



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

**ANGLICAN FUNDS GRAFTON DIOCESE BOARD MEETING**  
**Thursday 4<sup>th</sup> April 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 27 February 2019
5. Call for additional agenda items and close of agenda
6. Financial and performance reports
  - a) Finance reports
  - b) Draft 2018 Financial Statements
7. Matters for discussion and/or decision
  - a) Schools Update (**9.30am** - Mr Blaine Fitzgerald to join by video-conference)
    - i. Projections of finance needs of schools versus AFGD capacity
    - ii. Other matters
  - b) Interest Rate Review
  - c) Strategic Options
  - d) Corporate Trustees resolution 14 March 2019
8. Matters for noting and status updates
  - a) Nil
9. Correspondence  
In:  
    Nil  
  
Out:  
    Signed acceptance of 15 February proposal from Thomas Noble & Russell – 4 March 2019
10. Next meeting scheduled for 23 May 2019 and includes joint meeting with Corporate Trustees and Auditor.
11. Meeting close



**BOARD MEETING DATE:**

4/04/2019

**No 4 Confirmation of Minutes**

**Title: Meeting of 27 February 2019**

**No of Pages. 4 incl Header**



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

**Minutes**  
**Wednesday 27 February 2019**  
**Meeting by videoconference**

**1. Opening Prayer** - Meeting opened at 9.08am with prayers by Mr David Ford

**2. Attendees:** Mr David Ford (Chair), Mr John Adlington, Mr Ted Clarke,  
Mr Phil Crandon.  
Non-members: Mr Chris Nelson, Mr Blaine Fitzgerald (for item 7b only).

**Apologies:** Bishop Murray Harvey, Mr Gary Boyd (joined meeting at 9.40am but due to technical difficulties left meeting within two minutes)

**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 Druitt 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 20 December 2018 be accepted as true and correct.*

**Moved:** Mr John Adlington

**Seconded:** Mr Phil Crandon 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 31 December 2018 were considered. A better than budget result was noted.

*That the AFGD Board receives the financial report and acknowledges the AFGD profit for 2018 and decides to retain the profit after usual distribution to improve the capital adequacy of the fund.*

**Moved:** Mr Phil Crandon

**Seconded:** Mr Ted Clarke CARRIED

**b. Cashflow Update**

A report on the cashflow position as at 21 February was considered. No cashflow concerns were evident.

The Board commended Ms Annette Dent on her continued management of cashflow for AFGD.

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

**Moved:** Mr David Ford

**Seconded:** Mr John Adlington CARRIED

**c. 2019 Budget**

The board considered a 2019 budget in accordance with the board's resolution of 20 December 2018.

*That the 2019 budget as tabled be adopted.*

**Moved:** Mr Ted Clarke

**Seconded:** Mr John Adlington CARRIED

**d. Audit Management Letter update**

Papers for this item were not available however the board was advised that the status had not changed significantly with the exception that action on related party declarations was implemented since the December meeting.

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

**a. Financial Analysis of Strategic Options**

The board discussed the proposal provided by TNR to conduct a comparison of the financial impacts of each of four strategic options.

*The AFGD Board accepts the quote provided by TNR to conduct a financial analysis of strategic options and requests the Registrar to enquire about the practicality of completing this analysis and reporting in March.*

**Moved:** Mr David Ford

**Seconded:** Mr Ted Clarke CARRIED

**b. Schools Update**

Mr Blaine Fitzgerald joined the meeting at 9.35am to make a presentation on the status of schools and other major clients of AFGD. No matters of concern were reported.

Mr Blaine Fitzgerald left the meeting at 10.00am

**c. Bank@Post fees**

The board discussed the practicality of a resolution made at the 20 December 2018 meeting concerning Bank@Post.

*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.*

**Moved:** Mr John Adlington

**Seconded:** Mr Phil Crandon CARRIED

**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 Ms**

*That the AFGD receives and notes the matters listed as for noting and status updates.*

**Moved:** Mr Phil Crandon

**Seconded:** Mr John Adlington

CARRIED

**9. Correspondence**

In: Nil

Out: Nil

**10. Next Meeting: 4 April 2019** (rescheduled from 28 March 2019)  
Mr David Ford has notified that he will be an apology for the next meeting.

**11. Meeting Close**

The meeting closed at 10.41am with the saying of the grace.

CONFIRMED as a true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 27 February 2019.

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Chair – David Ford



**BOARD MEETING DATE:**

4/04/2019

**No 6 Financial and performance reports**

**Item: a**

**Title: Finance reports**

**No of Pages. 11 incl Header**

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

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

	Jan	Feb	YTD	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Forecast	Budget	Variance
<b>4-0000</b>																
Income																
Interest Recd - Investments	10,440	20,851	31,291	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,837	159,825	154,000	5,825
Interest Recd - Borrowers	72,392	49,378	121,771	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,337	956,165	1,000,000	(38,690)
Sundry Income - Other Asset classes and Ser	29,490	29,490	58,980	73,127	29,502	29,502	88,127	28,565	28,565	87,190	27,573	27,573	86,192	564,995	564,920	(74)
Total Income	112,322	99,720	212,042	169,293	125,668	125,668	184,293	124,731	124,731	183,356	123,739	123,739	182,366	1,579,826	1,718,920	(41,378)
Cost Of Sales																
Total Interest Paid to Investors	62,930	54,652	117,582	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,337	790,916	808,000	17,084
Gross Profit	49,393	45,068	94,461	101,960	58,335	58,335	116,960	57,398	57,398	116,023	56,406	56,406	115,029	888,711	910,920	(22,209)
<b>6-0000</b>																
Expenses																
Total Employee Benefits	7,347	9,047	16,394	9,160	8,760	8,760	9,760	8,760	8,760	9,160	8,760	8,760	9,760	106,794	107,920	1,126
Total Professional fees	1,825	2,485	4,310	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,888	43,271	46,755	3,484
Total Banking and Indue Costs	15,309	14,024	29,332	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,969	213,995	220,895	6,600
Total insurance costs	677	620	1,297	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,739	18,705	20,890	2,185
Total General Operations costs	767	905	1,672	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,251	24,119	26,935	2,816
Total Expenses	25,924	27,080	53,004	35,008	34,608	34,608	35,608	34,608	34,608	35,008	35,608	34,608	35,607	406,889	423,095	16,212
Total Net Profit	23,468	17,988	41,456	66,952	23,727	23,727	81,352	22,790	22,790	81,015	16,798	21,798	79,422	481,827	487,825	(5,998)
<b>9-0000</b>																
Distribution to Diocese																
Total Other Expenses	14,600	14,600	29,200	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	3,388	12,256	52,352	9,127	9,127	66,752	8,190	8,190	66,415	2,198	7,198	65,022	306,827	312,825	(5,998)

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

### Profit & Loss Statement

January to December 2019

	January Actual	February Actual	YTD Actual	March Budget	April Budget	May Budget	June Budget	July Budget	August Budget	September Budget	October Budget	November Budget	December Budget	Forecast	Budget	Variance
<b>Income</b>																
4-0000																
4-1010	0	0	0	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,837	128,334	154,000	(25,666)
4-1011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-1011	0	8,469	10,807	0	0	0	0	0	0	0	0	0	0	10,807	0	10,807
4-1012	2,338	10,145	16,226	0	0	0	0	0	0	0	0	0	0	16,226	0	16,226
4-1013	6,081	2,237	4,258	0	0	0	0	0	0	0	0	0	0	4,258	0	4,258
4-1014	2,022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-1015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-1020	10,440	20,851	31,291	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,833	12,837	159,625	154,000	5,625
4-1021	20,419	4,739	25,158	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,337	856,482	1,000,000	(141,508)
4-1021	21,498	19,412	40,909	0	0	0	0	0	0	0	0	0	0	40,909	0	40,909
4-1022	30,475	25,229	55,704	0	0	0	0	0	0	0	0	0	0	55,704	0	55,704
4-1055	72,392	49,379	121,771	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,337	955,105	1,000,000	(44,895)
4-1056	4,527	4,527	9,054	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	4,527	54,324	54,324	-
4-1056	24,963	24,963	49,926	24,962	24,962	24,962	24,962	24,962	24,962	24,962	24,962	24,962	24,962	290,946	290,946	-
4-1057	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-1058	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-2000	0	0	0	13	13	13	13	13	13	13	13	13	7	124	150	(26)
4-2100	0	0	0	43,625	0	0	58,625	0	0	58,625	0	0	0	219,500	219,500	-
4-3000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4-3000	29,490	29,490	58,980	73,127	29,502	29,502	86,127	28,565	28,565	87,190	27,573	27,573	86,192	564,896	564,920	(24)
<b>Total Income</b>	112,322	99,720	212,042	169,293	125,668	125,668	184,293	124,731	124,731	183,356	123,739	123,739	182,366	1,679,626	1,718,920	(39,294)
5-2100	62,930	54,652	117,582	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,337	790,916	808,000	17,084
5-2100	62,930	54,652	117,582	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,333	67,337	790,916	808,000	17,084
<b>Gross Profit</b>	49,393	45,068	94,461	101,960	58,335	58,335	116,960	57,398	57,398	116,023	56,406	56,406	115,029	888,711	910,920	(22,209)
<b>Expenses</b>																
6-0000																
6-1100	-1,355	462	-893	0	0	0	0	0	0	0	0	0	0	-893	0	893
6-1200	0	0	0	0	0	0	600	0	0	0	0	0	600	1,200	1,200	-
6-1300	7,964	7,840	15,804	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	95,804	96,000	196
6-1500	737	745	1,482	760	760	760	760	760	760	760	760	760	760	9,082	9,120	38
6-1600	0	0	0	400	0	0	400	0	0	400	0	0	400	1,600	1,600	-
6-1700	7,347	9,047	16,394	9,160	8,760	8,760	9,760	8,760	8,760	9,160	8,760	8,760	9,760	106,794	107,920	1,126
6-2200	0	127	127	246	246	246	246	246	246	246	246	246	244	2,585	2,950	365
6-4300	1,825	1,825	3,650	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,409	2,406	27,737	28,950	1,168
6-4360	1,825	533	2,358	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,238	12,949	14,900	1,951
6-4400	1,825	2,485	4,310	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,888	43,271	46,755	3,484
6-4402	469	498	967	560	560	560	560	560	560	560	560	560	564	6,571	6,724	153
6-4402	138	14	152	49	49	49	49	49	49	49	49	49	47	640	586	54
6-4410	2,333	2,333	4,667	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	47,667	51,600	3,933
6-4412	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000	5,000	-
6-4440	868	292	1,160	0	0	0	0	0	0	0	0	0	0	1,160	0	(1,160)
6-4442	2,500	2,500	5,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	30,000	-
6-4445	9,000	8,387	17,387	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,145	118,792	121,685	2,893
6-4450	15,309	14,024	29,332	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,966	17,969	213,995	220,585	6,600
6-4510	118	115	233	134	134	134	134	134	134	134	134	134	134	1,567	1,602	35
6-4530	559	505	1,063	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,611	17,137	19,288	2,151
6-4425	677	620	1,297	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,739	18,705	20,890	2,185
6-4600	0	0	0	70	70	70	70	70	70	70	70	70	72	842	842	0



6-4610	6-4610	Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6-4700	6-4700	Postage	0	95	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	2,060
6-4800	6-4800	Printing & Stationery	140	8	149	179	179	179	179	179	179	179	179	179	179	179	179	179	179	179	179	179	179	2,145
6-4900	6-4900	Rent/Victoria Street	433	433	867	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	5,200
6-5000	6-5000	PC Repairs and Maintenance	0	0	0	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	400
6-5100	6-5100	Telephone	193	187	380	199	199	199	199	199	199	199	199	199	199	199	199	199	199	199	199	199	199	2,390
6-5200	6-5200	Travel & Accommodation - Beard	0	182	182	890	890	890	890	890	890	890	890	890	890	890	890	890	890	890	890	890	890	18
6-5300	6-5300	Travel & Accommodation - AFGD	0	0	0	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	1,598
6-5310	6-5310	AFGD Staff Expenses Other	0	0	0	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	1,750
		<b>Total General Operations costs</b>	<b>767</b>	<b>905</b>	<b>1,672</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>2,244</b>	<b>26,935</b>
		<b>Total Expenses</b>	<b>25,924</b>	<b>27,080</b>	<b>53,004</b>	<b>35,008</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>34,608</b>	<b>423,095</b>
		<b>Total Net Profit</b>	<b>23,468</b>	<b>17,988</b>	<b>41,456</b>	<b>66,952</b>	<b>23,727</b>	<b>23,727</b>	<b>23,727</b>	<b>23,727</b>	<b>81,352</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>22,790</b>	<b>487,825</b>
9-2200	9-2200	Contribution to Diocese	14,600	14,600	29,200	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	175,000
		<b>Total Other Expenses</b>	<b>14,600</b>	<b>14,600</b>	<b>29,200</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>14,600</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>175,000</b>
		<b>Net Profit/(Loss) after distribution</b>	<b>8,868</b>	<b>3,388</b>	<b>12,256</b>	<b>52,352</b>	<b>9,127</b>	<b>9,127</b>	<b>9,127</b>	<b>9,127</b>	<b>66,752</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>8,190</b>	<b>312,825</b>
																								<b>(5,998)</b>
																								<b>(5,998)</b>
																								<b>16,212</b>

