>29,502</b>	<b>29,502</b>	<b>29,502</b>	<b>28,565</b>	<b>87,190</b>	<b>87,190</b>	<b>27,573</b>	<b>27,573</b>	<b>86,192</b>	<b>564,908</b>	<b>564,920</b>	<b>(12)</b>
<b>Total Income</b>	<b>112,322</b>	<b>125,668</b>	<b>125,668</b>	<b>125,668</b>	<b>125,668</b>	<b>184,293</b>	<b>124,731</b>	<b>183,356</b>	<b>183,356</b>	<b>123,739</b>	<b>123,739</b>	<b>182,366</b>	<b>1,705,574</b>	<b>1,718,920</b>	<b>(13,346)</b>
Interest Paid to Investors	62,930	62,930	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,337	803,597	808,000	4,403
<b>Total Cost Of Sales</b>	<b>62,930</b>	<b>62,930</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,337</b>	<b>803,597</b>	<b>808,000</b>	<b>4,403</b>
<b>Gross Profit</b>	<b>49,393</b>	<b>58,335</b>	<b>58,335</b>	<b>58,335</b>	<b>58,335</b>	<b>116,960</b>	<b>57,398</b>	<b>116,023</b>	<b>116,023</b>	<b>56,406</b>	<b>56,406</b>	<b>115,029</b>	<b>901,978</b>	<b>910,920</b>	<b>(8,942)</b>
<b>Expenses</b>															
Provision for Annual Leave	-1,355	0	0	0	0	0	0	0	0	0	0	0	-1,355	0	1,355
Provision Long Service Leave	0	0	0	0	0	600	0	0	0	0	0	600	1,200	1,200	-
Salaries and Wages	7,964	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	95,964	96,000	36
Superannuation	737	760	760	760	760	760	760	760	760	760	760	760	9,097	9,120	23
Staff Training	0	0	0	0	0	400	0	400	0	0	0	400	1,600	1,600	-
Fund Manager Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Employee Benefits</b>	<b>7,347</b>	<b>8,760</b>	<b>9,160</b>	<b>8,760</b>	<b>8,760</b>	<b>9,760</b>	<b>8,760</b>	<b>9,160</b>	<b>9,160</b>	<b>8,760</b>	<b>8,760</b>	<b>9,760</b>	<b>106,507</b>	<b>107,920</b>	<b>1,413</b>
Advertising	0	246	246	246	246	246	246	246	246	246	246	244	2,704	2,950	246
Audit Fees	1,825	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,406	28,321	28,905	584
Legal Fees	1,825	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	13,658	14,900	1,242
<b>Total Professional fees</b>	<b>1,825</b>	<b>3,897</b>	<b>3,897</b>	<b>3,897</b>	<b>3,897</b>	<b>3,897</b>	<b>3,897</b>	<b>3,897</b>	<b>3,897</b>	<b>3,897</b>	<b>3,897</b>	<b>3,888</b>	<b>44,883</b>	<b>46,755</b>	<b>1,872</b>
WBC Bank Charges	469	560	560	560	560	560	560	560	560	560	560	564	6,633	6,724	91
Include Fees	138	49	49	49	49	49	49	49	49	49	49	47	675	686	(89)
Consultancy Fees	2,333	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	49,633	51,600	1,967
Donations	0	0	0	0	0	0	0	0	0	0	0	0	5,000	5,000	-
WBC Line of Credit Charges	868	0	0	0	0	0	0	0	0	0	0	0	868	0	(868)
Ord Minnett Brokerage/Advice	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	30,000	-
AFSA Line of Credit Charges	0	417	417	417	417	417	417	417	417	417	417	413	4,583	5,000	417
AFSA Service Agreement Fees	9,000	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,145	120,545	121,685	1,140
<b>Total Banking Costs</b>	<b>15,309</b>	<b>17,966</b>	<b>17,966</b>	<b>17,966</b>	<b>17,966</b>	<b>17,966</b>	<b>17,966</b>	<b>17,966</b>	<b>17,966</b>	<b>17,966</b>	<b>17,966</b>	<b>17,969</b>	<b>217,938</b>	<b>220,595</b>	<b>2,657</b>
Insurance - Workers Comp	118	118	134	134	134	134	134	134	134	134	134	128	1,566	1,602	36
Insurance - General	559	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,611	18,240	19,288	1,048	
<b>Total insurance costs</b>	<b>677</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>1,739</b>	<b>19,826</b>	<b>20,890</b>	<b>1,064</b>
Depreciation Expense	0	68	68	68	68	68	68	68	68	68	68	68	748	816	68
Meeting Expenses	0	0	70	70	70	70	70	70	70	70	70	72	772	842	70



**Anglican Funds Grafton Diocese**

Level 1 - 50 Victoria Street  
Grafton 2460  
NSW

**Balance Sheet**

As of January 2019

Account No.				
1-0000	Assets			
1-1000	Current Assets			
1-1105	WBC 032537 247819 Operating Ac	\$8,743.00		
1-1110	WBC 032537 120455 Client Chq	\$158,440.85		
1-1130	AFSA Float SAV00000202	\$7,324.87		
1-1131	AFSA MIA SAV00041173	\$5,001,780.82		
1-1137	Daily Txns Unproc'd in Phoenix	(\$116,754.33)		
1-1160	WBC 032537 163017 Cash Managem	\$330,234.43		
1-1165	Melb DIF 30 day term	\$6,000,000.00		
1-1170	Accrued Int Receivable Investm	\$32,202.90		
1-1171	Ord Min List Accrued Int Rec	(\$8,989.25)		
1-1172	Ord Min U/List Accrued Int Rec	(\$615.60)		
1-1400	Prepaid Insurance	\$4,920.41		
1-2700	Furniture & Fixtures			
1-2710	Furniture & Fixtures Orig Cost	\$4,852.56		
1-2720	Furniture & Fixtures Accum Dep	(\$1,400.72)		
1-2800	Plant & Equipment			
1-2810	Computer Hardware	\$26,730.39		
1-2820	Acc Depn Computer Hardware	(\$25,243.25)		
1-2900	Intangible Assets			
1-2910	Computer Software	\$60,500.00		
1-2920	Acc Depn - Compr Software	(\$60,500.00)		
1-3000	Financial Assets - Current			
1-3114	AFSA Term Investment	\$1,000,000.00		
1-3120	AFSA Security Dep SAV00000203	\$248,194.35		
1-3130	WBC Term Invested Funds	\$900,000.00		
1-3145	Ord Minnett-Listed Investments	\$1,192,879.10		
1-3147	Ord Minnett-Global Cash Trust	\$8,113.18		
1-3148	Ord Minn-Global Investments	\$6,316,320.00		
1-3150	Loan Assets			
1-3155	Line of Credit - O/D	\$2,259,904.71		
1-3160	Loan Advances	\$4,558,069.97		
1-3170	Loan Advances - P & I	\$6,453,822.14		
1-3190	Accrued Interest Loans			
1-3199	Financial Assets Current - Adj	(\$15,104,496.17)		
1-4000	Financial Assets - Non Current			
1-4110	Financial Assets Non Current	\$15,104,496.17		
	Total Assets			\$34,359,530.53
2-0000	Liabilities			
2-1000	Current Liabilities			
2-1004	Audit Costs	\$23,715.00		
2-1100	Accrued Interest payable			
2-1101	2243130 Access Acc INT PAY	\$16.52		
2-1102	2243131 Inst Acc INT PAY	\$38.79		
2-1104	2243133 Parish Prov INT PAY	\$30.80		
2-1200	Accounts payable		\$10,994.32	
2-1221	2243310 Term 90 Days INT PAY		\$18,134.33	
2-1222	2243320 Term 180 days INT PAY		\$53,722.32	
2-1223	2243330 Term 365 days INT PAY		\$130,110.12	
2-1700	Investor Funds Fin Liab Curren			
2-1710	2103300 Access Accounts	\$115,186.00		
2-1715	2103310 Institution Access	\$118,881.92		
2-1725	2103330 Parish Provider Access	\$4,613.50		
2-1730	2103350 Interest Free Deposits	\$8,874.31		
2-1735	2103370 Chq Acc Parishes	\$862,557.32		
2-1740	2103380 Chq Acc Ministry	\$3,636,376.87		
2-1745	2103400 Anglican Affiliates	\$2,436,365.08		
2-1750	139 Parishes CMA	\$572,582.24		
2-1755	2183310 Term Inv 90 days	\$5,722,725.21		
2-1756	2103420 Clergy Access Account	\$242,692.52		
2-1760	2183320 Term Inv 180 days	\$8,944,668.73		
2-1765	2183330 Term Inv 365 days	\$9,990,864.47		
2-1900	Other Current Liabilities			
2-1910	Accrued Annual Leave	\$4,012.71		
2-1911	Accrued Long Service Leave	\$9,488.20		
2-1915	Accrued Expenses	\$11,500.00		
2-3010	GST from Sales		\$750.92	
2-3030	GST from purchases		(\$848.64)	
2-9999	Westpac Unknown transactions		\$223.68	
	Total Liabilities			\$32,918,277.04
	Net Assets			\$1,441,253.49
3-0000	Equity			
3-7000	Revaluation Financial Assets		(\$8,124.86)	
3-8000	Retained Earnings		\$1,440,509.90	
3-9000	Current Earnings		\$8,868.45	
	Total Equity			\$1,441,253.49

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

## **Balance Sheet [Multi-Period]**

January 2019

<b>Account No.</b>	<b>Account Name</b>	<b>January</b>
	<b>Assets</b>	
	<b>Current Assets</b>	
		916,856
		11,629,221
		7,509,199
		27,518
	<b>Fixed Assets</b>	4,939
	<b>Loan Assets</b>	14,271,797
		0
	<b>Total Assets</b>	<u>34,359,531</u>
	<b>Liabilities</b>	
	<b>Current Liabilities</b>	
		46,209
		86
		201,967
		7,998,130
		24,658,258
	<b>Sundry Liabilities</b>	
		13,403
		224
	<b>Total Liabilities</b>	<u>32,918,277</u>
	<b>Net Assets</b>	<u>1,441,253</u>
	<b>Equity</b>	
	<b>Total Equity</b>	<u>1,441,253</u>

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

## Balance Sheet [Multi-Period]

January 2019

Account No.	Account Name	January
<b>Assets</b>		
<b>Current Assets</b>		
1-1105	WBC 032537 247819 Operating Ac	8,743
1-3130	WBC Term Invested Funds	900,000
1-3147	Ord Minnett-Global Cash Trust	8,113
		<b>916,856</b>
1-1110	WBC 032537 120455 Client Chq	158,441
1-1130	AFSA Float SAV00000202	7,325
1-1131	AFSA MIA SAV00041173	5,001,781
1-1137	Daily Txns Unproc'd in Phoenix	-116,754
1-1160	WBC 032537 163017 Cash Managem	330,234
1-1165	Melb DIF 30 day term	6,000,000
1-3120	AFSA Security Dep SAV00000203	248,194
		<b>11,629,221</b>
1-3145	Ord Minnett-Listed Investments	1,192,879
1-3148	Ord Minn-Global Investments	6,316,320
		<b>7,509,199</b>
1-1170	Accrued Int Receivable Investm	32,203
1-1171	Ord Min List Accrued Int Rec	-8,989
1-1172	Ord Min U/List Accrued Int Rec	-616
1-1400	Prepaid Insurance	4,920
		<b>27,518</b>
<b>Fixed Assets</b>		
1-2710	Furniture & Fixtures Orig Cost	4,853
1-2720	Furniture & Fixtures Accum Dep	-1,401
1-2810	Computer Hardware	26,730
1-2820	Acc Depn Computer Hardware	-25,243
1-2910	Computer Software	60,500
1-2920	Acc Depn - Comptr Software	-60,500
		<b>4,939</b>
<b>Loan Assets</b>		
1-3114	AFSA Term Investment	1,000,000
1-3155	Line of Credit - O/D	2,259,905
1-3160	Loan Advances	4,558,070
1-3170	Loan Advances - P & I	6,453,822
		<b>14,271,797</b>
1-3199	Financial Assets Current - Adj	-15,104,496
1-4110	Financial Assets Non Current	15,104,496
		<b>0</b>
	<b>Total Assets</b>	<b>34,359,531</b>

