

 **Anglican Diocese of Armidale**  
**Diocesan Development Fund**  
81 462 509 988

**Financial Statements**

**For the Year Ended 30 June 2016**

**Diocesan Development Fund**

81 462 509 988

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**For the Year Ended 30 June 2016**

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## Board Report For the Year Ended 30 June 2016

The Board presents its report on Diocesan Development Fund for the financial year ended 30 June 2016.

### 1. General Information

#### Board

The names of the Board members in office at any time during, or since the end of, the year are:

Names	Position	
Mr Timothy McGhie	Chairman	
Ms Elizabeth Walsh		Resigned 20 September 2015
Mr Robert Franklin		
Mr James Kahl		
Mr Ron Perry		
Mr Hugh Castleden		Appointed 8 September 2015

Board members have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Principal Activities

The principal activities of Diocesan Development Fund during the financial year were to:

- receive funds from entities within the Armidale Diocese and individual investors and to invest these funds in cash, securities and interest-earning securities to provide a return to the Diocese and its investors; and
- make loans to Diocesan entities, clergy and Diocesan staff.

#### Objective

The objective of the Diocesan Development Fund is to support the mission of the Diocese of Armidale by funding the development of facilities within the Diocese and to make grants to the Diocese out of the profits generated from its activities for such purposes as the Diocesan Council may from time to time determine.

#### Strategy for achieving the objective

To achieve this objective, the Diocesan Development Fund has adopted the following strategies:

- to accept funds from the Diocesan entities and other investors;
- to use these funds as a basis for lending to Diocesan bodies, clergy and staff; and
- to invest or re-invest funds not immediately required for loans.

The strategy is intended to realise a profit out of which a dividend can be paid to the Diocese to support its work.

## Board Report For the Year Ended 30 June 2016

### Performance measures

The following measures are used within the Diocesan Development Fund to monitor performance:

- the Fund's ability to earn profits out of which a dividend can be paid to the Diocese; and
- an increase in funds flowing to Diocesan entities and projects from the on-line savings facility and other investment options.

Signed in accordance with a resolution of the Board of the Diocesan Development Fund:

Board Member: .....

Board Member: .....

Dated this Eight, day of September 2016

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2016**

		2016	2015
	Note	\$	\$
Revenue	3	163,461	49,470
Other income	3	-	846,213
Net loss on disposal of investments		(1,900)	-
Interest paid on deposits		(56,746)	(3,066)
Other expenses	4	(63,238)	(12,743)
<b>Profit before income tax</b>		<b>41,577</b>	<b>879,873</b>
Income tax expense		-	-
Fair value movements of investments		(32,871)	(3,410)
<b>Other comprehensive income for the year, net of tax</b>		<b>(32,871)</b>	<b>(3,410)</b>
<b>Total comprehensive income for the year</b>		<b>8,706</b>	<b>876,463</b>

The accompanying notes form part of these financial statements.

**Statement of Financial Position**  
**As At 30 June 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
Cash and cash equivalents	5	237,251	170,313
Trade and other receivables	6	466,740	235,986
Other assets	7(a)	2,834,702	206,396
Loans receivable	7(b)	654,554	536,632
Property, plant and equipment	8	623	1,023
		<u>4,193,870</u>	<u>1,150,351</u>
<b>TOTAL ASSETS</b>		<u><b>4,193,870</b></u>	<u><b>1,150,351</b></u>
<b>LIABILITIES</b>			
Amounts owed to depositors	9	3,265,638	266,859
Trade and other payables	10	41,493	7,029
Provisions	11	1,570	-
		<u>3,308,701</u>	<u>273,888</u>
<b>TOTAL LIABILITIES</b>		<u><b>3,308,701</b></u>	<u><b>273,888</b></u>
<b>NET ASSETS</b>		<u><b>885,169</b></u>	<u><b>876,463</b></u>
<b>EQUITY</b>			
Investment Revaluation Reserve		(36,281)	(3,410)
Retained Earnings		921,450	879,873
<b>TOTAL EQUITY</b>		<u><b>885,169</b></u>	<u><b>876,463</b></u>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the Year Ended 30 June 2016

2016

	Retained Earnings	Investment revaluation reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2015</b>	879,873	(3,410)	876,463
Decrease in reserves during the year	-	(32,871)	(32,871)
Profit for the year	41,577	-	41,577
<b>Balance at 30 June 2016</b>	<b>921,450</b>	<b>(36,281)</b>	<b>885,169</b>

2015

	Retained Earnings	Investment revaluation reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2014</b>	-	-	-
Decrease in reserves during the year	-	(3,410)	(3,410)
Profit for the year	879,873	-	879,873
<b>Balance at 30 June 2015</b>	<b>879,873</b>	<b>(3,410)</b>	<b>876,463</b>

The accompanying notes form part of these financial statements.