**Anglican Funds Grafton Diocese**

Level 1 - 50 Victoria Street  
Grafton 2460  
NSW

**Balance Sheet**

As of February 2019

Account No.				
1-0000	Assets			
1-1000	Current Assets			
1-1105	WBC 032537 247819 Operating Ac	\$14,509.60		
1-1110	WBC 032537 120455 Client Chq	\$142,963.26		
1-1130	AFSA Float SAV00000202	\$1,796.57		
1-1131	AFSA MIA SAV00041173	\$3,727,714.57		
1-1137	Daily Txns Unproc'd in Phoenix	(\$178,363.33)		
1-1160	WBC 032537 163017 Cash Managem	\$260,466.43		
1-1165	Melb DIF 30 day term	\$5,000,000.00		
1-1170	Accrued Int Receivable Investm	\$26,520.28		
1-1171	Ord Min List Accrued Int Rec	(\$4,462.25)		
1-1172	Ord Min U/List Accrued Int Rec	(\$402.20)		
1-1400	Prepaid Insurance	\$4,415.75		
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	\$248,558.69		
1-3130	WBC Term Invested Funds	\$1,100,000.00		
1-3145	Ord Minnett-Listed Investments	\$1,192,879.10		
1-3147	Ord Minnett-Global Cash Trust	\$32,862.78		
1-3148	Ord Minn-Global Investments	\$6,316,320.00		
1-3150	Loan Assets			
1-3155	Line of Credit - O/D	\$2,891,022.36		
1-3160	Loan Advances	\$4,555,983.71		
1-3170	Loan Advances - P & I	\$6,292,611.11		
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		
	<b>Total Assets</b>			<b>\$32,630,335.41</b>
2-0000	Liabilities			
2-1000	Current Liabilities			
2-1004	Audit Costs	\$25,540.00		
2-1100	Accrued Interest payable			
2-1101	2243130 Access Acc INT PAY	\$32.32		
2-1102	2243131 Inst Acc INT PAY	\$76.33		
2-1104	2243133 Parish Prov INT PAY	\$60.63		
2-1200	Accounts payable		\$2,953.13	
2-1221	2243310 Term 90 Days INT PAY		\$15,350.69	
2-1222	2243320 Term 180 days INT PAY		\$68,709.09	
2-1223	2243330 Term 365 days INT PAY		\$104,052.26	
2-1700	Investor Funds Fin Liab Curren			
2-1710	2103300 Access Accounts	\$104,147.01		
2-1715	2103310 Institution Access	\$126,447.92		
2-1725	2103330 Parish Provider Access	\$3,915.50		
2-1730	2103350 Interest Free Deposits	\$8,844.45		
2-1735	2103370 Chq Acc Parishes	\$819,096.10		
2-1740	2103380 Chq Acc Ministry	\$2,864,729.16		
2-1745	2103400 Anglican Affiliates	\$1,563,921.52		
2-1750	139 Parishes CMA	\$581,551.20		
2-1755	2183310 Term Inv 90 days	\$6,863,030.55		
2-1756	2103420 Clergy Access Account	\$199,280.72		
2-1760	2183320 Term Inv 180 days	\$8,885,722.12		
2-1765	2183330 Term Inv 365 days	\$8,920,278.50		
2-1900	Other Current Liabilities			
2-1910	Accrued Annual Leave	\$4,474.77		
2-1911	Accrued Long Service Leave	\$9,488.20		
2-1915	Accrued Expenses	\$14,000.00		
2-3010	GST from Sales		\$750.92	
2-3030	GST from purchases		(\$982.63)	
2-9999	Westpac Unknown transactions		\$223.68	
	<b>Total Liabilities</b>			<b>\$31,185,694.14</b>
	<b>Net Assets</b>			<b>\$1,444,641.27</b>
3-0000	Equity			
3-7000	Revaluation Financial Assets		(\$8,124.86)	
3-8000	Retained Earnings		\$1,440,509.90	
3-9000	Current Earnings		\$12,256.23	
	<b>Total Equity</b>			<b>\$1,444,641.27</b>

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

## Balance Sheet [Multi-Period]

January 2019 To February 2019

Account No.	Account Name	January	February
<b>Assets</b>			
<b>Current Assets</b>			
		916,856	1,147,372
		11,629,221	9,203,136
		7,509,199	7,509,199
		27,518	26,072
	<b>Fixed Assets</b>	4,939	4,939
	<b>Loan Assets</b>	14,271,797	14,739,617
		0	0
	<b>Total Assets</b>	<u>34,359,531</u>	<u>32,630,335</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
		46,209	42,493
		86	169
		201,967	188,112
	<b>Investor Funds Fin Liab Current</b>	7,998,130	6,271,934
		24,658,258	24,669,031
	<b>Sundry Liabilities</b>	13,403	13,731
		224	224
	<b>Total Liabilities</b>	<u>32,918,277</u>	<u>31,185,694</u>
	<b>Net Assets</b>	<u>1,441,253</u>	<u>1,444,641</u>
	<b>Equity</b>		
	<b>Total Equity</b>	<u>1,441,253</u>	<u>1,444,641</u>

**Anglican Funds Grafton Diocese**

Level 1 - 50 Victoria Street  
Grafton 2460  
NSW

**Balance Sheet [Multi-Period]**

January 2019 To February 2019

Account No.	Account Name	January	February
<b>Assets</b>			
<b>Current Assets</b>			
1-1105	WBC 032537 247819 Operating Ac	8,743	14,510
1-3130	WBC Term Invested Funds	900,000	1,100,000
1-3147	Ord Minnett-Global Cash Trust	8,113	32,863
		<b>916,856</b>	<b>1,147,372</b>
1-1110	WBC 032537 120455 Client Chq	158,441	142,963
1-1130	AFSA Float SAV00000202	7,325	1,797
1-1131	AFSA MIA SAV00041173	5,001,781	3,727,715
1-1137	Daily Txns Unproc'd in Phoenix	-116,754	-178,363
1-1160	WBC 032537 163017 Cash Managem	330,234	260,466
1-1165	Melb DIF 30 day term	6,000,000	5,000,000
1-3120	AFSA Security Dep SAV00000203	248,194	248,559
		<b>11,629,221</b>	<b>9,203,136</b>
1-3145	Ord Minnett-Listed Investments	1,192,879	1,192,879
1-3148	Ord Minn-Global Investments	6,316,320	6,316,320
		<b>7,509,199</b>	<b>7,509,199</b>
1-1170	Accrued Int Receivable Investm	32,203	26,520
1-1171	Ord Min List Accrued Int Rec	-8,989	-4,462
1-1172	Ord Min U/List Accrued Int Rec	-616	-402
1-1400	Prepaid Insurance	4,920	4,416
		<b>27,518</b>	<b>26,072</b>
<b>Fixed Assets</b>			
1-2710	Furniture & Fixtures Orig Cost	4,853	4,853
1-2720	Furniture & Fixtures Accum Dep	-1,401	-1,401
1-2810	Computer Hardware	26,730	26,730
1-2820	Acc Depn Computer Hardware	-25,243	-25,243
1-2910	Computer Software	60,500	60,500
1-2920	Acc Depn - Compnr Software	-60,500	-60,500
		<b>4,939</b>	<b>4,939</b>
<b>Loan Assets</b>			
1-3114	AFSA Term Investment	1,000,000	1,000,000
1-3155	Line of Credit - O/D	2,259,905	2,891,022
1-3160	Loan Advances	4,558,070	4,555,984
1-3170	Loan Advances - P & I	6,453,822	6,292,611
		<b>14,271,797</b>	<b>14,739,617</b>
1-3199	Financial Assets Current - Adj	-15,104,496	-15,104,496
1-4110	Financial Assets Non Current	15,104,496	15,104,496
		<b>0</b>	<b>0</b>
<b>Total Assets</b>		<b>34,359,531</b>	<b>32,630,335</b>

<b>Liabilities</b>			
<b>Current Liabilities</b>			
2-1004	Audit Costs	23,715	25,540
2-1200	Accounts payable	10,994	2,953
2-1915	Accrued Expenses	11,500	14,000
		<b>46,209</b>	<b>42,493</b>
2-1101	2243130 Access Acc INT PAY	17	32
2-1102	2243131 Inst Acc INT PAY	39	76
2-1104	2243133 Parish Prov INT PAY	31	61
		<b>86</b>	<b>169</b>
2-1221	2243310 Term 90 Days INT PAY	18,134	15,351
2-1222	2243320 Term 180 days INT PAY	53,722	68,709
2-1223	2243330 Term 365 days INT PAY	130,110	104,052
		<b>201,967</b>	<b>188,112</b>
<b>Investor Funds Fin Liab Current</b>			
2-1710	2103300 Access Accounts	115,186	104,147
2-1715	2103310 Institution Access	118,882	126,448
2-1725	2103330 Parish Provider Access	4,614	3,916
2-1730	2103350 Interest Free Deposits	8,874	8,844
2-1735	2103370 Chq Acc Parishes	862,557	819,096
2-1740	2103380 Chq Acc Ministry	3,636,377	2,864,729
2-1745	2103400 Anglican Affiliates	2,436,365	1,563,922
2-1750	139 Parishes CMA	572,582	581,551
2-1756	2103420 Clergy Access Account	242,693	199,281
	<b>Investor Funds Fin Liab Current</b>	<b>7,998,130</b>	<b>6,271,934</b>
2-1755	2183310 Term Inv 90 days	5,722,725	6,863,031
2-1760	2183320 Term Inv 180 days	8,944,669	8,885,722
2-1765	2183330 Term Inv 365 days	9,990,864	8,920,279
		<b>24,658,258</b>	<b>24,669,031</b>
<b>Sundry Liabilities</b>			
2-1910	Accrued Annual Leave	4,013	4,475
2-1911	Accrued Long Service Leave	9,488	9,488
2-3010	GST from Sales	751	751
2-3030	GST from purchases	-849	-983
		<b>13,403</b>	<b>13,731</b>
2-9999	Westpac Unknown transactions	224	224
		<b>224</b>	<b>224</b>
	<b>Total Liabilities</b>	<b>32,918,277</b>	<b>31,185,694</b>
	<b>Net Assets</b>	<b>1,441,253</b>	<b>1,444,641</b>
<b>Equity</b>			
3-7000	Revaluation Financial Assets	-8,125	-8,125
3-8000	Retained Earnings	1,440,510	1,440,510
3-9000	Current Earnings	8,868	12,256
	<b>Total Equity</b>	<b>1,441,253</b>	<b>1,444,641</b>

## AFGD Capital Adequacy &amp; Liquidity:

28/02/2019

## Capital Adequacy (4.4.2): (Target &gt; 10% of Risk Weighted Assets)

Assets	Weighting	Asset Value	RWA
A Cash (Govt. Securities, A Rated Aust. Banks)	10%	\$ 11,528,872	\$ 1,152,887
B Cash (Other Aust. Banks, ADI's)		\$ -	
Rating AAA to AA-	20%	\$ -	\$ -
Rating A+ to BBB-	50%	\$ -	\$ -
Rating BB+ to B-	100%	\$ -	\$ -
Rating CCC to D	200%	\$ -	
Unrated	400%	\$ -	
C Internal Loans - Unsecured	100%	\$ -	
D Internal Loans		\$ -	
Secured Commercial	75%	\$ 13,739,617	\$ 10,304,713
Secured Residential	50%	\$ -	\$ -
E External Loans - Secured Residential Property	75%	\$ -	\$ -
F External Loans - Secured Commercial property	125%	\$ -	\$ -
G Other Investments (excluding Equities) with claims on Australian and International counter parties:		\$ -	\$ -
Rating AAA to AA-	20%	\$ -	\$ -
Rating A+ to BBB-	50%	\$ 7,504,725	\$ 3,752,363
Rating BB+ to B-	100%	\$ -	\$ -
Rating CCC to D	200%	\$ -	\$ -
Unrated	400%	\$ -	\$ -
J Other Investments/assets and Equities	400%	\$ -	\$ -
<b>Total Assets</b>		<b>\$ 32,773,214</b>	<b>\$ 15,209,963</b>
<b>Risk Concentration:</b>			
J To the extent an External loans exceeds 5% of Total Assets			
Limit	5%	Total Assets: \$ 32,773,214	Limit Amount: \$ 1,638,661
Loans > 5% of TA		\$ -	400% \$ - \$ -
To the extent an Internal loans exceeds 30% of Total Assets			
I Limit	30%	Total Assets: \$ 32,773,214	Limit Amount: \$ 9,831,964
Loans > 30% of TA			200% \$ - \$ -
		<b>Total Risk Weighted Assets</b>	<b>\$ 15,209,963</b>
		8% of risk weighted assets	\$ 1,216,797
		+ 2.5% Buffer	\$ 380,249
		<b>Required Capital 10.5%</b>	<b>\$ 1,597,046</b>
<b>Equity:</b>		Accumulated Funds	\$ 1,452,776
		Asset Reserves	\$ 8,125
		<b>Total Equity</b>	<b>\$ 1,444,651</b>
		"Surplus" Capital	\$ 152,395
		<b>Actual Capital Adequacy ratio</b>	<b>9.50%</b>
Comments should actual Capital Adequacy ratio be < 10.5%			

11496009.12  
32862.78  
11528871.9

Note: excludes available for re-draw  
& undrawn facility limits  
Note Adelaide utilise drawn  
facilities only.