<b>Liabilities</b>		
<b>Current Liabilities</b>		
2-1004	Audit Costs	23,715
2-1200	Accounts payable	10,994
2-1915	Accrued Expenses	11,500
		<b>46,209</b>
2-1101	2243130 Access Acc INT PAY	17
2-1102	2243131 Inst Acc INT PAY	39
2-1104	2243133 Parish Prov INT PAY	31
		<b>86</b>
2-1221	2243310 Term 90 Days INT PAY	18,134
2-1222	2243320 Term 180 days INT PAY	53,722
2-1223	2243330 Term 365 days INT PAY	130,110
		<b>201,967</b>
Investor Funds Fin Liab Current		
2-1710	2103300 Access Accounts	115,186
2-1715	2103310 Institution Access	118,882
2-1725	2103330 Parish Provider Access	4,614
2-1730	2103350 Interest Free Deposits	8,874
2-1735	2103370 Chq Acc Parishes	862,557
2-1740	2103380 Chq Acc Ministry	3,636,377
2-1745	2103400 Anglican Affiliates	2,436,365
2-1750	139 Parishes CMA	572,582
2-1756	2103420 Clergy Access Account	242,693
		<b>7,998,130</b>
2-1755	2183310 Term Inv 90 days	5,722,725
2-1760	2183320 Term Inv 180 days	8,944,669
2-1765	2183330 Term Inv 365 days	9,990,864
		<b>24,658,258</b>
<b>Sundry Liabilities</b>		
2-1910	Accrued Annual Leave	4,013
2-1911	Accrued Long Service Leave	9,488
2-3010	GST from Sales	751
2-3030	GST from purchases	-849
		<b>13,403</b>
2-9999	Westpac Unknown transactions	224
		<b>224</b>
<b>Total Liabilities</b>		<b>32,918,277</b>
<b>Net Assets</b>		<b>1,441,253</b>
<b>Equity</b>		
3-7000	Revaluation Financial Assets	-8,125
3-8000	Retained Earnings	1,440,510
3-9000	Current Earnings	8,868
<b>Total Equity</b>		<b>1,441,253</b>



**BOARD MEETING DATE:**

27/02/2019

**No 6 Financial and performance reports**

**Item: b**

**Title: Cashflow update**

**No of Pages. 2 incl Header**



## Redemption Schedule Feb/Mar 2019

A new AFSA 'Monthly Income Account' was opened on 22/01/2019 to 'park' surplus cash short term so that it was at call but still receiving interest income. Negotiated rate on this account is currently 2.25%p.a. calculated daily & paid EOM. Rate offered based on advising AFSA 90 day cashflow forecast requirements and supplementing those requirements with weekly redemptions from our Melbourne CashFund.

AFSA 'Monthly Income Account 00041173' (1 Feb start bal \$5M)

\$1,000,000 21/02/19  
\$250k - \$500k weekly from 25/02 through until end of March  
 \$2,500,000 Total approx. redeemed

Melbourne CashFund 7963 (1 Feb start bal \$6M) – schedule negotiated with Anglican Funds Melbourne

\$500,000 19/02/2019  
 \$500,000 25/02/2019  
 \$500,000 04/03/2019  
 \$500,000 11/03/2019  
 \$500,000 18/03/2019  
 \$500,000 25/03/2019  
 \$3,000,000 Total redeemed

Total value of redemptions \$5.5M-\$6M approx

## Client Cashflow Feb/Mar 2019

Net client movement February approx. \$3M (Out)  
 Peak - weeks beginning 18/02 & 25/02 (BDC Temp O/D 1<sup>st</sup> draw of \$1M 20/02)

Net client movement March approx. \$3.5M (Out)  
 Peak – week beginning 04/03

The permanent AFSA Line of Credit facility limit of \$1M commenced 30/01/2019 (replaces \$4M temporary limit). I don't expect to have to use this line of credit facility during February/March.

The Westpac Line of Credit \$1.5M was closed in January 2019 and security has now been released.

Next incoming School Government funding not expected until end March 2019

Annette Dent  
 21/02/2019



**BOARD MEETING DATE:**

27/02/2019

**No 6 Financial and performance reports**

**Item: c**

**Title: 2019 Budget**

**No of Pages. 2 incl Header**

Draft	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Totals	2018Actual	2018 Budget	Difference	
<b>AFGD Budget 2019 -</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Full Year</b>				
4-1000 Interest revenue																	
4-1010 Interest Received - Investment	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,837	154,000	153,832	184,240	-30,408	
4-1020 Interest Received - Borrowers	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,337	1,000,000	856,563	1,000,771	-144,208	
4-1055 Ord Minnett - Listed	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	54,324	182,101	194,951	-12,850	
4-1056 Ord Minnett - Unlisted	24,962	24,962	24,962	24,962	24,962	24,962	24,025	24,025	24,025	23,033	23,033	23,033	290,946	296,130	304,924	-8,794	
4-1057 Proceeds on Sale of Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	-45,354	-45,353	-1	
4-1058 Profit/Loss Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	-2,367			
4-2000 Service Fees Received	13	13	13	13	13	13	13	13	13	13	13	7	150	150			
4-2100 Line Fees on overdrafts			43,625				58,625						58,625	219,500	141,167	179,500	-38,333
4-3000 Sundry Income	0	0	0	0	0	0	0	0	0	0	0	0	0	105	0		
													0				
<b>Total Income</b>	<b>125,668</b>	<b>125,668</b>	<b>169,293</b>	<b>125,668</b>	<b>125,668</b>	<b>184,293</b>	<b>124,731</b>	<b>124,731</b>	<b>183,356</b>	<b>123,739</b>	<b>123,739</b>	<b>182,366</b>	<b>1,718,920</b>				
		251,336	420,629	546,297	671,965	856,258	980,989	1,105,720	1,289,076	1,412,815	1,536,554	1,718,920					
5-2100 <b>Interest Paid - Investors</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,333</b>	<b>67,337</b>	<b>808,000</b>				
<b>Gross Profit</b>	<b>58,335</b>	<b>58,335</b>	<b>101,960</b>	<b>58,335</b>	<b>58,335</b>	<b>116,960</b>	<b>57,398</b>	<b>57,398</b>	<b>116,023</b>	<b>56,406</b>	<b>56,406</b>	<b>115,029</b>	<b>910,920</b>				
6-1100 Provision for Annual Leave	0	0	0	0	0	0	0	0	0	0	0	0	0	-3,944	0	-3,944	
6-1200 Provision for LSL	0	0	0	0	0	600	0	0	0	0	0	600	1,200	-9,155	14,004	-23,159	
6-1300 Salaries and Wages	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	96,000	110,975	225,360	-114,385	
6-1500 Superannuation G'tee Levy	760	760	760	760	760	760	760	760	760	760	760	760	9,120	9,926	21,409	-11,483	
6-1600 Staff Training	0	0	400	0	0	400	0	0	400	0	0	400	1,600	0	1,600	-1,600	
6-1700 Fund Manager Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0	2,169	9,600	-7,431	
6-4200 Advertising	246	246	246	246	246	246	246	246	246	246	246	244	2,950	2,878	2,400	478	
6-4300 Audit Fees -Provision	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,406	28,905	26,890	28,200	-1,310	
6-4360 Legal Fees	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,238	14,900	14,523	10,000	4,523	
6-4400 WBC Bank charges	560	560	560	560	560	560	560	560	560	560	560	564	6,724	6,560	7,800	-1,240	
6-4440 WBC Line of Credit Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	10,230	11,400	-1,170	
6-4445 ASFA Line of Credit Charges	417	417	417	417	417	417	417	417	417	417	417	413	5,000				
6-4402 Indue Fees	49	49	49	49	49	49	49	49	49	49	49	47	586	586	0	586	
6-4442 Ord Minnett Brokerage & Advisor Fees	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	38,482	46,500	-8,018	
6-4410 Consultancy Fees	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	51,600	32,777	56,850	-24,073	
6-4425 Depreciation	68	68	68	68	68	68	68	68	68	68	68	68	816	6,925	7,800	-875	
6-4412 Donations	0	0	0	0	0	0	0	0	0	5,000	0	0	5,000				
6-4450 AFSA Service Agreement Fees	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,145	121,685	118,718	127,211	-8,493	
6-4510 Insurance/Workers Comp	134	134	134	134	134	134	134	134	134	134	134	128	1,602	1,563	4,080	-2,517	
6-4530 Insurance General Provision	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,611	19,288	18,818	9,200	9,618	
6-4600 Meeting expenses	70	70	70	70	70	70	70	70	70	70	70	72	842	822	1,680	-858	
6-4610 Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,800	-4,800	
6-4700 Postage	173	173	173	173	173	173	173	173	173	173	173	177	2,080	2,030	3,350	-1,320	
6-4800 Printing & stationery	179	179	179	179	179	179	179	179	179	179	179	176	2,145	2,093	7,200	-5,107	
6-4900 Rent Victoria Street	433	433	433	433	433	433	433	433	433	433	433	437	5,200	5,200	5,400	-200	
6-5000 PC Maint & Repairs	33	33	33	33	33	33	33	33	33	33	33	37	400	25	400	-375	
6-5100 Telephone	199	199	199	199	199	199	199	199	199	199	199	201	2,390	2,332	2,640	-308	
6-5200 Travel & Accommodation - Board	890	890	890	890	890	890	890	890	890	890	890	886	10,676	10,416	6,000	4,416	
6-5300 Travel & Accommodation - AFGD	146	146	146	146	146	146	146	146	146	146	146	144	1,750	1,706	4,800	-3,094	
6-5310 Staff Expenses Other	53	53	53	53	53	53	53	53	53	53	53	53	636	621	0	621	
<b>Total Expenses</b>	<b>34,608</b>	<b>34,608</b>	<b>35,008</b>	<b>34,608</b>	<b>34,608</b>	<b>35,608</b>	<b>34,608</b>	<b>34,608</b>	<b>35,008</b>	<b>39,608</b>	<b>34,608</b>	<b>35,607</b>	<b>423,095</b>				
<b>Net Operating Profit</b>	<b>23,727</b>	<b>23,727</b>	<b>66,952</b>	<b>23,727</b>	<b>23,727</b>	<b>81,352</b>	<b>22,790</b>	<b>22,790</b>	<b>81,015</b>	<b>16,798</b>	<b>21,798</b>	<b>79,422</b>	<b>487,825</b>				
9-2200 <b>Contrib to Dio of Gtn \$175K</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>	<b>14,400</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>0</b>	
<b>Net Surplus post distribution</b>	<b>9,127</b>	<b>9,127</b>	<b>52,352</b>	<b>9,127</b>	<b>9,127</b>	<b>66,752</b>	<b>8,190</b>	<b>8,190</b>	<b>66,415</b>	<b>2,198</b>	<b>7,198</b>	<b>65,022</b>	<b>312,825</b>				



**BOARD MEETING DATE:**

27/02/2019

**No 7 Matters for discussion and/or decision**

**Item: a**

**Title: Financial Analysis of Strategic Options**

**No of Pages. 17 incl Header**



15 February 2019

Mr Chris Nelson  
Registrar/ General Manager  
Anglican Diocese of Grafton  
PO Box 4  
GRAFTON NSW 2460

Dear Chris,

Re Anglican Fund Grafton Diocese ("AFGD")

Further to our recent discussion this letter is to confirm our understanding of the terms of the proposed engagement and the nature and limitations of the services that we provide. We propose that the terms set out in this letter constitute the costs agreement and terms of engagement of this matter.