**Diocesan Development Fund**

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**Statement of Cash Flows**  
**For the Year Ended 30 June 2016**

	<b>Parent</b>	
	<b>2016</b>	<b>2015</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from interest, dividends and distributions	<b>142,845</b>	870,664
Payments to suppliers and employees	<b>(83,550)</b>	(8,682)
Net cash provided by operating activities	<b>14</b> <u>59,295</u>	<u>861,982</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	<b>163,250</b>	5,527
Net increase in investments	<b>(3,036,464)</b>	(426,300)
Purchase of property, plant and equipment	-	(1,123)
Net cash used by investing activities	<b>(2,873,214)</b>	<u>(421,896)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net (increase)/decrease in loans made and deposits received	<b>2,880,857</b>	(269,773)
Net cash used by financing activities	<b>2,880,857</b>	<u>(269,773)</u>
Net increase in cash and cash equivalents held	<b>66,938</b>	170,313
Cash and cash equivalents at beginning of year	<b>170,313</b>	-
Cash and cash equivalents at end of financial year	<b>5</b> <u>237,251</u>	<u>170,313</u>

The accompanying notes form part of these financial statements.



## Notes to the Financial Statements

For the Year Ended 30 June 2016

### Introduction

The financial statements cover the Diocesan Development Fund as an individual entity. The Diocesan Development Fund is a not-for-profit organisation established under an instrument by the Anglican Diocese of Armidale.

In accordance with the Ordinance for the Fund, there is a requirement to prepare separate financial statements.

The functional and presentation currency for the Diocesan Development Fund is Australian dollars.

The Diocesan Development Fund financial statements have been rounded to the nearest dollar.

### 1 Basis of Preparation

In the Directors' opinion, the Diocesan Development Fund is not a reporting entity since there are unlikely to exist users of the financial report who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

No provision for income tax has been raised as the Diocesan Development 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 business is entitled to it.

##### Interest revenue

Interest is recognised using the effective interest method.

##### Dividend revenue

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

## Notes to the Financial Statements For the Year Ended 30 June 2016

### 2 Summary of Significant Accounting Policies continued

#### (c) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand funds 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.

#### (d) Plant and Equipment

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

##### Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Diocesan Development Fund, commencing when the asset is ready for use.

#### (e) Financial Instruments

Financial instruments are recognised initially using trade date accounting, that is, on the date that the Diocesan Development Fund becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Financial Assets

Financial assets are divided into the following categories described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

## Notes to the Financial Statements For the Year Ended 30 June 2016

### 2 Summary of Significant Accounting Policies continued

#### (e) Financial Instruments continued

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Diocesan Development Fund's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Diocesan Development Fund renegotiates repayment terms with customers which may lead to changes in the timing of the payments. In these situations the Diocesan Development Fund does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future; and
- designated by the entity to be carried at fair value through profit or loss upon initial recognition.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Diocesan Development Fund's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

## Notes to the Financial Statements

### For the Year Ended 30 June 2016

#### 2 Summary of Significant Accounting Policies continued

##### (e) Financial Instruments continued

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Diocesan Development Fund's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

###### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Diocesan Development Fund uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Diocesan Development Fund's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

## Notes to the Financial Statements For the Year Ended 30 June 2016

### 3 Revenue and Other Income

#### Revenue from continuing operations

	2016	2015
	\$	\$
<b>Revenue</b>		
- Interest - DIF	21,074	21,623
- Interest received - loans	20,003	20,964
- Dividend and imputation credits refundable	113,031	2,994
- Contributions	7,500	82
- Gain on sale of assets	-	11
- Interest received on investments	1,852	3,796
	<u>163,460</u>	<u>49,470</u>
<b>Other income</b>		
- Distributions received - DIF	-	353,393
- Distributions received - DPF	-	290,000
	<u>-</u>	<u>643,393</u>
<b>- Total other income</b>	-	643,393
- Distributions received - Ex DDF	-	202,820
	<u>-</u>	<u>202,820</u>
<b>Other trading revenue</b>	-	846,213
	<u>-</u>	<u>846,213</u>
<b>Total income</b>	<u>163,460</u>	<u>895,683</u>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2016**

**4 Expenses**

	2016	2015
	\$	\$
<b>Administrative Expenses</b>		
Audit and accounting services	9,040	-
Advertising	1,760	-
Bank charges	93	14
Depreciation	400	100
Distributions paid	10,000	7,000
Legal fees	2,724	-
Management Fees	11,828	238
Postage, printing and stationery	464	67
Repairs and maintenance	97	-
Sundry Admin fees	-	116
Travel	3,959	2,834
<b>Total Administrative Expenses</b>	<b>40,365</b>	<b>10,369</b>
<b>Employee Benefit Expenses</b>		
Salaries and wages	19,125	2,143
Superannuation contributions	1,930	232
Leave provisions	1,570	-
Workers Compensation	249	-
<b>Total Employee Benefits</b>	<b>22,874</b>	<b>2,375</b>
<b>Total Expenses</b>	<b>63,239</b>	<b>12,744</b>

**5 Cash and cash equivalents**

	2016	2015
	\$	\$
Cash at bank	237,251	30,313
Short-term bank deposits	-	140,000
	<b>237,251</b>	<b>170,313</b>