## Liquidity (4.1): (&gt; 10% of Total Assets):

Total Assets:		\$ 32,773,214	
<b>Minimum Liquidity requirement</b>	<b>10%</b>		<b>\$ 3,277,321</b>
<b>Actual position:</b>			
Cash		\$ 11,528,872	
Undrawn Bank OD Facility		\$ 1,000,000	
Total Actual Liquidity			\$ 12,528,872
"Surplus" Liquidity			\$ 9,251,550
<b>Actual Liquidity Ratio</b>			<b>38.2%</b>
Comments should actual Liquidity ratio be < 10%			

## 4.3 Depositors in excess of 5% of Liabilities

Total depositors in excess of 5% of Liabilities	\$ 15,654,849	\$ 15,654,849	50.6%
Total liabilities		\$ 30,940,965	
<b>Comments on large depositors</b>			
The number of accounts/clients with balances in excess of 5% is:	<b>2</b>	<b>Corporate Trustees &amp; SCRLC</b>	

Loan Book Data		28-Feb-19		Loan Balance	Unsecured	Limits	Unutilised/Not Drawn	Rate	Open Date	Amount Borrowed	Loan Expiry Date
COM730	436032770 Secondary Campus Stage 2	Clarence Valley Anglican School		\$ 1,767,086.91				6.30%	10/05/2005	\$ 1,758,979.66	31/12/2037
COM730	436040020 Stage 3 Building Loan	Emmanuel Anglican College		\$ 113,974.14				5.41%	30/04/2013	\$ 257,533.50	30/04/2022
COM730	436040021 Stage 4 Building Loan	Emmanuel Anglican College		\$ 1,225,969.08				5.41%	30/04/2013	\$ 1,672,479.06	30/04/2025
COM730	436040019 Stage 2 Building Loan	Emmanuel Anglican College		\$ 144,185.18				5.41%	30/04/2013	\$ 405,163.30	30/04/2021
COM730	436040173 Construction Learning Spaces	Emmanuel Anglican College		\$ 752,520.00				4.39%	23/11/2018	\$ 750,000.00	23/11/2034
COM730	436040136 Stanley St Unit Purchase	M Smedley		\$ 552,248.40				5.34%	25/01/2017	\$ 550,000.00	25/01/2047
COM731	436040139 Refinance 10 Colswold Close	Coffs Harbour Anglican Parish		\$ 28,540.03				5.05%	19/04/2017	\$ 174,000.00	19/04/2037
COM731	436040069 6 McLean St, Coffs Harbour NSW	Coffs Harbour Anglican Parish		\$ 5,158.58				5.05%	01/12/2015	\$ 194,000.00	01/12/2031
COM731	436034254 Surplus Debit - 2nd Tranche	Clarence Valley Anglican School		\$ 80,074.63				6.30%	14/03/2012	\$ 1,190,001.32	28/03/2037
COM731	436040052 Refinance of Solar Panel Loan	Clarence Valley Anglican School		\$ 50,380.48				7.30%	01/08/2014	\$ 146,000.00	01/02/2021
COM731	436040129 Administration & Classrooms	Emmanuel Anglican College		\$ 2,272,889.80				5.56%	03/01/2017	\$ 2,500,000.00	03/01/2032
COM731	436040059 Principal and interest loan	Anglicare North Coast		\$ 58,520.33				5.50%	18/12/2014	\$ 1,200,000.00	18/12/2026
COM731	436040113 Rectory Loan	South Grafton Anglican Parish		\$ 133,221.16				5.05%	23/06/2016	\$ 157,534.35	23/06/2031
COM731	436040011 Middle School Stage 4	St Columba Anglican School Council Incor		\$ 486,729.25				4.98%	02/04/2013	\$ 1,003,682.80	02/05/2023
COM731	436040012 Stage 5	St Columba Anglican School Council Incor		\$ 223,563.79				4.98%	02/04/2013	\$ 432,389.82	02/11/2023
COM731	436040013 Stage 6	St Columba Anglican School Council Incor		\$ 643,786.82				4.98%	02/04/2013	\$ 1,209,360.63	02/03/2024
COM731	436040015 Building Loan Stage 7	St Columba Anglican School Council Incor		\$ 666,542.85				4.98%	02/04/2013	\$ 959,563.76	10/12/2027
COM731	436040014 Adm'n Building Stage 6b.1	St Columba Anglican School Council Incor		\$ 520,528.72				4.98%	02/04/2013	\$ 786,598.41	02/01/2027
COM731	436040166 COELC Purchase	St Columba Anglican School Council Incor		\$ 984,409.90				4.98%	05/06/2018	\$ 1,777,000.00	05/03/2026
COM731	436040146 Clergy Car Loan	M Smedley		\$ 31,819.52				5.85%	22/08/2017	\$ 43,532.00	22/08/2022
COM731	436040170 Ridge Clergy Car Loan	M A Ridge		\$ 20,067.47				5.85%	04/10/2018	\$ 21,860.00	04/10/2023
COM731	436040076 Clergy Car Loan	KE McPherson		\$ 2,055.35				6.00%	30/03/2016	\$ 25,000.00	30/03/2020
COM731	436040149 Clergy Car Loan	MB Jones		\$ 9,580.56				5.85%	28/11/2017	\$ 13,450.00	28/11/2021
COM731	436040071 Clergy Car Loan	B A Blackbell		\$ 8,291.85				6.00%	15/01/2016	\$ 20,000.00	15/02/2021
COM731	436040148 Clergy Car Loan	B L Marchant		\$ 4,046.94				5.85%	19/10/2017	\$ 7,000.00	19/10/2020
COM731	436040143 Clergy Car Loan - Jenks	G C Jenks		\$ 28,015.98				5.85%	13/06/2017	\$ 40,000.00	13/06/2022
COM731	436040145 Clergy Car Loan	D Snyman		\$ 26,359.56				5.85%	11/08/2017	\$ 36,000.00	11/08/2022
COM731	436040161 Clergy Car Loan Toyota Corolla	D Snyman		\$ 8,028.54				5.85%	06/02/2018	\$ 11,662.00	06/02/2021
OD 535	438040007 Annual Insurance Premium Fundi	Anglican Diocese of Grafton		\$ -	\$ 450,000.00	\$ 450,000.00	\$ -				
OD 535	438040004 Line of Credit	Clarence Valley Anglican School		\$ 9.16	\$ 850,000.00	\$ 849,990.84	\$ -				
OD 535	438040015 Working Capital & Residual Fun	Emmanuel Anglican College		\$ 166,844.43	\$ 3,100,000.00	\$ 2,933,155.57	\$ -				
OD 535	438040010 Working Capital	Anglicare North Coast		\$ -	\$ 200,000.00	\$ 200,000.00	\$ -				
OD 535	438040008 Line of Credit	St Columba Anglican School Council Incor		\$ 695,165.15	\$ 8,000,000.00	\$ 7,304,834.85	\$ -				
OD 535	438040017 Line of Credit	Carriar Properties Pty Ltd		\$ -	\$ 190,000.00	\$ 190,000.00	\$ -				
OD 535	438040018 Line of Credit	Lindisfarne Anglican School		\$ 1,029,159.12	\$ 6,000,000.00	\$ 4,970,840.88	\$ -				
OD 535	438040025 Working Capital Requirements	Bishop Druitt College Council		\$ 999,844.50	\$ 2,000,000.00	\$ 1,000,155.50	\$ -				
<b>Total Loan Book assets</b>				<b>\$ 13,739,617.18</b>	<b>\$ -</b>	<b>\$ 20,790,000.00</b>	<b>\$ 17,898,977.64</b>				
<b>Excludes redraw</b>				<b>\$ 31,638,694.82</b>							
<b>Leans only</b>				<b>\$ 10,848,694.82</b>							
<b>Overdrafts only</b>				<b>\$ 2,891,022.36</b>							

Facility Limit	Annual Line Fee \$	Rate	Line Fee %
\$ 450,000.00	\$ -	5.05%	0.00%
\$ 800,000.00	\$ 80,000.00	3.49%	1.00%
\$ 190,000.00	\$ -	5.73%	0.00%
\$ 850,000.00	\$ 4,250.00	6.30%	0.50%
\$ 200,000.00	\$ 1,000.00	5.00%	0.50%
\$ 3,100,000.00	\$ 23,250.00	3.64%	0.75%
\$ 6,000,000.00	\$ 66,000.00	3.4749%	1.10%
\$ 2,000,000.00	\$ -	5.56%	0.00%
\$ 20,790,000.00	\$ 174,500.00	3.89%	0.99%

Average return **4.209%**  
refer balance by rate end of month for benchmark

# ORD MINNETT

## PORTFOLIO VALUATION

Portfolio Details as at: 28 February 2019

Corp Trustees of Diocese of Grafton GDIF

Code	Security Name	Quantity	Cost Price	Cost Base	Market Price	Market Value	Assets %	Est. Yield %	Est. Annual Income	Est. Franking %	Est. Franking Credits	Est. Gross Yield %
<b>INTEREST RATE SECURITIES</b>												
AU3FN0023750	AUSWIDE BANK LTD FRN 12/06/2019 - 2024 BBSW+4.25%	500,000	1.0094	504,685.00	1.005	502,730.00	6.67	4.12	31,250.00			4.12
AU3FN0024410	MEB FRN 29/08/2019-2024 BBSW+2.70%	1,700,000	0.9999	1,699,829.00	1.005	1,708,313.00	22.66	3.54	77,674.70			3.54
AU3FN0032710	AAI LTD FRN 06/10/2022 - 2042 BBSW+3.20%	2,000,000	1.0605	2,120,940.00	1.046	2,092,640.00	27.76	3.69	105,200.00			3.69
AU3FN0033668	BENDIGO FRN 09/12/2021-2026 BBSW+2.80%	1,000,000	1.0319	1,031,930.00	1.029	1,028,730.00	13.65	3.58	47,854.00			3.58
AU3FN0037917	AMPAUS FRN 01/12/2022 - 2027 BBSW+1.80%	500,000	1.0045	502,260.00	0.977	488,265.00	6.48	4.35	18,775.00			4.35
AU3FN0039426	CHALLENGER LIFE CO LTD FRN 24/11/2022 -2042 BBSW+2.10%	500,000	1.0000	500,000.00	1.005	502,605.00	6.67	3.82	19,955.50			3.82
<b>Sub Total</b>				<b>6,359,644.00</b>		<b>6,323,283.00</b>	<b>83.89</b>		<b>300,709.20</b>			
<b>HYBRID SECURITIES</b>												
AYUHB	AUSTRALIAN UNITY LTD	11,437	101.4317	1,160,074.15	103.300	1,181,442.10	15.67	4.66	55,049.71			4.66
<b>Sub Total</b>				<b>1,160,074.15</b>		<b>1,181,442.10</b>	<b>15.67</b>		<b>55,049.71</b>			
<b>CASH</b>												
PERSHING_AUD	PERSHING AUSTRALIAN DOLLARS	32,863	1.0000	32,862.78	1.000	32,862.78	0.44					
<b>Sub Total</b>				<b>32,862.78</b>		<b>32,862.78</b>	<b>0.44</b>					
<b>TOTAL PORTFOLIO</b>							<b>100.00</b>	<b>4.72</b>	<b>355,758.91</b>			<b>4.72</b>

Adviser Name: Alison Perrott  
 Location: ADELAIDE  
 Phone No: (08) 8203 2500  
 Account No: 1146256

Note: Estimate information based on rolling 12 months actual data.

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**BOARD MEETING DATE:**

4/04/2019

**No 6 Financial and performance reports**

**Item: b**

**Title: Draft 2018 Financial Statements**

**No of Pages. 31 incl Header**

## **Agenda Item 6b – Draft 2018 Financial Statements**

The attached draft 2018 Financial Statements for AFGD are provided for information purposes only.

This draft will be considered in the Audit Committee meeting on 2 April 2019 and may be amended.

The final draft will be presented for the 23 May 2019 joint meeting between AFGD Board and the Corporate Trustees with the auditor present.

# Anglican Funds Grafton Diocese

ABN 42 489 753 905

## Financial Statements

For the Year Ended 31 December 2018

Draft

## Anglican Funds Grafton Diocese

ABN 42 489 753 905

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For the Year Ended 31 December 2018

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Draft

## Anglican Funds Grafton Diocese

ABN 42 489 753 905

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
Interest income	4 <b>1,488,627</b>	1,671,706
Interest expense	5 <b>(808,005)</b>	(946,251)
<b>Net interest income</b>	<b>680,622</b>	725,455
Non-interest income	4 <b>93,701</b>	2,423
Employee benefits expense	<b>(123,751)</b>	(250,662)
Depreciation and amortisation expense	5 <b>(6,925)</b>	(5,488)
Computer expenses	5 <b>(118,718)</b>	(114,732)
Bank fees and charges	<b>(17,838)</b>	(17,617)
Investment management fees	<b>(38,482)</b>	(39,684)
Professional fees and charges	<b>(74,190)</b>	(79,190)
Travel and accommodation expenses	<b>(12,122)</b>	(7,399)
Other expenses	<b>(36,698)</b>	(31,648)
<b>Total expenses</b>	<b>(428,724)</b>	(546,420)
<b>Profit for the year before contributions to related parties</b>	<b>345,599</b>	181,458
Contribution to Anglican Diocese of Grafton	5 <b>(175,000)</b>	(150,000)
Income tax expense	-	-
<b>Profit after income tax and contributions to related parties</b>	<b>170,599</b>	31,458
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>	-	-
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>		
Net fair value movements for available-for-sale financial assets	15 <b>(137,185)</b>	94,090
<b>Other comprehensive income for the year</b>	<b>(137,185)</b>	94,090
<b>Total comprehensive income for the year</b>	<b>33,414</b>	125,548

The accompanying notes form part of these financial statements.