Purpose, Scope and Output of the Engagement

This firm will provide Consulting Services (as outlined below). Only the Services are included within the scope of this engagement. If there is additional work that you wish us to undertake which is not listed below, please let us know and we will discuss with you the basis upon which additional work can be included in this engagement. If we agree to carry out additional services for you, we will provide you with a new or amended engagement letter.

We will provide the Services to you in accordance with relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB).

The extent of our procedures and services will be limited exclusively for this purpose only. As a result, no audit or review will be performed and, accordingly, no assurance will be expressed. Our engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts and errors that may exist. However, we will inform you of any such matters that come to our attention.

AFGD has been undertaking a review of its strategic direction and a report has been prepared analysing a number of strategic options. To facilitate this process we have been approached to assist with this analysis and modelling of the four options considered viable by the organisation (referred to as the "Services"). Our Services will comprise modelling the impact of the various options that are being considered by AFGD based on assumptions and parameters provided by AFGD.

Option A comprise maintaining the current arrangements. The model is to draft a 5 year budget with a path of improving AFGD's capital adequacy over a 3 year time frame;

Option B comprises a continuance of the current structure with additional services provided by AFSA;

Option C comprises a funds management model whereby AFGD manages the excess cash needs of various entities. Existing loans and advances would be absorbed within the portfolio and eventually would be paid out.

Option D comprises a “wind up” model. At this stage a “map” of how to proceed down this path would need to be developed after Options A, B and C are considered. Under this option consideration would need to be given to the potential impact of the finances of the Anglican Diocese of Grafton and the Trustees of the Diocese of Grafton over the review period.

Our engagement does not include making any recommendations as to any preferred model or option.

There is no assumption of responsibility for any reliance on our Services by any person or entity other than AFGD. The Services shall not be inferred or used for any purpose other than for which it was specifically prepared. Accordingly, any document or report may include a disclaimer to this effect.

### Period of Engagement

This engagement will start on the date this correspondence is signed.

### Responsibilities

In conducting this engagement, information acquired by us in the course of the engagement, including any information relating to your affairs whether it belongs to you or not or is provided by you or not, is subject to strict confidentiality requirements. That information will not be disclosed by us to other parties except as required or allowed for by law, or with your express consent.

We wish to draw your attention to our firm’s system of quality control which has been established and maintained in accordance with the relevant APESB standard. As a result, our files may be subject to review as part of the quality control review program of Chartered Accountants Australia & New Zealand (CAANZ) which monitors compliance with professional standards by its members. We advise you that by accepting our engagement you acknowledge that, if requested, our files relating to this engagement will be made available under this program.

We may collect Personal Information about you, your representatives, your clients and others when we provide services to you. If we do, you agree to work with us to ensure that we both meet the obligations that we each may have under the Privacy Act 1988 (Cth) (as amended) (Privacy Act). The obligations may include notifying the relevant person to whom the personal information relates who we are and how we propose to use their personal information. Where you have collected personal information, you confirm that you have collected the personal information in accordance with the Privacy Act, that you are entitled to provide this personal information to us and that we may use and disclose the personal information for the purpose/s we provide our services to you. We will handle personal information in accordance with the Privacy Act.

### Involvement of Others

Where, as part of our engagement, the services of an external consultant or expert are required, an estimated cost and timeframe and involvement will be provided to you for your approval.

### Fees

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31 Keen Street (PO Box 106) Lismore NSW 2480	<b>Email:</b> enquiries@tnr.com.au   <b>Phone:</b> Business Services +61 (0)2 6621 8544 Audit & Assurance +61 (0)2 6626 3000	<b>Website:</b> www.tnr.com.au   <b>Facsimile:</b> +61 (0)2 6621 9035
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Liability limited by a scheme approved under the Professional Standards Legislation.

The fee arrangement is based on the expected amount of time and the level of staff required to complete the report. The fee is expected to be in the range of \$13,200 to \$18,700 (GST Inclusive)

We anticipate issuing a fee invoice upon completion of providing the agreed Services.

#### Limitation of Liability

Our liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Councils' website: <http://www.professionalstandardscouncil.gov.au>.

#### Ownership of Documents

All original documents obtained from you arising from the engagement shall remain your property. However, we reserve the right to make a reasonable number of copies of the original documents for our records.

We retain all copyright in any document prepared by us during the course of carrying out the engagement for you, except where the law specifically states otherwise.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm has also established dispute resolution processes.

#### Confirmation of Terms

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements. This letter will be effective for future years unless we advise you of any change.

If you require any additional information, please do not hesitate to contact the undersigned by phone (02 6621 8544) or by email ([peter.morrow@tnr.com.au](mailto:peter.morrow@tnr.com.au)).

Yours faithfully  
**THOMAS NOBLE & RUSSELL**

Per:



.....  
P R MORROW (Partner)

Acknowledged on behalf of Anglican Fund Grafton Diocese ABN 42 489 753 905 by:

--	--	--

Name & Position

Signature

Date





Chris Nelson <chris.nelson@graftondiocese.org.au>

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## AFGD Proposal

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**Chris Nelson** <chris.nelson@graftondiocese.org.au>

4 February 2019 at 10:37

To: Peter Morrow <peter.morrow@tnr.com.au>

Cc: Kevin Franey <kevin.franey@tnr.com.au>

Dear Peter,

Thank you for the response and proposal that you gave us in October 2018. At the time, the AFGD Board lacked enough information on some of the key options to be explored and deferred any financial analysis.

In December and January, the options relating to working closely with other development funds became clearer and we believe that AFGD is now in a position for this financial analysis to take place.

Could you please look at the attached outline and let me know your initial responses?

[Quoted text hidden]

[Quoted text hidden]

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 **AFGD Financial Analysis.pdf**  
453K

## **Comparison of Key Strategic Options for Anglican Funds Grafton Diocese**

### **Introduction**

Anglican Funds Grafton Diocese (AFGD) is a business of the Anglican Diocese of Grafton that invest funds on behalf of associated people and organisations. Although similar in operation to a credit union, AFGD does not have a banking or financial services licence but operates under an exemption administered by ASIC.

A copy of AFGD's Identification Statement approved by ASIC can be found at:

<http://www.anglicanfundsgraftondiocese.com.au/files/ejoqtfhyae/AFGD-ASIC-Identification-Statement-October-2018.pdf>

Originally established in 1981 as the Grafton Diocesan Investment Fund (GDIF), the entity exists to 'bring banking in-house' and with the financial benefits arising from that arrangement create "financial resources to support and serve the community of faith that is the Anglican Diocese of Grafton".

### **Assignment**

Recent changes to its exemption under the Banking Act has made the operation of AFGD more restricted and have led to AFGD advising some of the individual and joint account holders that AFGD is no longer able to accept their funds.

This has precipitated a wider consideration of the AFGD operation with questions being asked about AFGD's current model of operations and whether another form of operation would be more appropriate.

This assignment is to compare the relative financial benefits of each key option.

### **Options to be considered**

OPTION A: Current arrangements

OPTION B: With enhanced management services from Anglican Funds South Australia (AFSA)

OPTION C: Treasury

OPTION D: AFGD wind up

### **Aspects of Financial Impacts**

With regard to the financial impacts, the analysis of the above options is to focus on the financial impacts across three entities: AFGD, the Anglican Diocese of Grafton and The Corporate Trustees of the Diocese of Grafton.

With regard to AFGD as an entity, financial impacts are directly related to business performance and will be reflected in the standard financial statements, particularly the Profit and Loss statement and the Balance Sheet.

With regard to the Corporate Trustees of the Diocese of Grafton, the Corporate Trustees place a significant portion of their trust funds as term deposits with AFGD. This portion is much larger than what would be required for endowment-type investments but it provides a stable funds base that AFGD can use (in conjunction with other deposits) to provide lending services. It is therefore assumed that the Corporate Trustees is foregoing investment returns on trust funds to provide capacity and stability to AFGD.

With regard to the Anglican Diocese of Grafton, the financial impacts of any change to AFGD will be in the following areas:

- AFGD makes a contribution to the budget of the Anglican Diocese of Grafton through its surpluses. In 2018, that contribution was \$175,000.
- AFGD is co-located with the Registry of the Anglican Diocese of Grafton so is both a contributor to and user of office facilities and resources.
- The Anglican Diocese of Grafton enjoys the use of several trusts held by the Corporate Trustees of the Diocese of Grafton and to the extent that trust performance is affected by the Corporate Trustees' support of AFGD

While there are other stakeholders such as diocesan organisations and individuals who invest and/borrow from AFGD, their financial circumstances will not be considered in this analysis.

### **Details of each option**

#### OPTION A: Current arrangements

This option is based on the current structure and operation of AFGD and assumes no significant change in:

- Product offering;
- Service model;
- Loans and deposits;
- Staffing (Note: the vacant manager position will be filled);
- Governance structure; and
- Regulatory environment.

#### OPTION B: With enhanced management services from AFSA

This option is based on the current structure and operation of AFGD and assumes acceptance of the management services offer from AFSA (attached) but no significant change in:

- Product offering;
- Service model;
- Loans and deposits;
- Staffing (except that the vacant manager position will not be filled);
- Governance structure; and
- Regulatory environment.

As the AFSA model provides for some participation in the Diocese of Adelaide endowment fund the financial benefits of this should be considered in the analysis.

As AFSA reports (see attached email) that the combined efforts with AFGD yield better terms with Ord Minnett as investment managers. This benefit should be considered in the analysis.

#### OPTION C: Treasury

This option assumes a change away from the current 'banking' structure and its product offerings, accounts and customer service. In its place will be a focus on funds management where those funds not required for current operations are placed on investment maximising the return for the investment pool.

In this option the following design aspects will be assumed:

Source of funds:

Type A: The Corporate Trustees of the Diocese of Grafton; Anglican Schools (Lindisfarne Anglican Grammar School; Emmanuel Anglican College; Clarence Valley Anglican School; Bishop Druitt College; St Columba Anglican School); Anglicare North Coast Funds. With each of these organisations the funds managed will be those not required for that organisation's cashflow in next 30 days

Type B: Amounts of \$50,000 or greater from Parishes and other organisations of the Diocese of Grafton

Participant organisations will receive returns calculated quarterly based on actual returns of the investment pool divided prorata according to the amount of funds in the investment pool and their duration.

Actual returns will be net of investment expenses with a 0.01% p.a. charge on funds for operating the treasury.

An investment manager (0.5 FTE) will be recruited to manage funds, place investments and liaise with Type A organisations concerning their cash flow needs.

Type A organisations will be expected to cooperate with fortnightly updates on their cash flow requirements.

In this option, the 'banking' infrastructure will not be required. This would mean that bank product offerings, term deposits, savings accounts, customer service staff and infrastructure would not be required.

It would be assumed that existing loans to Anglican clients would transition to become part of the investment pool.

The existing governance structure of an AFGD Board would not be required with the investment manager reporting to the Registrar on day-to-day matters and the Corporate Trustees on policy and overall performance.

#### OPTION D: AFGD wind up

This option assumes a complete cessation of AFGD activities.

#### General

In each option, the analysis should assume the financial performance of that option once transition is completed and the option is operating in the desired mode.

Costs of transition (e.g. redundancies, time lags, penalties) should not be included in the analysis but where these are significant they should be noted in the report.

#### **Report**

The report from this analysis will be for the board of AFGD who will provide it to The Corporate Trustees of the Diocese of Grafton with their recommendation.

### **Information from Consultant**

Considering the information provided above, TNR are requested to comment on:

- The estimated cost of this exercise;
- The timeframe for completion of this exercise;
- The resources and access to systems, staff and documents required to complete this exercise; and
- Any gap in the description of any option that is needed to complete this exercise.