**6 Trade and other receivables**

	2016	2015
	\$	\$
Trade receivables	231,319	24,599
Franking Credits Due	24,442	409
Other receivables	210,978	210,978
	<b>466,739</b>	<b>235,986</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 7 Other Financial Assets

(a) Financial assets at fair value through profit or loss

	2016	2015
	\$	\$
Listed securities	<u>2,834,702</u>	<u>206,396</u>

(b) Loans receivable

	2016	2015
	\$	\$
School loan	-	250,000
Parish loans	416,245	285,075
Clergy/staff loans	238,309	1,557
	<u>654,554</u>	<u>536,632</u>

### 8 Plant and equipment

	2016	2015
	\$	\$
<b>PLANT AND EQUIPMENT</b>		
<b>Computer equipment</b>		
At cost	1,123	1,123
Accumulated depreciation	(500)	(100)
<b>Total plant and equipment</b>	<u>623</u>	<u>1,023</u>

### 9 Amounts owed to Investors

	2016	2015
	\$	\$
Investments- Parishes	1,058,497	140,151
Investments - Interest bearing	108,116	99,067
Investments - Interest free	27,640	27,640
Investments- On-line Saver Investor Funds	1,494,060	-
Investments - Short term	577,325	-
	<u>3,265,638</u>	<u>266,858</u>

## Notes to the Financial Statements For the Year Ended 30 June 2016

### 10 Trade and other payables

	2016	2015
	\$	\$
Trade payables	26,780	7,029
Sundry payables and accrued expenses	2,713	-
Other payables	12,000	-
	<u>41,493</u>	<u>7,029</u>

### 11 Employee Benefits

	2016	2015
	\$	\$
Provision for employee leave benefits	1,570	-
	<u>1,570</u>	<u>-</u>

### 12 Auditors' Remuneration

	2016	2015
	\$	\$
Remuneration of the auditor, PKF Lawler Warburtons Audit & Assurance Pty Ltd for:		
- audit of the financial records of the DDF	3,295	-
Accounting services provided by related entity of auditor, PKF Lawler Warburtons Pty Ltd		
- financial statements	3,750	-
- other services	1,665	-
<b>Total</b>	<u>8,710</u>	<u>-</u>

### 13 Contingencies

In the opinion of the Board, the Diocesan Development Fund did not have any contingencies at 30 June 2016 (30 June 2015:None).



## Notes to the Financial Statements

For the Year Ended 30 June 2016

### 14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Net profit attributable to members of the trust	41,577	879,873
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	400	100
- net (gain)/loss on sale of investments	1,900	(12)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(20,616)	(25,008)
- increase/(decrease) in trade and other payables	34,464	7,029
- increase/(decrease) in provisions	1,570	-
Cashflow from operations	<u>59,295</u>	<u>861,982</u>

## Statement by the Board

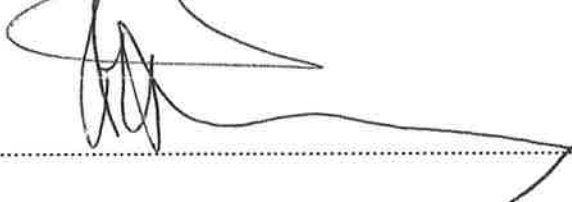
The Board has determined that the Diocesan Development Fund is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements and satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The Board declares that:

- the financial statements and notes, as set out on pages 3-15, present fairly the financial position as at 30 June 2016 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
- there are reasonable grounds to believe that the Diocesan Development Fund is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

This declaration is made in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013* and a resolution of the Board.

Board member.....  


Board member.....  


Dated this Eight day of September 2016



**Diocesan Development Fund**  
81 462 509 988

## **Independent Audit Report to the Members of Diocesan Development Fund**

### **Report on the Financial Report**

We have audited the accompanying financial report being a special purpose financial report, of Diocesan Development Fund, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the board.

#### *Directors' Responsibility for the Financial Report*

The Directors of the Diocesan Development Fund are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* (ACNC Act) and the needs of the members. The Directors responsibility also includes such internal controls as the management determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trust's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

PKF Lawler Warburtons  
Audit & Assurance Pty Ltd  
ABN 39 082 276 506  
Registered Auditor No:306435

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**Diocesan Development Fund**  
81 462 509 988

## Independent Audit Report to the Members of Diocesan Development Fund

### Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Diocesan Development Fund as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Diocesan Development Fund's financial position as at 30 June 2016 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Diocesan Development Fund to comply with the financial reporting provisions of Diocesan Development Fund Ordinance 2014. As a result, the financial report may not be suitable for another purpose.

PKF Lawler Warburtons Audit & Assurance Pty Ltd

Margaret van Aanholt

22-24 Bourke Street, Tamworth NSW

Dated this 9th day of September 2016

PKF Lawler Warburtons  
Audit & Assurance Pty Ltd  
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Registered Auditor No:306435

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