## Anglican Funds Grafton Diocese

ABN 42 489 753 905

### Statement of Financial Position As At 31 December 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
Cash and cash equivalents	6	3,072,425	3,021,515
Trade and other receivables	7	24,032	28,664
Other financial assets	8	8,722,787	12,687,370
Loans and advances	9	20,771,018	23,060,252
Property, plant and equipment	10	4,939	33,867
<b>TOTAL ASSETS</b>		<b>32,595,201</b>	<b>38,831,668</b>
<b>LIABILITIES</b>			
Trade and other payables	12	250,935	323,226
Deposits	13	30,897,025	37,093,111
Provisions	14	14,855	16,359
<b>TOTAL LIABILITIES</b>		<b>31,162,815</b>	<b>37,432,696</b>
<b>NET ASSETS</b>		<b>1,432,386</b>	<b>1,398,972</b>
<b>EQUITY</b>			
Reserves	15	(8,125)	129,060
Retained earnings		1,440,511	1,269,912
<b>TOTAL EQUITY</b>		<b>1,432,386</b>	<b>1,398,972</b>

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity**  
 For the Year Ended 31 December 2018

2018

	Retained Earnings *	Financial Assets Revaluation Reserve	FVOCI Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2018</b>	1,269,912	129,060	-	<b>1,398,972</b>
<b>Restatement due to AASB 9</b>	-	(129,060)	129,060	-
<b>Balance at 1 January 2018 (restated)</b>	1,269,912	-	129,060	<b>1,398,972</b>
Net profit/(loss) for the year	170,599	-	-	<b>170,599</b>
Total other comprehensive income for the year	-	-	(137,185)	<b>(137,185)</b>
<b>Balance at 31 December 2018</b>	<b>1,440,511</b>	-	<b>(8,125)</b>	<b>1,432,386</b>

2017

	Retained Earnings *	Financial Assets Revaluation Reserve	FVOCI Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	1,238,454	34,970	-	1,273,424
Net profit/(loss) for the year	31,458	-	-	31,458
Total other comprehensive income for the year	-	94,090	-	94,090
<b>Balance at 31 December 2017</b>	<b>1,269,912</b>	<b>129,060</b>	-	<b>1,398,972</b>

\* Formerly disclosed as the Capital Adequacy Reserve.

## Anglican Funds Grafton Diocese

ABN 42 489 753 905

### Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit after income tax expense	170,599	31,458
<b>Non cash flows in profit from operating activities</b>		
Depreciation	6,925	5,488
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	4,632	6,588
(Increase)/decrease in other assets	-	2,500
(Increase)/decrease in loans and advances	2,289,234	2,353,159
Increase/(decrease) in trade and other payables	(72,291)	14,930
Increase/(decrease) in depositor funds	(6,196,086)	(2,505,970)
Increase/(decrease) in provisions	(1,504)	5,511
<b>Net cash provided by/(used in) operating activities</b>	<b>(3,798,491)</b>	<b>(86,336)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	22,003	(34,665)
Net movement in other financial assets	3,827,398	656,077
<b>Net cash provided by/(used in) investing activities</b>	<b>3,849,401</b>	<b>621,412</b>
Net increase/(decrease) in cash and cash equivalents held	50,910	535,076
Cash and cash equivalents at beginning of year	3,021,515	2,486,439
<b>Cash and cash equivalents at end of financial year</b>	<b>3,072,425</b>	<b>3,021,515</b>

The accompanying notes form part of these financial statements.



## Anglican Funds Grafton Diocese

ABN 42 489 753 905

### Notes to the Financial Statements For the Year Ended 31 December 2018

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

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

The functional and presentation currency of Anglican Funds Grafton Diocese is Australian dollars.

The financial report was authorised for issue by the Board on 23 May 2019.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board. The financial statements have been prepared to meet the reporting requirement of the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.

The Fund is a not-for-profit entity and has therefore applied the additional "AUS" paragraphs applicable to "not-for-profit" entities. Accordingly, a statement of compliance with International Financial Reporting Standards ("IFRS") cannot be made.

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

The statement of financial position has been prepared in order of liquidity.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### 2 Summary of Significant Accounting Policies

##### (a) Income Tax

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

##### (b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Fund and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 2 Summary of Significant Accounting Policies (continued)

#### (b) Revenue and other income (continued)

##### Interest revenue

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

##### Dividend revenue

Dividends are recognised when the Fund's right to receive payment is established.

##### Other income

Other income is recognised on an accruals basis when the Fund is entitled to it.

#### (c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

#### (e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 2 Summary of Significant Accounting Policies (continued)

(e) **Financial instruments (continued)**  
business model for managing them.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in five categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;
- investments in equity instruments designated at fair value through other comprehensive income;
- financial assets at fair value through profit or loss; and
- financial assets designated at fair value through profit or loss.

The Fund holds financial assets at amortised cost and at fair value through other comprehensive income.

#### *Financial assets at amortised cost*

The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund's other financial assets at amortised cost are loans & advances, cash investments and term deposits.

#### *Financial assets at fair value through other comprehensive income*

The Fund measures financial assets at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 2 Summary of Significant Accounting Policies (continued)

#### (e) Financial instruments (continued)

Financial assets at fair value through other comprehensive income are carried in the statement of financial position at fair value with net changes in fair value recognised in the Financial Assets Reserve.

This category includes the Fund's other financial assets such as listed and unlisted bonds and notes.

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables, and loans and borrowings.

##### *Subsequent measurement*

After initial recognition, payables, and loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

##### *Impairment*

The adoption of AASB 9 has changed the Fund's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss ('ECL') approach.

AASB 9 requires the Fund to record an allowance for ECLs for all trade and other receivables, loans and other debt financial assets not held at fair value through profit and loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

#### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Fund, commencing when the asset is ready for use.

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 2 Summary of Significant Accounting Policies (continued)

#### (f) Property, plant and equipment (continued)

The estimated useful lives used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Useful life</b>
Plant and Equipment	3 - 10 years
Computer Equipment	3 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (g) Intangibles

##### Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of six years.

##### Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (h) Impairment of non-financial assets

At the end of each reporting period the Fund determines whether there is any evidence of impairment indicators for its non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 2 Summary of Significant Accounting Policies (continued)

#### (i) Depositor Funds

Depositor funds are those that are lodged with Anglican Funds Grafton Diocese by Parishes, Diocesan Organisations and Anglican Parishioners.

#### (j) Trade and Other Payables

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

#### (k) Employee benefits

Provision is made for the Fund's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

#### Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

#### (l) Adoption of new and revised accounting standards

The Fund has adopted all standards which became effective for the first time at 1 January 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Fund.

The Fund applied AASB 9 Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

AASB 9 Financial Instruments replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Fund has applied AASB 9 under the modified retrospective approach with an initial application date of 1 January 2018. Comparatives have not been restated and continue to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings and other components of equity.

#### *Classification and Measurement*

The measurement requirements of AASB 9 did not have a significant impact on the Fund. Assets previously classified as held to maturity are now classified as financial assets at amortised cost. Assets previously

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 2 Summary of Significant Accounting Policies (continued)

- (l) **Adoption of new and revised accounting standards (continued)**  
recognised as available for sale have now been recognised as financial assets at fair value through other comprehensive income.

On the date of initial application, 1 January 2018, the financial instruments of the Fund were as follows, with any reclassifications noted:

Financial assets	Measurement category		Carrying amount		
	Original (AASB 139)	New (AASB 9)	Original \$	New \$	Difference \$
Interest bearing securities	Available for sale	Fair value through other comprehensive income	7,509,199	7,509,199	-
Loans & advances	Loans and receivables	Amortised cost	20,771,018	20,771,018	-
Fixed rate investments	Held to maturity	Amortised cost	1,213,588	1,213,588	-

#### Impairment

The adoption of AASB 9 has also changed the Fund's accounting for impairment losses for financial assets by replacing the previous incurred loss approach with a forward-looking expected credit loss model. Adoption of the expected credit losses model did not have any impact on the provision for impairment.

- (m) **New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Board has decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Fund.

### 3 Critical Accounting Estimates and Judgements

The members of the Board make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### Key estimates - impairment

The Fund assesses impairment at the end of each reporting period by evaluating conditions specific to the Fund that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2018**

**4 Revenue and Other Income**

	2018	2017
Note	\$	\$
<b>Revenue:</b>		
- interest income	1,488,627	1,671,706
<b>Total revenue</b>	<u>1,488,627</u>	<u>1,671,706</u>
<b>Other income:</b>		
- dividend income	-	509
- other income	93,701	1,914
<b>Total other income</b>	<u>93,701</u>	<u>2,423</u>

**5 Result for the Year**

The result for the year includes the following specific expenses:  
 Contributions to defined contribution superannuation funds

	9,926	19,805
<b>Depreciation and amortisation expenses:</b>		
Depreciation - plant and equipment	835	1,556
Depreciation - motor vehicles	6,090	3,932
<b>Total depreciation and amortisation expenses</b>	<u>6,925</u>	<u>5,488</u>
<b>Interest expense:</b>		
Interest paid to investors	808,005	946,251
<b>Rental expense on operating leases:</b>		
- minimum lease payments	5,200	5,200

**6 Cash and Cash Equivalents**

Cash at bank	1,572,425	1,271,515
Short-term deposits	6(a) <u>1,500,000</u>	<u>1,750,000</u>
<b>Total cash and cash equivalents</b>	16(a) <u>3,072,425</u>	<u>3,021,515</u>

**(a) Short term deposits**

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



**Notes to the Financial Statements**  
**For the Year Ended 31 December 2018**

**7 Trade and Other Receivables**

	2018	2017
Note	\$	\$
<i>Expected to mature within the next 12 months</i>		
Accrued interest	24,032	28,664
<b>Total trade and other receivables</b>	<b>24,032</b>	<b>28,664</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in the financial statements.

**8 Other Financial Assets**

*Expected to mature within the next 12 months*

**Financial assets held at fair value through other comprehensive income**

- interest bearing securities

8(a) 7,509,199      4,353,132

**Total financial assets held at fair value through other comprehensive income**

7,509,199      4,353,132

*Expected to mature after the next 12 months*

**Financial assets at amortised cost**

- fixed rate investments

8(b) 1,213,588      8,334,238

**Total financial assets at amortised cost**

1,213,588      8,334,238

**Total other financial assets**

8,722,787      12,687,370

**(a) Financial assets held at fair value through other comprehensive income ("FVOCI")**

FVOCI comprise:

- investments in bonds and floating rate notes of various listed and unlisted entities. There are fixed maturity dates and floating returns to these assets.

**(b) Financial assets at amortised cost**

Financial assets at amortised cost comprise investments in term deposits. There are fixed rate returns on these investments and fixed maturity dates.

## Anglican Funds Grafton Diocese

ABN 42 489 753 905

### Notes to the Financial Statements For the Year Ended 31 December 2018

#### 9 Loans and Advances

	2018	2017
	\$	\$
<i>Secured</i>		
Loans	11,890,532	13,325,025
Other credit facilities	8,880,486	9,735,227
Less: Provision for impairment	-	-
<b>Total loans and advances</b>	<b>20,771,018</b>	<b>23,060,252</b>

#### (a) Loans and receivables

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

At balance date, no loans are in arrears or past due. As a result, no provision for doubtful debts is considered necessary.

#### 10 Property, plant and equipment

##### Plant and equipment

At cost	31,583	33,072
Accumulated depreciation	(26,644)	(25,809)
<b>Total plant and equipment</b>	<b>4,939</b>	<b>7,263</b>

##### Motor vehicles

At cost	-	30,536
Accumulated depreciation	-	(3,932)
<b>Total motor vehicles</b>	<b>-</b>	<b>26,604</b>

<b>Total property, plant and equipment</b>	<b>4,939</b>	<b>33,867</b>
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**Notes to the Financial Statements**  
For the Year Ended 31 December 2018

**10 Property, plant and equipment (continued)**

**(a) Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current and previous financial years:

	<b>Plant and Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	\$	\$	\$
<b>Year ended 31 December 2018</b>			
Balance at the beginning of year	7,263	26,604	33,867
Additions	-	-	-
Disposals	(1,489)	(20,514)	(22,003)
Depreciation expense	(835)	(6,090)	(6,925)
<b>Balance at the end of the year</b>	<b>4,939</b>	<b>-</b>	<b>4,939</b>
<b>Year ended 31 December 2017</b>			
Balance at the beginning of year	4,690	-	4,690
Additions	4,129	30,536	34,665
Depreciation expense	(1,556)	(3,932)	(5,488)
<b>Balance at the end of the year</b>	<b>7,263</b>	<b>26,604</b>	<b>33,867</b>

**11 Intangible Assets**

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Computer software</b>		
Cost	60,500	60,500
Accumulated amortisation and impairment	(60,500)	(60,500)
<b>Total intangibles</b>	<b>-</b>	<b>-</b>

## Anglican Funds Grafton Diocese

ABN 42 489 753 905

### Notes to the Financial Statements For the Year Ended 31 December 2018

#### 12 Trade and Other Payables

	2018	2017
	\$	\$
<i>Expected to be settled within 12 months</i>		
Trade payables	43,624	74,148
Accrued interest	207,311	249,078
<b>Total trade and other payables</b>	<b>250,935</b>	<b>323,226</b>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

#### 13 Deposits

*Maturing within the next 12 months*

Funds deposited by The Corporate Trustees of the Diocese of Grafton  
Other depositors

11,478,872	11,752,444
19,418,153	25,334,443
<b>30,897,025</b>	<b>37,086,887</b>

*Maturing after the next 12 months*

Other depositors

-	6,224
-	6,224

**Total deposits**

<b>30,897,025</b>	<b>37,093,111</b>
-------------------	-------------------

#### Compliance with Australian Securities and Investment Commission (ASIC) Charitable Fundraising Instrument 2016/813

During the 2017 financial year, the Fund's Board was undertaking a process to manage its retail deposit-taking activities in accordance with the abovementioned Instrument. The Board determined the eligibility of each account held individually or jointly and exited those accounts that were not covered by the Identification Statement approved by the Australian Security and Investments Commission (ASIC) on 17 May 2017. The Board finalised this process by 30 September 2018 and refunded deposits as required. An updated Identification Statement was approved by the Australian Security and Investments Commission (ASIC) on 5 October 2018. This has resulted in a reduction of deposits by approximately \$6.1 million.