**Chris Nelson  
Registrar/General Manager  
Anglican Diocese of Grafton**



Chris Nelson &lt;chris.nelson@graftondiocese.org.au&gt;

**Expanded Service Agreement - Grafton.****Blaine Fitzgerald** <afsahed@adelaideanglicans.com>

22 January 2019 at 16:10

To: Fordie &lt;fordie@mac.com&gt;, Chris Nelson &lt;chris.nelson@graftondiocese.org.au&gt;

Cc: Annette Dent &lt;office@afgd.com.au&gt;, Kevin Stracey &lt;treasurerspc@gmail.com&gt;, Anna Halman &lt;ahalman@adelaideanglicans.com&gt;

Hi David and Chris

We previously have discussed in general but to date have not drilled down on some cost savings and efficiencies that could be achieved if we collaborated our buying power to achieve greater economies of scale.

By way of update I have been having discussions with Alison Perrott at Ord Minnett as AFSA is looking to introduce a second interest bearing Securities Manager into the mix for its Community Fund.

As a result I have been able to negotiate a Management Fee reduction for the Grafton portfolio from 0.40% to 0.25%.

Indicatively this will achieve a cost saving of \$11,400 per annum based on your current portfolio size of \$7.6m.

Ord will provide an update directly to yourselves in writing. The new management Fee will be effective 1/2/19.

I look forward to hearing back from you shortly with feedback on our proposal.

*Kind regards*

**Blaine Fitzgerald**

Head of Anglican Funds South Australia

18 King William Road, North Adelaide SA 5006

**P 08 8305 9371 | M 0452 137 740**

28<sup>th</sup> November 2018

Mr David Ford  
Chair Anglican Funds Grafton Diocese  
50 Victoria Street  
Grafton NSW 2460

Dear David,

Thank you for the opportunity to work with Anglican Funds Grafton Diocese (AFGD) and the Corporate Trustees of the Diocese of Grafton to collaborate more closely and leverage the capability of each other's balance sheet to achieve operational efficiencies, risk mitigation and increased profitability.

### **Preferred option**

After careful consideration of the request we advise that our preferred model is to expand the existing service agreement to include;

- the current service agreement including contractual obligations, and
- to provide overarching portfolio management of the Grafton balance sheet.

### **Achieve operational efficiencies through the smarter utilisation of assets**

Increasing the existing portfolio management services will produce synergies both tangible and intangible.

- Taking a holistic view across both balance sheets will enable the smarter use of joint assets. For example;  
AFSA currently has a sound asset base high in cash and liquid assets. AFGD has a sound loan portfolio with a pipeline of new opportunities, however is capped by its asset base. There is a strong possibility to pool resources that will achieve better outcomes for both parties.
- It will provide the capability to enable the comparison of performance of each entity's asset classes to achieve efficient and consistent margins within budget expectations.
  - Cash
  - Interest Bearing Securities
  - Loans.
- It will enable the comparison of each entity's liabilities ensuring interest rate margin comparison is consistent and prudent.
- AFSA's Endowment Fund may meet some of Grafton Diocese/AFGD's fundamental goal, to achieve a better return on its Trust Fund investments by providing an investment strategy that aims to return CPI+5.00%pa.

### **Risk mitigation:**

This model does not increase the risk of service delivery and therefore is consistent with each parties existing risk appetite.

- Assist to deleverage risk by producing consistent and timely management reporting.
- Improves return on investment through better utilisation of existing assets.
- Assist Grafton's Corporate Trustees improve its best use of trust assets by producing a higher yield and income forecasting consistency by investing in AFSA's Endowment Fund.
- Maintains key client relationship with a consistent service delivery for the schools and other Anglican associated clients.

- Grafton Diocese and AFGD retains its separate branding and identity.
- AFSA can provide assistance with reviewing policy documents to achieve consistency and be able to utilise inhouse governance resources to assist in that process.
- AFSA will be able to complete AFGD's prudential benchmarking.
- By not merging, existing ASIC Identification Statements will not require change or amendment. This will save legal costs and utilisation of resources.

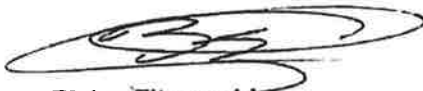
**Increased profitability:**

- Cost benefit analysis based on this preferred model has been completed with supporting assumptions. **(Refer Appendix A)**
- The basis for the analysis included reviewing current service agreement commitments that are undertaken by AFSA and Blaine Fitzgerald ABN 98 966 145 256, then,
- adding the activities AFSA believe would be necessary to provide the level of service and support required to effectively manage the Grafton portfolio.
- By repositioning AFGD's/Corporate Trustees asset base our analysis indicates it will generate a net income difference from current position in excess of \$100,000.

We look forward to working closely with AFGD to establish the viability of the expanded service agreement and ensure that any identifiable risks are fully understood and mitigated.

Thank you for the opportunity to be involved in this process.  
We look forward to your response.

Yours faithfully



**Blaine Fitzgerald**  
**Head of Anglican Funds South Australia**



Service Agreement activities AFSA

Current Service Agreement

**Definition** Backoffice and reporting charge, including operation of EFT, and BPay clearing, Branch Financial Reporting, Operational Liaison with Data Action, access to AFSA operational processes and procedures

Expanded Service Agreement

**Definition** Portfolio Management Services

Meaning the provision of services from AFGD to an Anglican Body Corporate:

- 1 Handling of enquiries from Anglican bodies corporate;
- 2 Periodic reviews in accordance with loan covenants of body corporate's performance and ability to service debt;
- 3 Liaison with other lender(s) in the case of the body corporate having loan commitments to parties other than the Client;
- 4 Evaluation of requests for new or increase borrowing or the amendment of terms;
- 5 Personal contact with each Anglican school no less frequently than once every 3 months and each other Anglican body corporate no less frequently than once every 6 months;
- 6 Providing a report with recommendations to the client following each periodic review;
- 7 Providing an analysis with recommendations to the Client following each formalised request for new or increased borrowing or amendment of terms; and
- 8 Assist the client with the review of any draft contractual terms relating to facilities provided to Anglican bodies corporate.

**Services**

a In consideration for AFGD paying the Fees, and subject to the provisions of this Agreement, AFSA hereby agrees to provide AFGD with the following services:

The provision of portfolio management services for AFGD's Loan portfolio for the following clients;

i School portfolio

- St Columba Anglican School
- Bishop Druitt College
- Clarence Valley Anglican School
- Emmanuel Anglican College
- Lindisfarne Anglican Grammar School

Activity	Frequency
Half yearly performance review data extraction, analysis credit report writing including one increase funding request per annum	2 per year
Key ratio analysis recommendation	for each entity
Personal contact with each Anglican school no less frequently than once every 3 months	2 per year face to face
	2 per year other
	for each entity

**Other Anglican bodies corporate**  
 Anglicare North Coast  
 St Cuthbert's Retirement Living Complexes

Yearly performance review data extraction, analysis  
 credit report writing including  
 one increase funding request per annum  
 Key ratio analysis  
 recommendation

once per year

for each entity

Personal contact with each Anglican body corporate no less  
 frequently than once every 6 months:

2 per year  
 via phone  
 or if required face to face.

for each entity

**AFGD Board Reporting requirements**

Provision of a written structured Board report summarising  
 Key client activities  
 Risk Management Framework (covering all items in item b)  
 Financial Performance - analysing performance against agreed  
 benchmarks.

quarterly  
 2 via Zoom teleconference  
 2 face to face.

ii Assist as required with enquiries from parishes and external organisations  
 seeking a loan facility from AFGD as requested by either the Chair of the AFGD  
 Board or the Registrar of the Anglican Diocese of Grafton.

as required

**b Other services**

**Risk Management Framework**

Policy assistance review and recommendation

once every 2 years

**Interest rate Risk**

Policy assistance review and recommendation

once every 2 years

Review and produce Investor Interest rate data  
 Review and produce Lending reference rate data

weekly  
 monthly

**Credit Risk**

Policy assistance review and recommendation

once every 2 years

Apply credit policy and authorisations on all  
 credit recommendations

as required  
 when applied

**Capital Adequacy - includes DFAT prudential benchmarks.**

Policy assistance review and recommendation

once every 2 years

DFAT prudential benchmark template

monthly

**Liquidity - including surplus liquidity policy**

Policy assistance review and recommendation

once every 2 years

Interest Bearing securities review and recommendation  
 Data available monthly

report to AFGD Board  
 Quarterly

**audit assistance**

Financial year end 31/12 annually  
 January Annually produce  
 Data Action reports to satisfy audit requirements including  
 but not limited to  
 Investor book information

once every year  
 one week collating the data  
 per year by AFSA team.

maturity forecast information  
 interest rate information  
 open closed reports  
 sample data as requested.

**Loan book information**

maturity forecast information  
 interest rate information  
 open closed reports  
 credit policy compliance  
 sample data as requested.

other information as requested.

**Proposed cost of the increased service**  
 \$ 70,000

c The Services may also include any other tasks which both Parties may agree on at a rate to be determined and agreed before proceeding.

**Diocese of Grafton**

**Trustees**

AFSA expanded service agreement \$ 70,000  
 current Service Agreement Cost \$ 38,000  
**Indicative net benefit \$ (32,000)**

**\$ 106,044**

**Improved use of assets  
 shift from AFGD CF to AFSA EF**

Current gross yield say	2.60%	\$ 6,000,000	\$ 156,000
plus additional cost to fund AFSA return		0.40	\$ 24,000
unit Price October 18		1.4149	
No of units		\$ 4,240,582	
Income 7.5 cents per unit		0.075	\$ 318,044
			<b>\$ 318,044</b>

**\$ 138,044**



Chris Nelson &lt;chris.nelson@graftondiocese.org.au&gt;

## AFSA preferred option

**Blaine Fitzgerald** <afsahead@adelaideanglicans.com>

30 November 2018 at 14:53

To: David Ford <fordie@mac.com>, Chris Nelson <chris.nelson@graftondiocese.org.au>

Cc: Anna Halman <ahalman@adelaideanglicans.com>

Hi David and Chris,

I have attached two documents

1/- a proposal from AFSA indicating our preferred position.

2/- Appendix A – cost benefit analysis.

Once you have had a chance to work through them I would be more than happy to answer any questions you may have.

Also as discussed with David I am in the process of organising a flight to the region and can be available if required

to discuss face to face with the AFGD Board on Thursday 20/12/18.

I look forward to discussing in more detail.

*Kind regards*

**Blaine Fitzgerald**

Head of Anglican Funds South Australia

18 King William Road, North Adelaide SA 5006

**P 08 8305 9371 | M 0452 137 740**



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### 2 attachments

 **181128 Appendix A Grafton .pdf**  
244K

 **181128 Grafton proposal.pdf**  
111K



**BOARD MEETING DATE:**

27/02/2019

**No 7 Matters for discussion and/or decision**

**Item: b**

**Title: Service Agreement Report - Blaine Fitzgerald**

**Schools Update**

**No of Pages. 4 incl Header**

## Anglican Funds Grafton Diocese Service Agreement Report

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**Report Date:** 19/11/18 to the period ending 19/2/19

**Prepared by:** Blaine Douglas Fitzgerald ABN 98 966 145 256  
43 Perry Drive, Coffs Harbour, NSW, 2450

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### Service Agreement Clause 3. Services

- a. In consideration for the Client paying the Fees, and subject to the provisions of this Agreement, the Service Provider hereby agrees to provide the Client with the following services:
- i. *The provision of Portfolio Management Services for AFGD's loan portfolio for the following Anglican bodies corporate:*

School portfolio

*St Columba Anglican School*  
*Bishop Druitt College*  
*Clarence Valley Anglican School*  
*Emmanuel Anglican College*  
*Lindisfarne Anglican Grammar School*

Other Anglican bodies corporate

*Anglicare North Coast Inc*  
*St Cuthbert's Retirement Living Complexes Inc*

School portfolio

General comments :

As the schools wound down to the end of the 2018 school year, all facilities and work in progress, apart from BDC, appeared to be tracking to plan.

My energies have been aligned to getting the BDC Pari Passu Deed with Westpac executed. There are a number of reasons for the delay, however the main at the latter stages is that so much time had passed since first negotiated the facility offer documents needed to be re-set and agreed by all parties. Another reason was the contact at HWL Ebsworth left the firm and all the intellectual property on this working file between them and FWO was lost and required a re-set. It appears persistence has paid off in the end and I am hopeful by 28/2/19 it is done.

## Anglican Funds Grafton Diocese Service Agreement Report

---

### ***St Columba Anglican School***

- 5/12/18 Fit out Finance \$1.4m Westpac was consented to by AFGD and correspondence sent to SCAS & CC'd to Westpac Les Murray.
- 30/1/19 SCAS Finance Committee Planning session required a loans to maturity forecast for the whole AFGD portfolio to assist major capital works and potential future finance planning. Information has been provided.

### ***Bishop DrUITT College***

- 18/12/18 Met with Shane Oxley 18/12/18 to discuss facilities and re-work to provide greater flexibility. A result of stalling discussions with Westpac to get the change required under the Pari Passu Deed. AFGD approved change and obtained sign off from BDC.
- 19/12/18 Phone conversation Troy Mountain at Westpac to confirm next steps – triggering a re-doc from Westpac.
- 7/1/19 Jay Clowes FWO follow up to confirm where HWL Ebsworth (Westpac's solicitors) are at.
- 24/1/19 Jay Clowes FWO follow up to confirm where HWL Ebsworth (Westpac's solicitors) are at.
- 30/1/19 Jay Clowes FWO follow up to confirm where HWL Ebsworth (Westpac's solicitors) are at.
- 6/2/19 Jay Clowes FWO follow up to confirm where HWL Ebsworth (Westpac's solicitors) are at.
- 11/2/19 Troy Mountain Westpac to seek his input to fast track signing of Deed.
- 12/2/19 spoke to Shane Oxley to confirm Westpac had reduced access to liquidity assuming without clarification AFGD's was in place. Offered Temp OD as a solution \$2m until Pari Passu Deed is signed restoring BDC's liquidity.
- 18/2/19 Offer issued and facilities to be in place by 20/2/19
- 19/2/19 & 20/2/19 – Finally Deeds are ready for signing by counterpart.

### ***Emmanuel Anglican College***

- 30/11/18 amended offer for \$6m multi-function centre signed off and returned.
- 3/12/18 remaining funds from 2018 construction finance loan drawdown.

### ***Lindisfarne Anglican Grammar School***

- 5/1/19 Interest rate setting for Q12019 aligned with Westpac and set in place.
- 11/2/19 Documentation to settle the of sale of part allotment for the town water tower for Tweed Council sent through to FWO to handle.

### ***Clarence Valley Anglican School***

- 5/11/18 Council approved 2019 Operating Budget was provided to AFGD.
- 18/11/18 – Half yearly review was completed.

### ***Other Anglican bodies corporate***

## Anglican Funds Grafton Diocese Service Agreement Report

---

### **Anglicare North Coast (ANC)**

- No recent contact.
- As a prior Board member of Anglicare North Coast I am unclear if I am able to contact the encumbent CEO for information if AFGD required it. Any request for information may need to be signed off by the Chair of AFGD.

### **St Cuthbert's Retirement Living Complexes (SCRLC)**

- No recent contact.
- I believe the assets of SCRLC are under contract and AFGD's loans have been repaid.
- Future Investment opportunities from residual sale proceeds should remain a focus for AFGD.

### **b) The Services may include any other tasks which the Parties may agree on.**

Cash flow forecasting assistance to AFGD covering the period from August through to the end of December 2018.

### **c) The Client reserves the right to review the Services at any time and reduce the scope of Services at any time. Fees will remain unchanged unless a change is agreed by both Parties.**

No comments.

---

Yours faithfully

**Blaine Fitzgerald**  
**Mobile: 0450 924 448**  
**Email: [blaine.fitzgerald@afgd.com.au](mailto:blaine.fitzgerald@afgd.com.au)**

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### **Disclaimer**

This document has been prepared by Blaine Fitzgerald (ABN 98 966 145 256) for general information purposes only. Before acting on any information within this document, you should consider the appropriateness of it having regard to your own particular circumstances, objectives, financial situation and needs. I believe the information contained in this report was correct at the time the report was compiled. However, I do not warrant the accuracy or the reliability of the information contained in this report, and to the maximum extent permitted by law, I disclaim all responsibility and liability for any direct or indirect loss or damage suffered by any recipient of the report where the recipient has relied on anything contained in, or omitted from this report.

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**BOARD MEETING DATE:**

27/02/2019

**No 7 Matters for discussion and/or decision**

**Item: c**

**Title: Bank@Post fees**

**No of Pages. 2 incl Header**

### **Agenda Item 7c – Bank@Post fees**

In the 20 December 2018 AFGD Board meeting it was reported that some AFGD customers had received letter from Westpac Bank advising that Bank@Post fees would be increasing. The meeting was advised that these costs are absorbed by AFGD and not passed on.

After discussion, the meeting resolved:

*That the AFGD Board requests a letter to be sent to parish customers explaining that any increases of Bank@Post fees will continue to be absorbed into AFGD operating costs.*

The above resolution is yet to be implemented. In consideration of the drafting of this general letter there was concern that the letter may raise concerns and issues where none existed.

There has been no correspondence, queries or complaints about Bank@Post fees since the last board meeting.

**Proposed resolution: That the AFGD Board withdraws the request that a letter be sent to parish customers concerning Bank@Post fees and requests that the AFGD report to the 2019 Synod mention that it is AFGD practice to absorb transaction fees.**



**BOARD MEETING DATE:**

27/02/2019

**No 8 Matters for noting and status updates**

**Item: a**

**Title: Sale of Fund Manager Motor Vehicle**

**No of Pages. 3 incl Header**

# Anglican Funds Grafton Diocese

Level 1 - 50 Victoria Street  
 Grafton 2460  
 NSW

## Tax Invoice

A.B.N. 42 489 753 905

Invoice No.: 00000028

A.C.N.

Date: 21/12/2018

Ship Via:

**Bill To:**

Geoff King Motors Pty Ltd  
 Pacific Highway  
 PO Box 34  
 Coffs Harbour NSW 2450

**Ship To:**

Geoff King Motors Pty Ltd  
 Pacific Highway  
 PO Box 34  
 Coffs Harbour NSW 2450

DESCRIPTION	AMOUNT	CODE
Purchase of vehicle from The Corporate Trustee of the Diocese of Grafton Investment Fund 2017 Holden CGH8LG26446 Captiva CGH LTZ 7 Seater 2.2L Diesel Automatic AWD VIN:KL3CD2669HB756457 Reg # DMT49X	\$21,500.00	GST
EFT: BSB: 032-537 Account Number: 247819 Account Name: Anglican Funds Grafton Diocese Ref: Name & Invoice #		N-T

<b>Your Order No:</b>	<b>Customer ABN:</b> 79 000 130 843	<b>Freight:</b> \$0.00 GST												
<b>Shipping Date:</b>	<b>Terms:</b> Net 10	<b>GST:</b> \$1,954.55												
<b>Comment:</b>	<table border="1"> <thead> <tr> <th>Code</th> <th>Rate</th> <th>GST</th> <th>Sale Amount</th> </tr> </thead> <tbody> <tr> <td>GST</td> <td>10%</td> <td>\$1,954.55</td> <td>\$19,545.45</td> </tr> <tr> <td>N-T</td> <td>0%</td> <td>\$0.00</td> <td>\$0.00</td> </tr> </tbody> </table>	Code	Rate	GST	Sale Amount	GST	10%	\$1,954.55	\$19,545.45	N-T	0%	\$0.00	\$0.00	<b>Total Inc GST:</b> \$21,500.00
	Code	Rate	GST	Sale Amount										
GST	10%	\$1,954.55	\$19,545.45											
N-T	0%	\$0.00	\$0.00											
		<b>Amount Applied:</b> \$0.00												
		<b>Balance Due:</b> \$21,500.00												



Chris Nelson &lt;chris.nelson@graftondiocese.org.au&gt;

---

**could you please ASAP**

---

**Annette Dent** <office@afgd.com.au>

24 December 2018 at 09:11

To: Fordie &lt;fordie@mac.com&gt;

Cc: Chris Nelson &lt;chris.nelson@graftondiocese.org.au&gt;

Hi David &amp; Chris

Payment was received into the AFGD account on 21/12/2018.

thanks  
Annette

Annette Dent  
Office Admin / Customer Service  
Anglican Funds Grafton Diocese  
Level 1, 50 Victoria Street GRAFTON NSW 2460  
PO Box 4 GRAFTON NSW 2460  
FreeCall 1800 810 919 (NSW Only)  
Ph: 02 6642 4480 Fax: 02 6643 2391



Visit [www.anglicanfundsgraftondiocese.com.au](http://www.anglicanfundsgraftondiocese.com.au) for details on our Investment Products,  
Saver and Term Investment Accounts - currently paying up to 2.65% pa

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[Quoted text hidden]



**BOARD MEETING DATE:**

27/02/2019

**No 8 Matters for noting and status updates**

**Item: b**

**Title: Westpac security release**

**No of Pages. 3 incl Header**

**THE WESTPAC BANK CREDIT FACILITY PROPERTY ORDINANCE 2015 REPEAL  
ORDINANCE 2019  
Ordinance No. 3 of 2019**

An Ordinance to repeal an ordinance permitting the mortgaging by the Corporate Trustees of the Diocese of Grafton of several properties as security for a credit facility with Westpac Bank.

**PREAMBLE**

**Whereas** on 12<sup>th</sup> November 2015, the Bishop-in-Council enacted an ordinance, namely the The Westpac Bank Credit Facility Property Ordinance 2015, to permit the mortgaging by the Corporate Trustees of the Diocese of Grafton of the properties in the schedule as security for a credit facility with Westpac Bank for the use of Anglican Funds Grafton Diocese;

**Whereas** the properties described in the schedule hereto are vested in The Corporate Trustees of the Diocese of Grafton;

**Whereas** Anglican Funds Grafton Diocese has replaced the credit facility with Westpac Bank with a suitable credit facility with Anglican Funds South Australia that does not require real property as security;

**Therefore**, the Bishop-in-Council in pursuance of powers provided in clause 48.2 of the Diocesan Governance Ordinance 2008 hereby decrees and enacts as follows:

**REPEAL**

1. The Westpac Bank Credit Facility Property Ordinance 2015 is hereby repealed.
2. That Anglican Funds Grafton Diocese shall secure the release of the mortgage over the properties subject to the Westpac Bank Credit Facility Property Ordinance 2015.

**SHORT TITLE**

3. This Ordinance may be cited as the Westpac Credit Facility Repeal Ordinance 2019.

**COMMENCEMENT**

4. This Ordinance shall come into effect when the relevant mortgages have been released and the Ordinance has received the assent of the Bishop.

**SCHEDULE**

1. **A** piece or parcel of land being currently the site of The Cathedral School (Clarence Valley Anglican School, Grafton Campus) being parts within Lots 5, 6, & 7 and all of Lot 8 in Deposited Plan DP866434 at Grafton in the Local Government Area of Clarence.
2. **Part of** piece or parcel of land being currently the site of The Bishopsholme within Lot 13 in Deposited Plan DP1177589 at Grafton in the Local Government Area of Clarence.

**ASSENT**

We hereby certify that this Ordinance was passed by Bishop-in-Council on the Twenty-first day of February, 2019 and that the Ordinance as printed is in accordance with the Ordinance as passed.

.....  
Chair of Committees

.....  
Registrar

I assent to this Ordinance.