#### 14 Employee Benefits

Long service leave

9,488

7,048

Annual leave

5,367

9,311

**Total employee benefits**

**14,855**

**16,359**

**Analysis of liability:**

Expected to be settled within 12 months

5,367

9,311

Expected to be settled after 12 months

9,488

7,048

**14,855**

**16,359**

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 14 Employee Benefits (continued)

##### (a) Employee benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 2(k) to this report.

#### 15 Reserves

	2018	2017
Note	\$	\$
<b>Financial assets revaluation reserve</b>		
Opening balance	129,060	34,970
Revaluation increment/(decrement)	(137,185)	94,090
<b>Closing balance</b>	<b>(8,125)</b>	129,060
<b>Total reserves</b>	<b>(8,125)</b>	129,060

##### (a) Financial assets revaluation reserve

The financial assets revaluation reserve records the movement in the fair value of financial assets.

#### 16 Cash Flow Information

##### (a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	6	3,072,425	3,021,515
<b>Balance as per statement of cash flows</b>		<b>3,072,425</b>	<b>3,021,515</b>

##### (b) Approved standby credit facilities limits

The following facilities were available at the end of the reporting period:

###### Total facilities

Westpac Banking Corporation	1,500,000	1,500,000
Anglican Funds South Australia (AFSA)	4,000,000	100,000
	<b>5,500,000</b>	<b>1,600,000</b>

###### Used at reporting date

Westpac Banking Corporation	-	-
Anglican Funds South Australia (AFSA)	-	-
	<b>-</b>	<b>-</b>

###### Unused at reporting date

Westpac Banking Corporation	1,500,000	1,500,000
Anglican Funds South Australia (AFSA)	4,000,000	100,000
	<b>5,500,000</b>	<b>1,600,000</b>

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 16 Cash Flow Information (continued)

#### (b) Approved standby credit facilities limits (continued)

The Westpac Banking Corporation facility is secured by registered first mortgages over freehold land and buildings owned by the Corporate Trustees of the Diocese of Grafton and an \$800,000 term deposit.

The Anglican Funds South Australia (AFSA) facility is secured by the AFGD Ord Minnett interest bearing security portfolio.

Subsequent to 31 December 2018, the Fund has renegotiated their standby credit facilities. As at the date of this report, the \$1.5 million Westpac Banking Corporation facility and the \$4 million temporary AFSA facility have both been closed. A permanent \$1 million line of credit has been established with AFSA. At the date of this report the total facility is unused.

### 17 Financial Risk Management

The Fund's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans and advances, depositor funds, and other financial assets.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 \$	2017 \$
<b>Financial Assets</b>			
Cash and cash equivalents	6	3,072,425	3,021,515
Loans and receivables:			
- Trade and other receivables	7	24,032	28,664
- Loans and advances	9	20,771,018	23,060,252
Financial assets held at fair value through OCI	8	7,509,199	4,353,132
Financial assets at amortised cost	8	1,213,588	8,334,238
<b>Total financial assets</b>		<b>32,590,262</b>	<b>38,797,801</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost:			
- Trade and other payables	12	250,935	323,226
- Deposits	13	30,897,025	37,093,111
<b>Total financial liabilities</b>		<b>31,147,960</b>	<b>37,416,337</b>

The Board has responsibility for the establishment and oversight of the risk management framework, identifying and analysing the risks faced by the Fund. Management's policies are approved and reviewed by the Board on a regular basis and relate to the management of:

- Liquidity risk
- Capital adequacy
- Credit risk
- Interest rate risk
- Investing activities

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 17 Financial Risk Management (continued)

It is, and has been throughout the period under review, the Fund's policy that no trading of financial instruments shall be undertaken. The main risks arising from holding these financial instruments are cash flow risk, interest rate risk, liquidity risk and credit risk. The approach to managing the main risks are summarised below:

#### (a) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Fund's exposure to interest rate risk is measured and monitored on a monthly basis by the Board.

#### Financial Instrument Repricing Analytics

The Fund's exposure to interest rate risk and the effective weighted average on financial assets and financial liabilities is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Repricing Within 1 Year		Fixed Interest Rate Repricing 1 to 5 Years	
	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>								
Cash and cash equivalents	1.90	1.90	1,572,425	1,271,515	1,500,000	1,750,000	-	-
Trade and other receivables	-	-	-	-	-	-	-	-
Loans and advances	5.36	5.40	5,576,131	6,720,741	2,787,715	4,219,806	12,407,172	12,119,705
FVOCI	4.70	4.20	-	-	3,405,899	4,353,132	4,103,300	-
Amortised cost	2.30	2.60	65,795	-	1,147,792	8,334,238	-	-
<b>Total Financial Assets</b>			<b>7,214,351</b>	<b>7,992,256</b>	<b>8,841,406</b>	<b>18,657,176</b>	<b>16,510,472</b>	<b>12,119,705</b>
<b>Financial Liabilities:</b>								
Trade and other payables	-	-	-	-	-	-	-	-
Deposits	2.30	2.40	5,116,865	4,867,609	25,780,160	32,219,278	-	6,224
<b>Total Financial Liabilities</b>			<b>5,116,865</b>	<b>4,867,609</b>	<b>25,780,160</b>	<b>32,219,278</b>	<b>-</b>	<b>6,224</b>
			Fixed Interest Rate Repricing After 5 Years		Non-Interest Sensitive		Total	
			2018	2017	2018	2017	2018	2017
			\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>								
Cash and cash equivalents			-	-	-	-	3,072,425	3,021,515
Trade and other receivables			-	-	24,032	28,664	24,032	28,664
Loans and advances			-	-	-	-	20,771,018	23,060,252
FVOCI			-	-	-	-	7,509,199	4,353,132
Amortised cost			-	-	-	-	1,213,587	8,334,238
<b>Total Financial Assets</b>			<b>-</b>	<b>-</b>	<b>24,032</b>	<b>28,664</b>	<b>32,590,261</b>	<b>38,797,801</b>
<b>Financial Liabilities:</b>								
Trade and other payables			-	-	250,935	323,226	250,935	323,226
Deposits			-	-	-	-	30,897,025	37,093,111
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>250,935</b>	<b>323,226</b>	<b>31,147,960</b>	<b>37,416,337</b>

**Notes to the Financial Statements**  
For the Year Ended 31 December 2018

**17 Financial Risk Management (continued)**

**(b) Liquidity risk**

Liquidity risk is the risk that the Fund may experience difficulties raising funds to meet commitments associated with loan funding or customer withdrawal requests. The Board manages the Fund's liquidity risk by:

- Maintaining cash reserves and credit facilities to meet customer withdrawal requests
- Monitoring cash flow requirements
- Monitoring the liquidity ratio

The Board has a minimum liquid assets target of 10% of total liabilities. At balance date, the the Fund's liquidity ratio exceeded this and was 30.1% (2017: 13.4%).

*Maturity profile of financial liabilities*

The amounts disclosed in the table reflects the undiscounted contractual settlement terms for the Fund's financial liabilities. As such, the balances in the table may not equal the balances in the statement of financial position.

The Fund's liabilities have contractual maturities which are summarised below:

	On demand		Less than 3 months		3 to 12 months
	2018	2017	2018	2017	2018
Trade and other payables	\$ -	\$ -	\$ 250,935	\$ 323,226	\$ -
Deposits	5,116,865	4,867,609	12,909,377	13,093,094	12,871,782
<b>Total outflow</b>	<b>5,116,865</b>	<b>4,867,609</b>	<b>13,160,312</b>	<b>13,416,320</b>	<b>12,871,782</b>
	3 to 12 months	1 to 5 years		Total	
	2017	2018	2017	2018	2017
Trade and other payables	\$ -	\$ -	\$ -	\$ 250,935	\$ 323,226
Deposits	19,126,184	-	6,224	30,898,024	37,093,111
<b>Total outflow</b>	<b>19,126,184</b>	<b>-</b>	<b>6,224</b>	<b>31,148,959</b>	<b>37,416,337</b>

**(c) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Fund. Credit risk arises principally from the Fund's loan, bank and investment assets.

**Loans and Advances**

The maximum credit exposure for loans is the carrying value disclosed on the statement of financial position plus any undrawn credit facilities. The Fund manages its risk of losses arising from lending to customers by adopting responsible lending practices including verifying a borrower's capacity to repay and ensuring that appropriate security is taken over each loan. The Fund maintains a lending policy to ensure a consistent and thorough approach is taken to each loan assessment and approval process.



**Notes to the Financial Statements  
For the Year Ended 31 December 2018**

**17 Financial Risk Management (continued)**

**(c) Credit risk (continued)**

**Investments**

The Fund has a strategy to invest in highly rated and ethical instruments so that capital is preserved and liquidity is maintained at all times. The Fund's investment practices are governed by its Investment Policy with regular reporting provided to the Board on the investment portfolio profile and performance.

As at reporting date, there is no indication that any of the Fund's financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The Fund does not have any derivative financial instruments at 31 December 2018 and 31 December 2017.

**18 Fair Value Measurement**

The Fund measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets
  - Other Financial Assets (FVOCI)

The Fund has no other assets or liabilities that are measured at fair value on a non-recurring basis.

**Fair value hierarchy**

The fair value of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Fund:

31 December 2018	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
<b>Financial assets at FVOCI</b>					
Australian securities	8	7,509,199	-	-	7,509,199

## Anglican Funds Grafton Diocese

ABN 42 489 753 905

### Notes to the Financial Statements

For the Year Ended 31 December 2018

#### 18 Fair Value Measurement (continued)

##### Fair value hierarchy (continued)

		Level 1	Level 2	Level 3	Total
31 December 2017	Note	\$	\$	\$	\$
<b>Recurring fair value measurements</b>					
<b>Financial assets at FVOCI</b>					
Australian securities	8	<u>4,353,132</u>	-	-	<u>4,353,132</u>

The fair value of listed securities are based on closing quoted bid prices at the end of the reporting period.

##### Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

#### 19 Capital Management

The Board manages the level of capital maintained by the Fund with the view of having sufficient capital to absorb economic shocks and protect depositors' funds. The Fund manages its capital levels via its Capital Adequacy Policy which provides for a target level of capital of at least 10% of risk weighted assets. As at balance date, the Fund's capital adequacy ratio was 7.25% (2017: 6.3%).

#### 20 Key Management Personnel Remuneration

The names of members of the Board of the Anglican Funds Grafton Diocese at any time during, or since the end of, the year were:

The Right Reverend Dr Murray Harvey (appointed 29 September 2018)  
The Right Reverend Dr Sarah Macneil (resigned 3 March 2018)  
Mr David John Ford  
Mr Kenneth John Adlington  
Mr Philip Charles Crandon  
Mr Edward Alfred Clarke  
Mr Christopher Philip Nelson (until 22 March 2018)  
Mr Terence Lancelot Hunt (resigned 19 April 2018)  
Mr Gary Laurence Boyd  
Ms Lisa Michelle Mulvaney (20 July 2017 to 8 May 2018)  
Mr James William Flavin (16 November 2017 to 9 May 2018)

The total remuneration paid to key management personnel of the Anglican Funds Grafton Diocese is \$18,117 (2017: \$163,469).

Directors of the Fund do not receive any remuneration for their services.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2018**

**21 Related Parties**

**(a) The Fund's main related parties are as follows:**

The parent entity, which exercises full control over the Fund, is The Corporate Trustees of the Diocese of Grafton which is established in Australia.

Key management personnel - refer to Note 20.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

**(b) Transactions with related parties**

The Fund's policy for lending to directors, trustees and other related parties is that all loans and other credit facilities are approved and deposits accepted on the same terms and conditions that apply to all other customers for each type of loan or deposit. No concessional interest rates or other special terms are applied to loans or deposit products for related parties.

There are no loans or other credit facilities advanced to related parties that are impaired at balance date or have been impaired or written-off during the financial year.