.....  
Bishop

.....  
Date





**BOARD MEETING DATE:**

27/02/2019

**No 8 Matters for noting and status updates**

**Item: c**

**Title: AFSA Endowment Fund Performance Report**

**No of Pages. 3 incl Header**

## News and Other Information about Your Investment

### Performance

#### 5-Year Historical View

Since December 2012, the fund has made a total return of 8.7%pa, which is favourable to its target of 6.9%pa.

Over this period, the Endowment Fund has fulfilled its primary objective of paying income semi-annually equivalent to a yield of 5.3%pa. The graph to the right shows the distribution history of the fund.

#### Year ended 31 December 2017

The AFSA Endowment Fund's total return for the year was 9.8%\* outperforming its target of 6.9% (CPI + 5%).

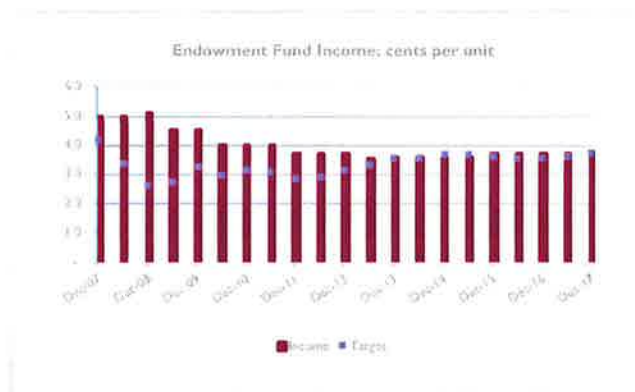
Investment markets were quite stable for most of 2017 with strong returns experienced in several equity markets both here and overseas (especially the US market and Emerging Markets).

All asset classes that the fund invested in produced positive returns for the year. The fund's international investments provided the strongest returns for the year (up 20%) followed by our investments in Australian shares (up 12%). In both of these asset classes the fund outperformed its benchmarks.

The unit price opened at \$1.42547 on 31 December 2016, and closed the year at \$1.48897, a 4.5% increase. Semi-annual income distributions totalling 7.4c per unit over the year provided a yield of 5.3%\*, bringing the total performance of the Endowment Fund for the year to 9.8%\*.

Overall, this year provided very good capital growth that enables the fund's Yale style endowment model to provide for a gradual increase in distribution rates in future years subject to any significant market corrections that may occur.

\*Note: Calculation of Total Return and Income assumes that distributions are reinvested.



### Ethical Investment

Investing ethically is very important to us. It is not our policy to invest in a company that is principally involved in activities such as polluting the atmosphere; the exploitation of people; encouraging repressive regimes; or the manufacture, sale, or distribution of armaments, gambling devices, tobacco and other products that damage the health or wellbeing of people.

### Outlook

The key strength of the Endowment Fund continues to be the stability of its income payments to investors, along with its deliberate and balanced investment approach.

The pie chart on the previous page shows the asset mix as at 31 December 2017. The asset mix is regularly reviewed based on advice provided by the Fund's specialist asset consultants.

The outlook for 2018 is positive due to positive economic forecasts here and overseas but markets remain uncertain with the recent sharp correction in US equities markets and the anticipated gradual rise in US interest rates. It is evident that markets have again become more volatile and accordingly a diversified and balanced asset mix provides long term investors with an appropriate level of risk.

**Blaine Fitzgerald**  
Head of AFSA

To find out more, please contact

**Anglican Funds South Australia**  
18 King William Road, North Adelaide, 5006

Telephone (08) 8305 9305  
or visit [www.anglicanfundssa.com.au](http://www.anglicanfundssa.com.au)

**Important Information:** The AFSA Endowment Fund is a charitable investment fundraiser whose activities meet the requirements of ASIC Corporations (Charitable Investment Fundraisers) Instrument 2016/813 (the ASIC Instrument). The ASIC Instrument provides exemption from various fundraising, managed investment and licensing provisions of the Corporations Act 2001 for qualifying charitable investment fundraisers. Neither AFSA, the Synod itself, nor its products, nor promotional material and offer documents have been examined or approved by ASIC. By issuing interests in the Fund, the Synod promotes the charitable purposes of the Anglican Church in the Diocese of Adelaide by providing an income stream directly to missional activities, while providing governance and stewardship of Church capital. Investment in the Fund is only intended to attract investors whose primary purpose is to support the charitable purposes of the Anglican Church in the Diocese of Adelaide. The Synod is required by law to notify investors: that its products and their offering are not subject to the usual protections for investors under the Corporations Act or regulation by ASIC; investors may be unable to get some or all of their money back when the investor expects, or at all; and the investment is not comparable to investments with banks, finance companies or fund managers. The Fund is not prudentially supervised by the Australian Prudential Regulation Authority therefore, an investor in the Fund will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959. The Identification Statement lodged and accepted by ASIC may be viewed on the AFSA website.

This is a medium risk fund, which suits a long term investor who wishes to

Receive a regular income

Preserve the real value of their capital

Invest ethically

### Annual Fund Returns to 31/12/2017

	1 Year	3 Years	5 Years	10 Years
<b>Total Return</b>				
Actual	9.8%	5.8%	8.7%	4.9%
Target	6.9%	6.7%	6.9%	7.3%
Excess	2.9%	-0.9%	1.8%	-2.4%
<b>Income</b>				
Actual	5.3%	5.2%	5.3%	6.1%
Target	5.0%	5.0%	5.0%	5.0%
Excess	0.3%	0.2%	0.3%	1.1%

- All returns are % per annum.
- Calculation of Total Return and Income assumes that distributions are reinvested. All returns are after fees have been deducted. Past performance is not a guarantee of future performance.
- Endowment Fund Total Return Target is CPI plus 5% per annum over a 5 year period.

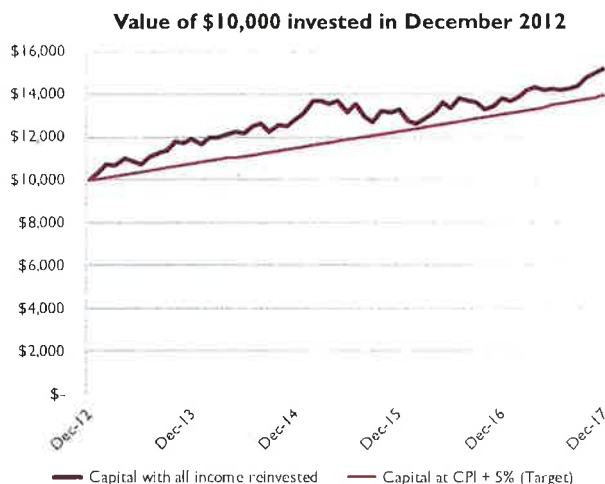
### Fund Description

The Fund has been designed to meet the investment needs of organisations with a long term investment perspective that want to promote the charitable purposes of the Anglican Church in the Diocese of Adelaide.

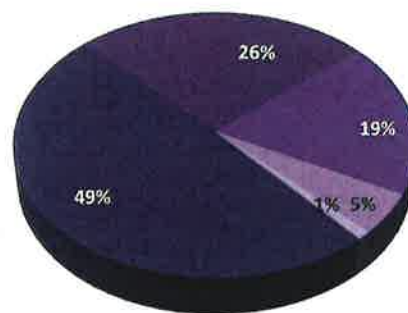
Over a rolling 5-year timeframe, the fund aims to produce income of 5%pa, paid semi-annually, and produce a combined return of income and capital growth, after fees, of 5%pa above CPI.

At 31 December 2017, the fund held \$80.5 million in net assets. Management fees of 1%pa are paid at the fund level before returns are calculated.

For enquiries please call  
(08) 8305 9305



### Asset Mix as at 31 December 2017



- Australian Shares
- Australian Fixed Interest
- International Shares
- Property & Infrastructure
- Cash

### Our partners in managing your money

Australian Shares

Property & Infrastructure



International Shares



Fixed Interest

Asset Consultants





**BOARD MEETING DATE:**

27/02/2019

**No 8 Matters for noting and status updates**

**Item: d**

**Title: AFSA Fund News June 2018**

**No of Pages. 3 incl Header**

## News and Other Information about Your Investment

### Performance

#### 5-Year Historical View

Since June 2013, the fund has made a total return of 7.5%pa, which is favourable to its target of 6.9%pa.

Over this period, the Endowment Fund has fulfilled its primary objective of paying income semi-annually equivalent to a yield of 5.2%pa. The graph to the right shows the distribution history of the fund.

#### Year ended 30 June 2018

The AFSA Endowment Fund's total return for the year was 7.7%\* outperforming its target of 7.1% (CPI + 5%).

Investment markets were quite stable for the second half of 2017 with strong returns experienced in several equity markets both here and overseas (especially the US market and emerging markets). However, in February 2018 the Australian equity and fixed interest markets experienced an increase in volatility and emerging markets declined as the US announced changes to tariffs.

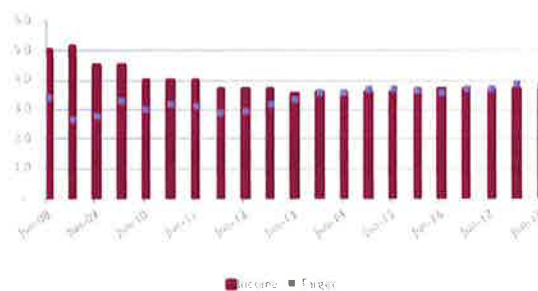
Despite these challenges, all asset classes that the fund invested in produced positive returns for the year. The fund's international investments provided the strongest returns for the year (up 14%) followed by our investments in Australian shares (up 11%).

The unit price opened at \$1.43257 on 30 June 2017, and closed the year at \$1.46875, a 2.5% increase. Semi-annual income distributions totalling 7.4c per unit over the year provided a yield of 5.2%\*, bringing the total performance of the Endowment Fund for the year to 7.7%\*.

Overall, this year provided good capital growth that enables the fund's Yale style endowment model to provide for a gradual increase in annual distribution rates to 7.5c per unit from 2018-19 subject to any significant market corrections that may occur.

\*Note: Calculation of Total Return and Income assumes that distributions are reinvested.

Endowment Fund Income: cents per unit



### Ethical Investment

Investing ethically is very important to us. It is our policy to avoid investment in a company that is principally involved in activities such as polluting the atmosphere; the exploitation of people; encouraging repressive regimes; or the manufacture, sale, or distribution of armaments, gambling devices, tobacco and other products that damage the health or wellbeing of people.

### Outlook

The key strength of the Endowment Fund continues to be the stability of its income payments to investors, along with its deliberate and balanced investment approach.

The pie chart on the previous page shows the asset mix as at 30 June 2018. The asset mix is regularly reviewed based on advice provided by the Fund's specialist asset consultants.

The outlook for 2018-19 is predicted to be mainly positive due to the current economic forecasts here and overseas but Australian markets remain uncertain with the effects of the Hayne Royal Commission into the banking sector and increased political uncertainty in Australia with a federal election due in 2019. It is evident that markets continue to be uncertain and accordingly a diversified and balanced asset mix provides long term investors with an appropriate level of risk.

**Blaine Fitzgerald**  
Head of AFSA

### To find out more, please contact

**Anglican Funds South Australia**  
18 King William Road, North Adelaide, 5006

Telephone (08) 8305 9305  
or visit [www.anglicanfundssa.com.au](http://www.anglicanfundssa.com.au)

**Important Information:** The AFSA Endowment Fund is a charitable investment fundraiser whose activities meet the requirements of ASIC Corporations (Charitable Investment Fundraisers) Instrument 2016/813 (the ASIC Instrument). The ASIC Instrument provides exemption from various fundraising, managed investment and licensing provisions of the Corporations Act 2001 for qualifying charitable investment fundraisers. Neither AFSA, the Synod itself, nor its products, nor promotional material and offer documents have been examined or approved by ASIC. By issuing interests in the Fund, the Synod promotes the charitable purposes of the Anglican Church in the Diocese of Adelaide by providing an income stream directly to missional activities, while providing governance and stewardship of Church capital. Investment in the Fund is only intended to attract investors whose primary purpose is to support the charitable purposes of the Anglican Church in the Diocese of Adelaide. The Synod is required by law to notify investors: that its products and their offering are not subject to the usual protections for investors under the Corporations Act or regulation by ASIC; investors may be unable to get some or all of their money back when the investor expects, or at all; and the investment is not comparable to investments with banks, finance companies or fund managers. The Fund is not prudentially supervised by the Australian Prudential Regulation Authority therefore, an investor in the Fund will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959. The Identification Statement lodged and accepted by ASIC may be viewed on the AFSA website.

# Fund

This is a medium risk fund, which suits a long term investor who wishes to

Receive a regular income

Preserve the real value of their capital

Invest ethically

### Annual Fund Returns to 30/6/2018

	1 Year	3 Years	5 Years	10 Years
<b>Total Return</b>				
Actual	7.7%	5.3%	7.5%	6.9%
Target	7.1%	6.7%	6.9%	7.1%
Excess	0.6%	-1.4%	0.6%	-0.2%
<b>Income</b>				
Actual	5.2%	5.2%	5.3%	6.1%
Target	5.0%	5.0%	5.0%	5.0%
Excess	0.2%	0.2%	0.3%	1.1%

- All returns are % per annum.
- Calculation of Total Return and Income assumes that distributions are reinvested. All returns are after fees have been deducted. Past performance is not a guarantee of future performance.
- Endowment Fund Total Return Target is CPI plus 5% per annum over a 5 year period.

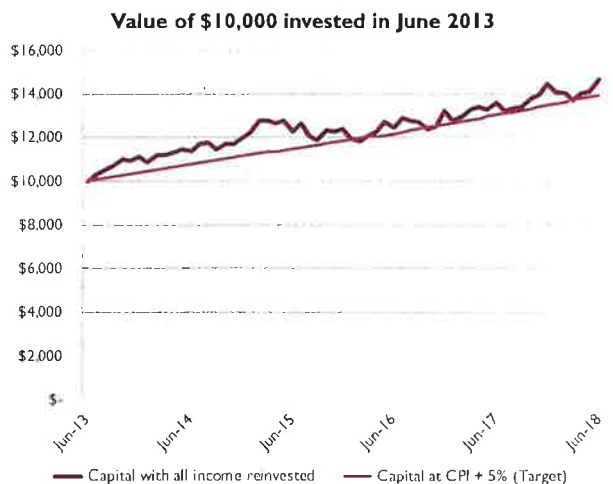
### Fund Description

The Fund has been designed to meet the investment needs of organisations with a long term investment perspective that want to promote the charitable purposes of the Anglican Church in the Diocese of Adelaide.

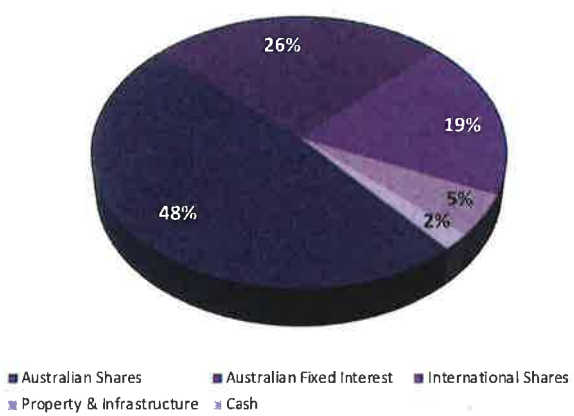
Over a rolling 5-year timeframe, the fund aims to produce income of 5%pa, paid semi-annually, and produce a combined return of income and capital growth, after fees, of 5%pa above CPI.

At 30 June 2018, the fund held \$79.6 million in net assets. Management fees of 1%pa are paid at the fund level before returns are calculated.

**For enquiries please call**  
(08) 8305 9305



### Asset Mix as at 30 June 2018



### Our partners in managing your money

Australian Shares	Property & Infrastructure
International Shares	
Fixed Interest	Asset Consultants



**BOARD MEETING DATE:**

27/02/2019

**No 8 Matters for noting and status updates**

**Item: e**

**Title: AICD Executive Summary on Final Report of Hayne  
Royal Commission**

**No of Pages. 11 incl Header**

AUSTRALIAN INSTITUTE  
*of* COMPANY DIRECTORS

# Royal Commission Final Report: Executive Summary

The Australian Institute of Company Directors today welcomed the release of the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Here, our policy team summarises the key findings, recommendations and implications for governance and directors.

04 February 2019



## 1. Overview

Commissioner Hayne's Final Report was released publicly on 4 February 2019, along with the Government's response to the inquiry's recommendations.

The report highlights that "failings of organisational culture, governance arrangements and remunerations systems, lie at the heart of much of the misconduct examined in the Commission". According to Hayne, improvements in each of these areas should reduce the risk of misconduct in future, and improvements in one area will reinforce improvements in others.



He emphasises that “the primary responsibility for misconduct in the financial services industry lies with the entities concerned and with those who manage and control them: their boards and senior management”.

While not allowing entities to shirk the responsibility to drive change, Hayne emphasises that the regulators also have an important role to play in the supervision of culture, governance and remuneration. Supervision of non-financial risks is key to this.

The final report also emphasises many of the key principles of good governance, especially: the importance of board challenge of management; and having the right flow of information to the board in order for directors to discharge their duties.

While avoiding more radical proposals on remuneration – such as banning variable remuneration which had been floated in the interim report - Hayne did make a number of recommendations including calling on APRA to have greater oversight and the need for entities to place higher regard on non-financial metrics.

When it came to the regulators, Hayne went further – recommending a new oversight body which would conduct regular independent reviews of performance. While stopping (just) short of recommending NEDs for APRA and ASIC, Hayne highlighted the value which such individuals could bring to a regulator’s board.

This paper is focused on the board and governance-related aspects of the final report and is structured as follows:

- Section 2: Implications for directors;
- Section 3: AICD view on key recommendations;
- Section 4: Observations on the role of the board: CBA and NAB case-studies;
- Section 5: Superannuation reforms;
- Section 6: Culture, governance and remuneration;
- Section 7: Regulator action, BEAR extension and simplification of the law;
- Section 8: Governance and oversight of the regulators (ASIC, APRA); and
- Section 9: Conclusions and commentary on institutions and individuals.

## 2. Implications for directors

Overall, the report acknowledges that Australia’s corporate governance model, including the separation of board and management, is sound.

That said, Hayne emphasises that the primary responsibility for misconduct in the financial services industry lies with the entities concerned and with those who manage and control them: their boards and senior management.

Accordingly, Hayne recommends that all financial services entities should, as often as reasonably possible, take proper steps to assess the entity's culture and its governance; identify any problems with that culture and governance; deal with those problems; and determine whether the changes it has made have been effective. While this recommendation is naturally confined to financial services entities, it would be timely for directors of all companies – not just those in financial services – to consider how and where governance frameworks can be strengthened.

Boards will need to consider how best to assess culture and governance, including the most appropriate metrics (which would ideally not be confined to lag indicators), stakeholders with whom to engage, and any independent, external support that may be required.

The report reinforces fundamental tenets of governance by making it clear that boards and their “gatekeeper committees” must:

- sufficiently challenge management;
- do all they can to satisfy themselves that they are receiving the right information and inputs from management to make complex decisions;
- monitor, measure and assess corporate culture and governance; and
- provide rigorous oversight of risk, including non-financial risks.

Hayne also makes a number of comments on the nature and extent of directors' duties. In relation to the requirement that directors exercise their powers and discharge their duties in good faith in the best interests of the corporation, and for a proper purpose, he emphasises that it is the corporation that is the focus of their duties - and that that demands consideration of more than the financial returns that will be available to shareholders in any particular period. While financial returns to shareholders will always be an important consideration, it is not the only matter to be considered.

He also emphasises that pursuit of the best interests of a financial services entity is a more complicated task than choosing between the interests of shareholders and the interests of customers.

Hayne also made a number of recommendations in relation to remuneration including, relevantly, that all financial services entities should review at least annually the design and implementation of their remuneration systems for front line staff to ensure that the design and implementation of those systems focus on not only on what staff do, but also how they do it.

Boards will need to consider their role in this review and whether they have an appropriate level of oversight over remuneration practices – and the behaviours they drive - throughout their organisation.

### 3. AICD view on key governance recommendations

The AICD supports Hayne's recommendations on “changing culture and governance” in the final report, including in relation to the need for regular assessments of culture and governance, and the focus on culture as part of APRA's prudential supervisory program.

Overall, the report does not contain any recommendations that fundamentally disrupt Australia's corporate governance model – indeed, the Commissioner's comments in the report emphasise the importance of the separation of the board and management. Instead, it highlights where practice can and should be strengthened. In particular, the AICD endorses the focus on challenge of management, reporting and information flows and prudent risk management.

The AICD also strongly endorses the recommendation that breaches of superannuation trustee and trustee directors' duties be subject to a penalty regime.

In terms of the regulators, the AICD supports recommendations that:

- the twin peaks model of financial regulation be retained;
- the roles of ASIC and APRA in relation to superannuation be clarified (including that ASIC be the conduct regulator);
- APRA and ASIC be subject to at least quadrennial capability reviews; and
- a new oversight authority for APRA and ASIC be established to assess the effectiveness of each regulator in discharging its functions and meeting its statutory objects.

We also endorse Hayne's observations regarding the value which NEDs would bring to both ASIC and APRA boards, and have long called for such enhanced oversight.

The AICD supports strong and proactive enforcement by ASIC, but remains cautious about ASIC asking, as its starting point, the question of whether a court should determine the consequences of contravention. While the balance between litigious and negotiated outcomes have been too far weighted to the latter over recent years, that does not mean that regulator tools such as enforceable undertakings are of no value. Overall, regulators need to carefully consider their approach to enforcement, balancing what may be appropriate in an individual case with the need to avoid adverse system consequences.

We also support the extension of the Banking Executive Accountability Regime (BEAR) to APRA-regulated financial services institutions, and will engage carefully on the implementation of this and other related recommendations (including in relation to co-administration by ASIC and APRA).

#### **4. Observations on the role of the board: CBA and NAB case-studies**

In the report, Hayne made several important observations regarding governance and the role of the board.

In particular, drawing on the CBA (regarding AML/CTF) and NAB (regarding adviser service fees) case-studies, Hayne highlighted the importance of: 1) board challenge of management; and 2) information flow to the board, as being essential to good governance, saying "boards cannot operate properly without having the right information. And boards do not operate effectively if they do not challenge management".

He also noted that “the evidence before the Commission showed that too often, boards did not get the right information about emerging non-financial risks; did not do enough to seek further or better information where what they had was clearly deficient; and did not do enough with the information they had to oversee and challenge management’s approach to these risks”.

Further, in Hayne’s view, the evidence showed that entities too often put the pursuit of profit above all else, including interests of customers and compliance with the law.

He also highlighted that it was often unclear who within a financial services entity was accountable for what – “without clear lines of accountability, consequences were not applied, and outstanding issues were left unresolved”.

Following an examination of the CBA and NAB case-studies, Hayne observed that:

- Often, improving the quality of information given to boards will require giving directors less material and more information;
- Boards and management must keep considering how to present information about the right issues, in the right way;
- Boards cannot, and must not, involve themselves in the day-to-day management of the corporation. Nothing in this Report should be taken to suggest that they should; and
- The task of the board is overall superintendence of the company, not its day-to-day management. But an integral part of that task is being able and willing to challenge management on key issues, and doing that whenever necessary.
- It is plainly not the role of the board to review every piece of correspondence that goes out the door. But it is the role of the board to be aware of significant matters arising within the business, and to set the strategic direction in relation to those matters. When management is acting in a way that is delaying the remediation of customers, and damaging the bank’s relationship with regulators, it is appropriate for the board to intervene and say ‘Enough is enough. Fix this, and fix it now.’