The following transactions occurred with related parties:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Loans &amp; Advances</b>		
Aggregate value of loans to key management personnel and other related parties at balance date	-	3,299
Total value of other credit facilities to key management personnel and other related parties at balance date	-	2,493
Total value of loans and credit facilities advanced to key management personnel and other related parties during the year	-	5,793
Interest earned on loans and credit facilities to key management personnel and other related parties during the year	10	546
<b>Deposits</b>		
Total value of deposits held by key management personnel and other related parties at balance date	1,563,658	1,845,010
Total interest paid on deposits held by key management personnel and other related parties during the financial year	40,203	52,431
<b>Other Transactions</b>		
Other transactions with related parties occurring on normal trading terms and conditions are as follows:		
Contribution to Anglican Diocese of Grafton	175,000	150,000
Receivable from Corporate Trustees of the Diocese of Grafton	-	-

## Anglican Funds Grafton Diocese

ABN 42 489 753 905

### Notes to the Financial Statements

For the Year Ended 31 December 2018

#### 22 Commitments

##### (a) Capital Expenditure

As at 31 December 2018, the Anglican Funds Grafton Diocese had not engaged in any material capital expenditure commitments (31 December 2017: Nil).

##### (b) Operating Leases

As at 31 December 2018, the Anglican Funds Grafton Diocese did not have any material non-cancellable operating lease commitments.

##### (c) Outstanding Loan Commitments

Loans and credit facilities approved but not funded or drawn at balance date:

	2018	2017
	\$	\$
Loans approved but not funded	12,000,000	6,000,000
Undrawn overdraft and credit facilities	11,397,580	9,214,772
<b>Total loan commitments</b>	<b>23,397,580</b>	<b>15,214,772</b>

#### 23 Auditor's Remuneration

Remuneration of the auditor Thomas Noble & Russell, for:

- auditing or reviewing the financial statements	19,410	18,900
- other services - assistance with financial reporting	2,560	2,000
<b>Total auditor's remuneration</b>	<b>21,970</b>	<b>20,900</b>

#### 24 Contingencies

In the opinion of the Board, the Fund did not have any contingencies at 31 December 2018 (31 December 2017: Nil).

#### 25 Events Occurring After the Reporting Date

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

#### 26 Statutory Information

The registered office of and principal place of business of the Fund is:

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

**Anglican Funds Grafton Diocese**

ABN 42 489 753 905

**Statement by the Board of the Anglican Funds Grafton Diocese**

The Board of the Anglican Funds Grafton Diocese declare that:

1. the financial statements and notes for the year ended 31 December 2018 are in accordance with the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 and:
  - a. comply with Australia Accounting Standards - Reduced Disclosure Requirements;
  - b. give a true and fair view of the financial position and performance of the Fund;
  - c. the activities of the Anglican Funds Grafton Diocese have been undertaken in line with the delegated authority of the Board of Management as per Chapter 18 of the Diocese Governance Ordinance 2008.
2. In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Chairperson .....  
David Ford

AFGD Board Member .....  
Edward Clarke

Dated this 23rd day of May 2019



## Independent Auditor's Report to the Members of Anglican Funds Grafton Diocese

### Opinion

We have audited the financial report of Anglican Funds Grafton Diocese ("the Entity") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Board.

In our opinion, the accompanying financial report of the Entity is in accordance with ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813, and:

- a) gives a true and fair view of the Entity's financial position as at 31 December 2018 and of its financial performance and cash flows for the year then ended; and
- b) complies with Australian Accounting Standards – Reduced Disclosure Requirements.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS**

Per:

.....  
K R FRANEY (Partner)

Dated at Lismore this 23rd day of May 2019.



**BOARD MEETING DATE:**

4/04/2019

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

**Item: a**

**Title: Blaine Fitzgerald Service Agreement Report**

**No of Pages. 5 incl Header**



## Anglican Funds Grafton Diocese Service Agreement Report

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**Report Date:** 19/02/19 to the period ending 29/03/19

**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:

Attended the recent DSN meeting held at St Columba Anglican School (SCAS) in Port Macquarie on the 14<sup>th</sup> and 15<sup>th</sup> March 2019.

Specific time was set aside for meetings with SCAS that included Westpac and also with Lindisfarne.

General conversations were held with the other schools in the Diocese.

I think it would be beneficial to start plotting the current funding being sought from the schools so that we can start to get a handle on AFGD's capacity to fund. (Once LAGS information comes through, I can start the process.)

***St Columba Anglican School 14/3/19***

- 2019 cashflow projection and approved operating budget provided.
- Funding to construct an Environmental Centre will be sought. Cost \$3m, AIS BGA Grant \$600K. Finance sought \$2.4m.

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## Anglican Funds Grafton Diocese Service Agreement Report

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- Timing request funding from all parties September/October 19 with Construction to commence January 2020.
- Land bank opportunity via purchase of land (Braeroy Estate). Proposal is currently under consideration by School Council for future growth of the school. \$1.2m. Timing in current school year. To be confirmed if it progresses.
- CCELC loan is scheduled to be paid off by 31/12/19. 3 years ahead of schedule.
- 3 yr Fixed rate Interest only facility with Westpac will revert to a variable rate in 2020.
- AFGD 5yr fixed rate facilities will revert to a variable rate in November 2020.
- 27/3/19 – audited financial statements as at 31/12/18 received via email today. No analysis undertaken to date.

### ***Bishop Druitt College***

- Pari Passu Deeds have been executed by all parties in counterpart.
- Westpac have struggled to return originals to FWO to collate and distribute, but as far as we are concerned its complete.
- Annette has scheduled to put in place the two AFGD approved facilities on 1/4/19.
- Spoke with Shane and he will provide in advance his cash flow requirements to assist with AFGD's treasury and liquidity monitoring at least out to 30 days in advance.
- 2019 School Council approved operating budget held.
- Anticipate receipt of 31/12/18 audited financial statements in the next 30 days.

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

- Kelley was unavailable due to illness.
- The \$6m of AFGD funding for multi-function Centre exists as a commitment AFGD has agreed to fund.
- Timing of progress claims is tentatively scheduled to occur as follows
  - The time banded construction timeline would have the builders on site in April 2019 and after utilising the colleges \$1.5m contribution first will need to draw down on their approved facilities in August 2019.
  - \$3.5m required by the end of 2019 and
  - A further \$2.5m by June 2020.
- My general understanding is that project will be delayed due to local council planning approval delays.
- This delay may assist AFGD.
- 2019 School Council approved operating budget held.
- Anticipate receipt of 31/12/18 audited financial statements in the next 30 days.

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

- Meeting held with Business Manager Brett Dinsdale on Friday 15/3/19.
- Master planning of middle school construction and upgrades to Sunshine Avenue Junior Campus have been submitted to DSC and BiC. Lindisfarne are seeking letter of support in the latter half of 2019 to support any funding required.

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## Anglican Funds Grafton Diocese Service Agreement Report

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- **Priority 1 – August 2020 – ELC \$3m** and primary school upgrade Sunshine Avenue Campus. BGA grant \$550K LAGS to self-fund gap via retained earnings.
- At same time middle school and second junior campus at Mahers Lane to commence \$14m project. Australian Government Capital Grants Program (GCP) for non-government schools \$6m funding gap \$8m. Construction to be staged.

### **Middle Campus**

- Stage 1 – 2020 \$7m. \$2m Government. Gap to fund AFGD/Westpac \$5m.
- Stage 2 2022 \$3m. \$1.5m Government. Gap to fund AFGD/Westpac \$1.5m.

### **Second Junior Campus Mahers Lane**

- Stage 1 \$4m. 2022 \$2.5m Government. Gap to fund AFGD/Westpac \$1.5m.

**Note:** This is a rough estimate from our conversation and more detailed information has been requested that I am expecting shortly along with the 31/12/18 audited financial statements. Once received a more comprehensive report can be prepared.

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

- 5/11/18 Council approved 2019 Operating Budget was provided to AFGD.
- Budgeted 325 enrolments; currently 319. Too early in the year to comment on other budget comparisons.
- **Timing of release of the 31/12/18 audited results.** - Draft approved by School Council 28 Feb; final to be approved & signed at 26 Mar meeting A copy of the signed accounts is expected in the next 10 days.
- **Outcome of the any recent School Council master planning including minor/major capital works proposed and time frames.** (CVAS is in early stages of submitting BGA capital grant application for a \$2.3M Performance Hall incl anonymous donor \$1.4M. Application will include Facilities Master Plan as well as Performance Hall concept design. Sought EOI tender process with 3 architects with change to Raunik Design Group - used @ EAC.

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

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

- No recent contact.
- Letter to be prepared seeking update of financial information and strategic direction will need to be prepared.

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

- No recent contact.
- Future Investment opportunities from residual sale proceeds should remain a focus for AFGD.
- Chris any update on sale would assist with Treasury and cashflow planning.

## Anglican Funds Grafton Diocese Service Agreement Report

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**II. The provision of reports and recommendations to the Client every two months on the interest rate position of AFGD relative to the market and with regard to sustainability of AFGD funds under management in accordance with AFGD's Interest Rate Risk Management Policy.**

- Email discussion with Annette confirming acceptability of current loan interest rates and investor Term Investment rates.

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

Nothing to report

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

- Audit assistance
  - Capital Adequacy & Prudential benchmark calculations as at 31/12/18.
  - Loan maturity forecasting as at 31/12/18.

**Note:** Annette has been able to complete the majority of this work.

**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.

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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

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**BOARD MEETING DATE:**

4/04/2019

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

**Item: b**

**Title: Interest Rate Review**

**No of Pages. 12 incl Header**

**Agenda Item 7b – Interest Rate Review**

Suggested motion:

**On consideration of the relevant market comparisons, the AFGD Board has determined that no change in its advertised interest rates is necessary at this time.**

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**AFGD Interest Rate review**

1 message

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**Annette Dent** <office@afgd.com.au>  
To: Blaine Fitzgerald <blaine.fitzgerald@afgd.com.au>  
Cc: Chris Nelson <chris.nelson@graftondiocese.org.au>

6 March 2019 at 15:19

Hi Blaine

Further to our telephone conversation earlier today in regards to an interest rate review, please find below current rates for deposit & attached the current rates for loan.

Deposit rates (AFGD rates effective since 15/05/2017)

**Term Investments**

90 Days 2.50% p.a. In-market rate sheets effective 06-03-2019 range from 2.08% (People's Choice Credit Union) to 2.72% (Bank of Sydney Ltd) for 90 days.

180 Days 2.60% p.a. In-market rate sheets effective 06-03-2019 range from 2.30% (ANZ) to 2.80% (AMP) for 180 days.

365 Days 2.65% p.a. In-market rate sheets effective 06-03-2019 range from 2.19% (People's Choice Credit Union) to 2.85% (ING Direct) for 365 days.

Special Interest Rates for Term Investments of \$100,000 & over available on request. AFGD staff can utilise their 15 basis point discretion to retain or attract new funds from existing investors.

**Cheque Accounts** (interest paid monthly)

Parish 1.00% p.a.

Anglican Affiliate 0.25% p.a.

**Cash Management Accounts** (interest paid monthly)

Parish 1.75% p.a.

Anglican Affiliate 1.50% p.a.

**Access Accounts** (interest paid six monthly)

\$0 - \$4,999 0.10% p.a.

\$5,000 - \$49,999 0.25% p.a.

\$50,000 and over 0.50% p.a.

Also - I notice the attachment for the lending book doesn't include the 'Clergy Car Loan' rate which is currently 5.85%p.a.

You mentioned that the method you previously used for AFGD rate review was one (or similar) to that used at AFSA. I would appreciate your help with the rate review and if there is anything further you need from me to facilitate please let me know.

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

06-Mar-19

**WHOLESALE TERM DEPOSITS**  
 INDICATIVE RATES ONLY

Phone: (02) 9690 2188

FUNDS ARE DEPOSITED DIRECTLY WITH THE ADI IN QUESTION

Floating Term Deposit, Notice Account and Cash Account rates can be found on the second page

	Cash	30	60	90	120	150	180	270	1-yr	18-m	2-yr	3-yr	4-yr	5-yr
<b>MAX YIELD</b>	1.80%	2.25%	2.48%	2.72%	2.75%	2.75%	2.80%	2.80%	2.85%	2.75%	2.90%	2.85%	2.90%	3.13%
<b>BANK BILLS / SWAPS</b>	1.50%	1.85%	1.87%	1.88%	1.93%	1.97%	2.00%	1.91%	1.83%		1.78%	1.80%	1.99%	2.07%
<b>FIXED TERM DEPOSITS</b>														
<b>BANKS</b>	<b>Cash</b>	<b>30 days</b>	<b>60 days</b>	<b>90 days</b>	<b>120 days</b>	<b>150 days</b>	<b>180 days</b>	<b>270 days</b>	<b>1-yr</b>	<b>18-m</b>	<b>2-yr</b>	<b>3-yr</b>	<b>4-yr</b>	<b>5-yr</b>
<b>BANKS</b>	<b>Rating S&amp;P</b>	Please call for 30 days to 1-yr rates. Longer Rates are indicative, and subject to change.												
RABOBANK AUST. ●	P-1/Aa3 Moody's										2.48%	2.63%	2.90%	3.13%
WESTPAC ●	A1+/AA-	1.60%	1.77%	2.38%	2.42%	2.47%	2.50%	2.51%	2.58%		2.57%	2.64%	2.74%	2.92%
NAB ●	A1+/AA-	1.90%	2.25%	2.57%	2.57%	2.58%	2.60%	2.60%	2.63%		2.63%	2.65%	2.70%	2.90%
ANZ ●	A1+/AA-	1.65%	1.95%	2.30%	2.25%	2.25%	2.30%	2.25%	2.35%		2.25%	2.25%	2.35%	2.45%
SUNCORP BANK ● ***	A1/A+	TD Not 4 Councils	1.55%	2.15%	2.35%	2.50%	2.65%	2.55%	2.50%	2.75%	2.65%	2.55%		
AMP BANK ●	A2/A-	1.80%	1.85%	2.00%	2.65%	2.65%	2.80%	2.80%	2.75%	2.75%	2.75%	2.75%	2.90%	3.00%
ICBC	A1/A	Please Refer For Rates												
BANK OF CHINA TD	A1/A	2.25%	2.27%	2.43%	2.48%	2.52%	2.63%	2.60%	2.70%					
ING Direct - Middle Market ●	A1/A	Please Refer For Rates												
ING Direct - Adviser ●	A1/A	TD Not 4 Councils			2.55%		2.80%	2.65%	2.85%		2.90%			
BENDIGO&ADELAIDE BANK ●	A2/BBB+	1.98%	2.23%	2.48%	2.53%	2.53%	2.58%	2.58%	2.53%					
BANK OF QLD ●	A2/BBB+	2.03%	2.33%	2.48%	2.53%	2.58%	2.63%	2.63%	2.63%		2.73%	2.78%	2.88%	2.98%
RURAL BANK NCD	A2/BBB+	Rates on request!												
ME BANK ●	A2/BBB	2.08%	2.48%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%					
ARAB BANK TD	1.1 Bln	1.70%	2.05%	2.55%	2.78%	2.75%	2.80%	2.75%	2.80%					
BANK OF SYDNEY LTD	1.9 Bln	1.95%	2.05%	2.72%	2.45%	2.45%	2.75%	2.65%	2.70%					
<b>MUTUAL BANKS / BUILDING SOCIETIES / CREDIT UNIONS</b>														
CUA	A2/BBB													
PEOPLE'S CHOICE CU	A2/BBB			2.18%	2.26%	2.30%	2.38%	2.29%	2.26%		2.22%			
BEYOND BANK	A2/BBB	2.13%	2.15%	2.43%	2.36%	2.40%	2.63%							
DEFENCE BANK	A2/BBB													
P&N BANK	A2/BBB	1.98%	2.05%	2.21%	2.28%	2.30%	2.38%		2.36%		2.41%	2.53%	2.77%	3.00%
MYSTATE BANK LTD	P-2/Baa1 Moody's													
QUDOS BANK	A3/BBB-													
AUSWIDE BANK	P-2/Baa2 Moody's	1.98%	2.08%	2.53%	2.38%	2.38%	2.63%	2.68%	2.68%		2.78%	2.83%	2.86%	2.93%
HERITAGE BANK	P-2/Baa1 Moody's	1.95%	2.20%	2.25%	2.30%	2.30%	2.35%	2.40%	2.45%					
BANK FIRST	P-2/Baa1 Moody's	2.05%	2.17%	2.13%	2.23%	2.32%	2.35%	2.31%	2.28%					
BANK VIC	P-2/Baa1 Moody's	New Rating	2.10%	2.20%	2.55%	2.60%	2.60%	2.60%	2.65%	2.65%				
BANANACOAST CU	1.6 Bln			2.18%			2.28%	2.33%	2.38%		2.38%	2.38%		
REGIONAL AUSTRALIA BANK	1.4 Bln	1.85%	1.87%	2.23%	2.28%	2.32%	2.35%	2.31%	2.28%		2.70%	2.85%		
AUSTRALIAN MILITARY BANK	1.3 Bln													
HUME BANK	1.1 Bln			2.23%	2.23%	2.23%	2.33%	2.33%	2.38%					
GATEWAY BANK	1.0 Bln	2.03%	2.18%	2.63%	2.68%	2.68%	2.68%	2.68%	2.73%					
POLICE CU (SA)	1.1 Bln													
MYMOVE	614M	1.93%	2.00%	2.26%	2.31%	2.30%	2.33%	2.34%	2.36%					
BANK OF US	851M	1.93%	2.08%	2.48%	2.48%	2.48%	2.58%		2.58%					
THE CAPRICORNIAN	311M													
COASTLINE CREDIT UNION	503M			2.58%			2.63%		2.68%					
HUNTER UNITED EMPLOYEES CU 329M														

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 AFSL 405751 · ABN 94 143 558 598



06-Mar-19

**Floating Term Deposit, Cash Account and Notice Account**  
 INDICATIVE RATES ONLY

Phone: (02) 9690 2188

FUNDS ARE DEPOSITED DIRECTLY WITH THE ADI IN QUESTION

FLOATING TERM DEPOSIT		INDICATIVE RATES Only	Base Rate	6mth	1-yr	2-yr	3-yr	4-yr	5-yr
<b>BANKS</b>			BBB/CASH		Margins over the Base Rate				
Westpac Coupon Select	A1+/AA-	Floating over 1 month BBSW, interest paid monthly	1.85%	Call for Quotes					
		Floating over 3 month BBSW, interest paid quarterly	1.68%	0.77%	0.81%	0.86%	0.92%	1.05%	
		Floating over average RBA Cash rate, interest paid quarterly	1.60%	1.31%	1.38%			1.54%	
<i>Tailored Fixed and Floating combinations available, please contact us for further details</i>									
NAB Floating TD	A1+/AA-	Floating over 1 month BBSW, interest paid monthly	1.85%	Call for Quotes					
		Floating over 3 month BBSW, interest paid quarterly	1.68%						
ING Floating TD	A1/A	Floating over 3 month BBSW, interest paid quarterly	1.88%	0.55%	0.71%	0.50%	0.55%	0.59%	
BOQ Floating TD	A2/BBB+	Floating over 3 month BBSW, interest paid quarterly	1.88%	0.55%	0.75%	0.85%			

**CASH ACCOUNTS**

INSTITUTION	Rating	Client Segment	Base Rate	Bonus	Current Rate	Notes
Rabobank	P-1/Aa3 Moody's	Institutional & Corporate	1.55%	n/a	1.55%	Contact us for further details
St George	A1+/AA-	Retail	0.00%	0.00%	0.00%	Through an online portal
AMP Bank	A2/A-	Wholesale and Retail	1.80%	n/a	1.80%	Maximum \$5m balance. Not available to Financial Institutions
ING Direct - Adviser	A1/A	Retail	2.20%	N/A	2.20%	ING Business Optimiser Account - Not for Council
MeBank	A2/BBB	Wholesale and Retail	1.45%			
Bank of China	A1/A	Retail	1.80%	n/a	1.80%	Contact us for further details

Additional Cash Account Available - Please contact us to discuss.

**NOTICE ACCOUNTS**

INSTITUTION	Rating	Client Segment	Max Volume	31 days	60 days	90 days	180 days	Post Notice Margin	Notes
AMP Bank	A2/A-	Wholesale and Retail	\$20m	+0.80% over Cash	nil	nil	nil	+0.80% over Cash	Notice period of 31 days minimum and longer notice period can be nominated. Maximum of 2 Notice per Month. Funds must be in the account prior to placing them on Notice.
BOQ	A2/BBB+	Wholesale	n/a	Rates on Request	0.00%	0.00%	0.00%	0.00%	Rates are indicative only and are negotiated on a case by case basis. Contact us for further details.
Bendigo Bank	A2/BBB+	Wholesale	n/a	Rates on Request	0.00%	0.00%	0.00%	0.00%	Notice period of 31 days minimum.
MeBank	A2/BBB	Wholesale and Retail	n/a	+0.80% over Cash	+0.82% over Cash	+0.85% over Cash	nil	As per notice term	Max \$20m per transaction unless previously agreed.

Term deposit may be unbreakable, please refer to specific ADI. Should the Term Deposit be breakable, break fees may apply.

For terms up to 1 year, interest at maturity. For term greater than 1 year please refer to specific ADI.

Beyond Bank TD rates are currently for rollovers only.

Suncorp Bank Tier 2 rates are for Middle Market only and excluding councils.

CUA TD rates are for roll overs only. \*\*\*\* 7 month rates shown instead of 6 month

\* ING Direct Adviser Term deposit rate only available for 7 months only.

\*\* Available through the AMP 31 days Notice Account. Rate may vary along with the RBA Cash Rate. Maximum of \$20m.

O 31 Days Notice must be given in order to break a Term Deposit prior to maturity.

AMP BANK: up to \$5m in aggregate including cash accounts. Some rates are for over \$1m.

Macquarie: up to \$1M aggregate. A loyalty bonus may be available on roll overs.

Some ADI may reserve the right to refuse a deposit.

ING Direct Retail - Not for Councils.

This rate sheet is intended to provide you with general information only. It does not take into account your investment objectives, financial situation or particular needs.

Before acting on this information, you need to consider the appropriateness of the information in light of your investment objectives, financial situation or needs

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# Fixed Income - Term Deposits

## Indicative Rates

### \$100,000 to \$1,000,000 for Wholesale Clients

Issuer (Long Term Rating / Short Term Rating)	Min	1 Month	2 Months	3 Months	6 Months	9 Months	12 Months	2 Years	3 Years	5 Years
Bank Bill Swap Rates (Mid)		1.85%	1.86%	1.88%	2.00%	1.90%	1.82%	1.78%	1.80%	2.07%
AMP (A / A-1)	\$100k	1.85%	2.00%	2.65%	2.80%	2.80%	2.75%	2.75%	2.75%	3.00%
Bank of Queensland (BBB+ / A-2)	\$500k	1.95%	2.25%	2.40%	2.55%	2.55%	2.55%	2.65%	2.70%	2.90%
Bendigo and Adelaide Bank (BBB+ / A-2)	\$100k	1.30%	1.50%	2.30%	2.48%	2.49%	2.55%	2.60%	2.65%	2.80%
BOQ Specialist (BBB+ / A-2)	\$100k	1.45%	1.60%	2.15%	2.45%	2.30%	2.40%	2.55%	2.55%	2.50%
Community First Credit Union (NR / NR)	\$250k	0.00%	2.15%	2.25%	2.40%	0.00%	2.55%	0.00%	0.00%	0.00%
ME Bank (BBB / A-2)	\$100k	2.00%	2.40%	2.62%	2.70%	2.70%	2.65%	0.00%	0.00%	0.00%
NAB (AA- / A-1+)	\$100k	1.77%	2.10%	2.51%	2.52%	2.54%	2.56%	2.56%	2.60%	2.75%
People's Choice Credit Union (BBB / A-2)	\$500k	0.00%	0.00%	2.08%	2.30%	2.22%	2.19%	2.14%	0.00%	0.00%
Rural Bank (BBB+ / A-2)	\$250k	1.40%	1.40%	2.30%	2.40%	1.90%	2.45%	2.55%	2.65%	2.90%
Suncorp Bank (A+ / A-1)	\$250k	1.40%	2.00%	2.20%	2.35%	2.30%	2.55%	2.55%	2.50%	0.00%

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All providers on the Term Deposit Rate Sheet are Authorised Deposit-Taking Institutions (ADIs). From 1st February 2012 the Commonwealth Government announced a permanent guarantee to a maximum of \$250,000 (per customer per ADI). Please see [www.apra.gov.au](http://www.apra.gov.au) for further information.

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**AFGD Business Reference Rate (ABRR) Variable – as at 01/07/2017**

Based on the first business day of each quarter based on the higher of:

I. That day's BBSW plus 400bp; or

Provided that the result in the net interest margin is not less than **250bp** above AFGD marginal cost of capital.

As at 13/06/17

	Rate
* BBSW - 90 day rate	1.730 %
	<u>4.000 %</u>
	<b>5.730%</b>
<b>Proposed ABRR Variable</b>	<b>6.05%</b>
<b>Floor:</b>	
Marginal Cost of Capital as at 13/06/17	2.50 %
Margin	<u>2.50 %</u>
	<b>5.05%</b>
<hr/> <b><u>ABRR Variable</u></b>	<hr/> <b>6.05%</b>

**AFGD Business Reference Rate (ABRR) Fixed 1 year – From 1/7/2017 to 30/09/2017**

Set on the first business day of each quarter:

Business Lending rate Westpac Fixed 1 year	(05/12/2016)	5.07 %
Plus Margin		<u>1.20 %</u>
		<b>6.27%</b>
<b><u>ABRR Fixed 1 Year</u></b>		<b><u>6.27%</u></b>

**AFGD Parish Reference Rate (APRR) Variable – as at 01/7/2017**

Based on the first business day of each quarter based on the higher of:

I. That day's BBSW plus 300bp; or

Provided that the result in the net interest margin is not less than **150bp** above AFGD marginal cost of capital.