## 5. Superannuation reforms

The key superannuation recommendations from a governance perspective are as follows:

- **Civil penalties for breach of covenants and like obligations:** breach of the trustee covenants set out in section 52 or obligations set out in section 29VN, or the director’s covenants set out in section 52A or obligations set out in section 29VO of the SIS Act should be enforceable by action for civil penalty (Recommendation 3.7);
- **Adjustment of APRA and ASIC’s roles:** The roles of APRA and ASIC with respect to superannuation should be adjusted, as referred to in Recommendation 6.3 (see below) (Recommendation 3.8)
- **Accountability regime:** Over time, provisions modelled on the Banking Executive Accountability Regime (BEAR) should be extended to all RSE licensees, as referred to in Recommendation 6.8

(i.e. to all APRA-regulated financial services institutions, under an ASIC-APRA joint administration arrangement) (Recommendation 3.9).

See also Recommendations 6.3 to 6.5 below under “Regulators and regulation”.

Further, Hayne emphasised a number of important points regarding superannuation boards:

- The central issue is the need for the for board of a trustee to be skilled and efficient in the proper supervision of the fund in the best interests of members”;
- As superannuation funds become larger and more complicated, the greater the need for a skilled and efficient board of directors;
- Matters of board composition are not best dealt with by prescriptive rules regarding board numbers or composition, instead such rules would distract from the basic requirement of “ensuring that the board, is as far as possible, constituted, at all times, by directors, who, together, will form a skilled and efficient board”;
- Emphasised the importance of board change and renewal without recommending prescriptive rules, nor a system of board appointments similar to that applicable to listed companies; and
- It is a matter for APRA to supervise such governance matters.

## 6. Culture, governance and remuneration

Hayne engaged in detailed discussion of culture, governance and remuneration in his final report, highlighting the importance of these factors in the misconduct examined at the inquiry.

The Commissioner’s key recommendations in relation to remuneration were as follows:

- **Supervision of remuneration – principles, standards and guidance:** In conducting prudential supervision of remuneration systems, and revising its prudential standards and guidance about remuneration, APRA should give effect to the principles, standards and guidance set out in the Financial Stability Board’s publications concerning sound compensation principles and practices. Recommendations 5.2 and 5.3 explain and amplify aspects of this Recommendation (Recommendation 5.1).
- **Supervision of remuneration – aims:** In conducting prudential supervision of the design and implementation of remuneration systems, and revising its prudential standards and guidance about remuneration, APRA should have, as one of its aims, the sound management by APRA-regulated institutions of not only financial risk but also misconduct, compliance and other non-financial risks (Recommendation 5.2).
- **Revised prudential standards and guidance:** In revising its prudential standards and guidance about the design and implementation of remuneration systems, APRA should (Recommendation 5.3):
  - require APRA-regulated institutions to design their remuneration systems to encourage sound management of non-financial risks, and to reduce the risk of misconduct;
  - require the board of an APRA-regulated institution (whether through its remuneration committee or otherwise) to make regular assessments of the effectiveness of the

remuneration system in encouraging sound management of non-financial risks, and reducing the risk of misconduct;

- set limits on the use of financial metrics in connection with long-term variable remuneration;
  - require APRA-regulated institutions to provide for the entity, in appropriate circumstances, to claw back remuneration that has vested; and
  - encourage APRA-regulated institutions to improve the quality of information being provided to boards and their committees about risk management performance and remuneration decisions.
- **Remuneration of front line staff** – all financial services entities should review at least once each year the design and implementation of their remuneration systems for front line staff to ensure that the design and implementation of those systems focus on not only what staff do, but also how they do it (Recommendation 5.4).

While discussing the “two strikes” rule, including testimony from bank chairs, Hayne declined to make a recommendation, noting that any question about modifying the law was beyond the Commission's Terms of Reference.

Hayne also made two key recommendations in relation to culture and governance, namely:

- **Changing culture and governance:** All financial services entities should, as often as reasonably possible, take proper steps to (Recommendation 5.6):
  - assess the entity's culture and its governance;
  - identify any problems with that culture and governance;
  - deal with those problems; and
  - determine whether the changes it has made have been effective.
- **Supervision of culture and governance:** in conducting its prudential supervision of APRA-regulated institutions and in revising its prudential standards and guidance, APRA should (Recommendation 5.7):
  - build a supervisory program focused on building culture that will mitigate the risk of misconduct;
  - use a risk-based approach to its reviews;
  - assess the cultural drivers of misconduct in entities; and
  - encourage entities to give proper attention to sound management of conduct risk and improving entity governance.

Hayne also made some salient **observations regarding the best interests' directors' duty** (section 181(1), Corporations Act), including:

- That directors' duties are owed to the corporation, and that “demands consideration of more than the financial returns that will be available to shareholders in any particular period”;
- “The longer the period of reference, the more likely it is that the interests of shareholders, customers, employees and all associated with any corporation will be seen as converging on the corporation's continued long-term financial advantage. And long-term financial advantage will more likely follow if the entity conducts its business according to proper standards, treats its employees well and seeks to provide financial results to shareholders that, in the long run, are better than other investments of broadly similar risk”;

- “In the longer term, the interests of all stakeholders associated with the entity converge...pursuit of the best interests of a financial services entity is a more complicated task than choosing between the interests of shareholders and the interests of customers”.

## 7. Regulator action, BEAR extension, simplification of the law

Although advocating for a retention of the “twin peaks” model of financial regulation (Recommendation 6.1), Hayne did push for significant changes to the way in which both ASIC and APRA operate (see also Part 7 below):

- **ASIC’s approach to enforcement:** ASIC should adopt an approach to enforcement that (Recommendation 6.2):
  - takes, as its starting point, the question of whether a court should determine the consequences of a contravention;
  - recognises that infringement notices should principally be used in respect of administrative failings by entities, will rarely be appropriate for provisions that require an evaluative judgment and, beyond purely administrative failings, will rarely be an appropriate enforcement tool where the infringing party is a large corporation;
  - recognises the relevance and importance of general and specific deterrence in deciding whether to accept an enforceable undertaking, and the utility in obtaining admissions in enforceable undertakings; and
  - separates, as much as possible, enforcement staff from non-enforcement related contact with regulated entities.
- **General principles for co-regulation in superannuation:** The roles of APRA and ASIC should be adjusted to accord with the general principles that (Recommendation 6.3):
  - APRA, as the prudential regulator for superannuation, is responsible for establishing and enforcing Prudential Standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by superannuation entities APRA supervises are met within a stable, efficient and competitive financial system; and
  - As the conduct and disclosure regulator, ASIC’s role in superannuation primarily concerns the relationship between RSE licensees and individual consumers (effect should be given to these principles by taking the steps described in Recommendations 6.4 and 6.5, see below).
- **ASIC as conduct regulator:** Without limiting any powers APRA currently has under the SIS Act, ASIC should be given the power to enforce all provisions in the SIS Act that are, or will become, civil penalty provisions or otherwise give rise to a cause of action against an RSE licensee or director for conduct that may harm a consumer. There should be co-regulation by APRA and ASIC of these provisions (Recommendation 6.4).
- **APRA to retain functions:** APRA should retain its current functions, including responsibility for the licensing and supervision of RSE licensees and the powers and functions that come with it, including any power to issue directions that APRA presently has or is to be given (Recommendation 6.5).

There were also three significant recommendations regarding modification and extension of the Banking Executive Accountability Regime (BEAR):

- **ASIC and APRA should jointly administer the BEAR:** ASIC should be charged with overseeing those parts of Divisions 1, 2 and 3 of Part IIAA of the Banking Act that concern consumer protection and market conduct matters. APRA should be charged with overseeing the prudential aspects of Part IIAA (Recommendation 6.6).
- **Statutory amendments:** The obligations in sections 37C and 37CA of the Banking Act should be amended to make clear that an ADI and accountable person must deal with APRA and ASIC (as the case may be) in an open, constructive and co-operative way. Practical amendments should be made to provisions such as section 37K and section 37G(1) so as to facilitate joint administration (Recommendation 6.7).
- **Extending the BEAR:** Over time, provisions modelled on the BEAR should be extended to all APRA-regulated financial services institutions. APRA and ASIC should jointly administer those new provisions (Recommendation 6.8). (Hayne recommends that the changes to BEAR should not be made at once, rather they should be made sequentially (with the large RSE licensees to follow the banks into the BEAR regime, followed by other RSE licensees, the largest insurers, and finally, the balance of insurers)).

In addition to recommending that the recommendations of the ASIC Enforcement Review Taskforce that relate to self-reporting of contraventions by financial services and credit licensees should be implemented (Recommendation 7.2), Hayne also recommended “simplification so that the law’s intent is met”, via:

- **Exception and qualifications to the law:** As far as possible, exceptions and qualifications to generally applicable norms of conduct in legislation governing financial services entities should be eliminated (Recommendation 7.3); and
- **Fundamental norms:** As far as possible, legislation governing financial services entities should identify expressly what fundamental norms of behaviour are being pursued when particular and detailed rules are made about a particular subject matter (Recommendation 7.4).

## 8. Governance and oversight of the regulators (ASIC, APRA)

While making two recommendations that seek to ensure greater co-operation between ASIC and APRA, including (surprisingly) creating an explicit statutory obligation of cooperation (see Recommendations, 6.9 and 6.10), it is in the area of regulator governance and accountability that Hayne suggests more fundamental reform:

- **Application of the BEAR to regulators:** in a manner agreed with the external oversight body (the establishment of which is the subject of Recommendation 6.14 below) each of APRA and ASIC should internally formulate and apply to its own management accountability principles of the kind established by the BEAR (Recommendation 6.12);
- **Regulator capability reviews:** APRA and ASIC should each be subject to at least quadrennial capability reviews (instructed by the new oversight authority, see below). A capability review



should be undertaken for APRA as soon as is reasonably practicable (Recommendation 6.13);

- **A new oversight authority:** a new oversight authority for APRA and ASIC, independent of Government, should be established by legislation to assess the effectiveness of each regulator in discharging its functions and meeting its statutory objects. The authority should be comprised of three part-time members and staffed by a permanent secretariat. It should be required to report to the Minister in respect of each regulator at least biennially (Recommendation 6.14) and
- **Formalising ASIC meeting procedure:** The ASIC Act should be amended to include provisions substantially similar to those set out in sections 27–32 of the APRA Act – dealing with the times and places of Commissioner meetings, the quorum required, who is to preside, how voting is to occur and the passing of resolutions without meetings (Recommendation 6.11).

Interestingly, Hayne came close to recommending that both ASIC and APRA be given boards which include NEDs, but did not do so in the end. He observed that:

- There was “no obvious reason” why ASIC would not benefit in the same ways that listed entities do from the inclusion of NEDs on their boards, noting benefits such as improving the scope and quality of internal oversight;
- While acknowledging that other foreign regulators also had NEDs on their boards, due to the “radical changes” which ASIC already has to undertake, Hayne did not recommend such a change. Instead he said that “I think the choice of those who are to perform the external review is more urgent and important than appointing non-executive members to ASIC”;
- “While I think that APRA could benefit from the appointment of one or two non-executive directors, I do not recommend making that change. It may be, I do not say it should be, a matter to be revisited as part of the capability review that I recommend below”.

## 9. Conclusions and commentary on institutions and individuals

The Commissioner addresses each of the case studies examined by the Commission and noted that the instances of potential misconduct (including, by way of example, the conduct of various entities in connection with the payment of fees for no service, and the conduct of various corporate trustees including Colonial First State, IOOF and AMP in connection with the MySuper transition) have been reported to ASIC and/or APRA as relevant, and that it is a matter for the regulators to determine what, if any, further action should be taken.

While Hayne refrained from referring specific individuals for further action, it is of course open to the regulators to take action against individuals as their investigations progress.