	As at 13/06/17
	Rate
	<hr/>
BBSW – 90 day rate	1.730%
	<u>3.000%</u>
	<b>4.730%</b>
<b>Proposed APRR Variable</b>	<b>5.05%</b>
<b>Floor:</b>	
Marginal Cost of Capital as at 13/06/17	2.50%
Margin	<u>1.50%</u>
	<b>4.05%</b>
	<hr/>
<b>APRR Variable</b>	<b>5.05%</b>

**AFGD Parish Reference Rate (APRR) Fixed 1 year – from 1/7/2017 to 30/09/2017**

Set on the first business day of each quarter:

Business Lending rate Westpac Fixed 1 year	(05/12/2016)	5.07 %
Plus Margin		<u>0.20 %</u>
		<b>5.27%</b>

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<b>APRR Fixed 1 Year</b>		<b>5.27%</b>
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**Re: AFGD Interest Rate review**

1 message

**Blaine Fitzgerald** <blaine.fitzgerald@afgd.com.au>  
To: Annette Dent <office@afgd.com.au>

6 March 2019 at 17:47

Hi Annette,

Attachment may assist.

On the whole rates look fine.

If you are not under pressure to pay a higher yield on 6 & 12 months then don't and if RBA official rates reduce further by July 19 then rates linked to RBA will save you in interest paid investors without having to do anything out of the box.

Lending rates - look fine. Market has been static for some time now.

I've compared to Adelaide base rates and the parish reference rate aligns closely.

The Business reference rate of Adelaide's is never used it always has to be discounted so I wouldn't worry too much about it.

6.05% for Grafton is fine.

<u>AFSA Monthly Lending Rates</u> Effective 1.3.2019	
<b>AFSA Business Reference Rate (ABRR)</b>	<b>6.95%</b>
<b>AFSA Parish Reference Rate (APRR)</b>	<b>4.95%</b>
<b>Parish Legacy Rate</b>	<b>4.27%</b>
<b>RBA Cash Rate</b>	<b>1.50%</b>

kind regards

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

#####  
#####

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Term (months)	1	2	3	6	12
WESTPAC					
ST GEORGE					
BANK OF MELBOURNE					
BANK SA					
NAB	1.77	2.10	2.51	2.52	2.56
SUNCORP BANK	1.40	2.00	2.20	2.35	2.55
AMP BANK	1.85	2.00	2.65	2.80	2.75
MACQUARIE					
ING Direct - Middle Market					
ING Direct - Adviser					
BENDIGO&ADELAIDE BANK	1.30	1.50	2.30	2.48	2.55
BANK OF QLD	1.95	2.25	2.40	2.55	2.55
ME BANK	2.00	2.40	2.62	2.70	2.65
<b>Average</b>	<b>1.71</b>	<b>2.04</b>	<b>2.45</b>	<b>2.57</b>	<b>2.60</b>
<b>Median</b>	<b>1.81</b>	<b>2.05</b>	<b>2.46</b>	<b>2.54</b>	<b>2.56</b>
Current	1.30	1.50	2.30	2.80	2.75
Difference	0.41	0.54	0.15	0.23	0.15
New	1.30	1.50	2.30	2.80	2.75
Std Dev	0.29	0.31	0.18	0.16	0.08
Movement	-	-	-	-	-
From Max	0.70	0.90	0.35	-	-

**Comparison Rate**

1.25% Monthly rate  
1.26% Annualised compound rate

**Security Float**

1.93% 1,124,000  
1.92% 281,000  
1.93% 1,405,000

For ALCO Report

Average	1.71	2.04	2.45	2.57	2.60
Median	1.81	2.05	2.46	2.54	2.56
Standard Deviation	0.29	0.31	0.18	0.16	0.08
<b>AFSA Current Rates</b>	<b>1.30</b>	<b>1.50</b>	<b>2.30</b>	<b>2.80</b>	<b>2.75</b>





**BOARD MEETING DATE:**

4/04/2019

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

**Item: c**

**Title: Strategic Options**

**No of Pages. 6 incl Header**

## **Agenda Item 7c – Strategic Options**

TNR were commissioned to conduct a financial analysis that compared 4 possible options for AFGD.

Option A Current arrangement

Option B Current arrangement with AFSA services

Option C Treasury model

Option D Wind up

At the time that the business papers were collated, TNR were advanced in this work but had not submitted its report.

If the report becomes available prior to the 4 April 2019 meeting, it will be submitted as a late paper for this agenda item.

The following papers relate to an email discussion between David Ford and Blaine Fitzgerald. Those discussions seem to have brought back to life the type of proposal that David Ford and Chris Nelson took to Adelaide for consideration in September 2018.

A copy of the email is followed by discussion points on this “option”.



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

## Some dates we need to be aware of PLUS

Fordie <fordie@mac.com>

11 March 2019 at 11:48

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

Greetings Chris,

I am sure you are aware that the insurance and contract that we have in place with Blaine for his contribution finish on 15th June this year.

I caught up with BF over the weekend.

I expressed my thoughts that it is a pity that AFSA didn't come back with a staged plan to "take over" AFGD.

As he is want to do BF came back to me with the following.

Is it possible that we could grab an hour with BF on Thursday or Friday, as he will also be in Port, to discuss these points please.

*I think this should be thrashed out a bit more for clarity.*

*Here are some back of envelope thoughts.*

*Assume this means community fund - AFGD.*

*Investor book and loans -*

### **Grafton:**

*What does Grafton want out of it per annum?*

*Annette remains as local representative - but remains on Grafton's payroll.*

*Grafton AFGD - audit cost saving \$30K. (no longer required)*

*Service agreement saving - DA pass through software and transactional costs & Adelaide service costs will pass to Adelaide.*

*No financial reporting required as Adelaide simply distribute a consistent income back to Grafton on an agreed formula/methodology.*

*(less HR requirement in Finance Department Grafton.) 2 days per week -potentially - needs to be factored in.*

*Parishes and Anglican associated investors Grafton may be able participate in Adelaide's annual Participant distribution. \$50K pool las two years.*

*Capital adequacy - Adelaide.*

*Existing retained earnings Grafton to transfer to Adelaide's to become stakeholder investment Circa \$1.5m - to help offset Capital Adequacy burden.*

*Grafton simplify bank accounts with reconciliations reduced significantly.*

*Trustees stay with plan to invest in Adelaide Endowment Fund. \$6m to \$8m.*

### **Adelaide:**

*All existing income and expenses associated in the Grafton portfolio including distribution to Grafton, is Adelaide's.*

*Can Adelaide make it work or be more profitable than it currently is. Don't know the answer.*

*Adelaide expand ASIC ID statement to include Grafton product offering. Initially no change then over time consolidate offerings taking the best from both parties.*

### **Elephant in the room:**

**Loans** - in the event of default.

#### **Grafton**

Existing loans written

Regards

**David Ford**

0418 654 909

fordie@mac.com

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**Notes re Blaine Fitzgerald's March 2019 Responses**

Basics:

- AFSA to take over AFGD 'book'
- AFGD brand remains
- AFGD contact person remains in Grafton Office (Grafton employee)
- Diocese of Grafton to get reward for book
- Diocese of Grafton dissolves AFGD Board. Relationship with AFSA under Corporate Trustees oversight.

What sort of 'reward' should be due to Grafton?

- Based on Grafton deposits? (Diocese, Schools, other organisations, individuals)
- Based on loans to Grafton?
- Based on a combination of deposits and loans? Share of margin?
- What would be our target figure?
  - GDIF provided about \$500K per annum in the good ol' days
  - 2018 AFGD profit before distribution and revaluations was \$345K
  - 2018 net interest/deposits was 2.20%
  - No target. "Go with the flow"
  - Need to cover local employment costs out of Grafton's share

Questions?

- Is this deal contingent on Corporate Trustees maintaining AFGD accounts and/or Adelaide Endowment deposits?
- Can we start off with the existing parameters (e.g. local staff, compulsory participation, AFGD branding) but put a sunset on each?

Elephants

- In the event of default of loan
  - If Corporate Trustees stood behind all loans then the risks are:
    - Soft or poorly managed loans
    - Corporate Trustees bearing contingent liabilities
    - Corporate Trustees would need to approve/monitor each loan
  - If AFSA wears default
    - Need ability to foreclose; appoint administrator and/or appoint liquidator (similar to a commercial bank)
- Existing loans
  - If AFSA were to take on AFGD 'book' then all existing loans would transfer across
  - All existing AFGD loans seem to be good quality with possible exception of CVAS but margin on CVAS loan is more attractive
  - AFGD is a signatory in Deed of Gift & Indemnity and CVAS subordinated debt
  - Makes sense for all loans to be included in 'deal' but not Deed of Gift & Indemnity
- Compulsory arrangements
  - Currently all Diocesan organisations are required to use AFGD unless approved otherwise
  - Assume that AFSA will want arrangement to remain in place which means that Bishop-in-Council will continue to approve exemptions from time to time. Potential source of conflict where exemption given despite AFSA desire to service that client.

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- Cost shifting
  - Diocese of Grafton desires a share of the economic value arising from the deposits and loans of Grafton entities but AFSA could just increase the margin to cover Grafton's 'reward'. This will just shift costs and act as a levy on Grafton entities.
- Section 83C issues
  - If the Diocese gets a monetary reward as a result of schools deposits and loans but without the Diocese actually providing a service, the arrangement could be considered to be the type of financial siphoning that is prohibited under s83C of the Education Act
  - Legal advice would be required to clarify

Other issues:

- Legal processes
  - Will need legal advice on transfer of 'book' to AFSA to avoid the process of re-signing each loan contract and pari passu deed
  - Reassigning and renaming of Investment Fund ABN will probably be required
- Monitoring of relationship
  - What sort of effort/infrastructure is needed to monitor AFSA relationship?
  - Would the Corporate Trustees need to appoint a consultant/contractor to monitor and report?
- What if AFSA gets shaky?
  - AFSA's financial reports, audited financial reports would need to be available to Corporate Trustees
  - Would there be compulsory reporting covenants if certain KPIs (capital adequacy, liquidity, risk concentration) were triggered?
  - Right to conduct an orderly exit if AFSA reached particular levels on KPIs
- Retained earnings
  - Blaine's proposal is that Corporate Trustees hand over Retained Earnings with the 'book'
  - Unless this is converted into an equity position, there should be a time limit to this arrangement
- Promotions and gifting
  - Should be AFSA management responsibility
- Size of Corporate Trustees investment in Adelaide Endowment Fund
  - Investment in Adelaide Endowment Fund is more lucrative than investment in AFGD term deposits
  - \$6M to \$8M investment in Adelaide Endowment Fund would be the single largest investment by the Corporate Trustees and would need to be subject to its own due diligence
- Maintaining Grafton presence
  - There will be less need for a Grafton presence as AFSA becomes more familiar with the Grafton clients and the clients become less reliant on dealing with a Grafton office. Technology improvements will emphasise this trend.
  - There should be a time limit or periodic review of these arrangements

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- Maintaining brand
  - The AFGD brand is positive at this time but will lose importance as a relationship with AFSA matures
  - There should be a time limit or periodic review of the brand strategy
- What happens if AFSA want to withdraw 3 years from now?
  - Once the AFGD 'book' is transferred to AFSA, most other options are removed
  - If AFSA decided at a future date to close AFSA or to return to just SA accounts, there would be no effective options for the former AFGD clients except individually to find the best arrangement/service provider they can

**Next Steps?**

1. Discuss in AFGD Board. Considering the potential positives and pitfalls and comparison to other options does the Board wish to explore this?
2. Contact Blaine Fitzgerald to confirm that AFSA are willing to enter into discussions on this basis.
3. Confirm with Corporate Trustees that they are willing for AFGD Board to enter into these discussions.
4. a. Agree on overall parameters; b. Appoint negotiating team; c. Appoint legal adviser and any other advisers who are required.
5. Commence negotiations



**BOARD MEETING DATE:**

4/04/2019

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

**Item: d**

**Title: Corporate Trustee resolution 14 March 2019**

**No of Pages. 3 incl Header**

### **Agenda Item 7d – Corporate Trustees resolution**

At their meeting of 14 March 2019, the Corporate Trustees made the resolution printed on the following page.

This has arisen because with the lack of a Funds Manager, the reporting to the Corporate Trustees has been substantially reduced. While this is understood by the Corporate Trustees, the motion signals that they do not want the current level of reporting to become the norm.

Connected with the above, the Corporate Trustees are signalling an interest in the strategic direction of AFGD and are hoping for a report in the May meeting that shows substantial advancement of this issue.



a. Anglican Funds Grafton Diocese

**MOTION**

*That the Corporate Trustees considered that the Anglican Funds Grafton Diocese report/minutes meeting do not provide sufficient detail in terms of risk management, performance (e.g. capital adequacy) and strategic direction and agreed that such matters would be discussed at the Joint Meeting of the Corporate Trustees and Anglican Funds Grafton Diocese in May.*

**Moved** Mr Brad Bishop

**Seconded** Dr Gordon Burch

**Carried**



**BOARD MEETING DATE:**

4/04/2019

**No 9 Correspondence**

**Item: Out**

**Title: Signed acceptance of 15 February proposal from TNR  
– 4 March 2019**

**No of Pages. 5 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:

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31 Keen Street (PO Box 106) | **Email:** [enquiries@tnr.com.au](mailto:enquiries@tnr.com.au) | **Website:** [www.tnr.com.au](http://www.tnr.com.au)  
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Liability limited by a scheme approved under the Professional Standards Legislation.

CHRISTOPHER NELSON REGISTRAR / GENERAL MANAGER		4 March 2019
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ANGELICAL DIOCESE OF GRAFTON  
Name & Position

Signature

Date

for  
ANGELICAL FUNDS  
GRAFTON DIOCESE