ANGLICAN DIOCESE OF MELBOURNE
ANGLICAN DEVELOPMENT FUND

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

ANGLICAN DIOCESE OF MELBOURNE
ANGLICAN DEVELOPMENT FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $	2015 $
Income			
Interest and distribution income	3	**2,316,431**	2,564,917
Other income	4	**155,123**	144,782
Net gain on investment property held at fair value	10	**-**	2,203,085
Total income		**2,471,554**	4,912,784
Expenses			
Interest paid		**(1,112,816)**	(1,356,833)
Depreciation expense		**(59,286)**	(85,481)
Loss on disposal of investment		**(225,921)**	-
Employee benefit expenses		**(290,546)**	(307,369)
Management fees		**(93,484)**	(91,520)
Other expenses		**(242,339)**	(262,346)
Total operating expenses		**(2,024,392)**	(2,103,549)
Surplus for the year		**447,162**	2,809,235
Other comprehensive income:			
(Decrease)/Increase in the fair value of available-for-sale financial assets	5	**346,787**	(540,400)
Total comprehensive income		**793,949**	2,268,835

* The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

ANGLICAN DIOCESE OF MELBOURNE
ANGLICAN DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**3,750,691**	5,990,089
Financial assets	8	**9,500,000**	-
Receivables	7	**232,364**	184,161
Total current assets		**13,483,055**	6,174,250
Non-current assets			
Financial assets	8	**7,923,566**	18,471,401
Receivables	9	**28,768,752**	28,460,246
Investment properties	10	**7,388,400**	7,435,600
Plant and equipment	11	**9,858**	21,944
Total non-current assets		**44,090,576**	54,389,191
Total assets		**57,573,631**	60,563,441
LIABILITIES			
Current liabilities			
Payables	12	**346,268**	430,612
Interest bearing liabilities	13	**49,212,984**	52,605,967
Provisions	14	**29,460**	40,412
Total current liabilities		**49,588,712**	53,076,991
Non-current liabilities			
Provisions	14	**13,245**	8,725
Total non-current liabilities		**13,245**	8,725
Total liabilities		**49,601,957**	53,085,716
Net assets		**7,971,674**	7,477,725
EQUITY			
Available-for-sale asset reserve		**76,804**	(269,983)
Accumulated surplus		**7,894,870**	7,747,708
Total equity		**7,971,674**	7,477,725

* The above statement of financial position should be read in conjunction with the accompanying notes

ANGLICAN DIOCESE OF MELBOURNE
ANGLICAN DEVELOPMENT FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated surplus $	Available-for-sale asset reserve $	Total equity $
Balance at 1 January 2015	5,188,473	270,417	5,458,890
Surplus for the year	2,809,235	-	2,809,235
Other comprehensive income:			
Decrease in fair value of available-for-sale financial assets	-	(540,400)	(540,400)
Total comprehensive income for the year	2,809,235	(540,400)	2,268,835
Transactions with owners in their capacity as owners:	-	-	-
Distributions paid	(250,000)	-	(250,000)
Balance at 31 December 2015	7,747,708	(269,983)	7,477,725
Balance at 1 January 2016	**7,747,708**	**(269,983)**	**7,477,725**
Surplus for the year	**447,162**	-	**447,162**
Other comprehensive income:			
Increase in fair value of available-for-sale financial assets	-	**346,787**	**346,787**
Total comprehensive income for the year	**447,162**	**346,787**	**793,949**
Transactions with owners in their capacity as owners:	-	-	-
Distributions paid	**(300,000)**	-	**(300,000)**
Balance at 31 December 2016	**7,894,870**	**76,804**	**7,971,674**

*The above statement of changes in equity should be read in conjunction with the accompanying notes

ANGLICAN DIOCESE OF MELBOURNE
ANGLICAN DEVELOPMENT FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from course of operations		**155,123**	144,782
Payments in course of operations		**(634,524)**	(685,796)
Interest received		**1,555,864**	1,702,707
Distributions received		**766,138**	1,066,449
Interest paid		**(1,249,211)**	(1,368,118)
Net cash inflow from operating activities	15	**593,390**	860,024
Cash flows from investing activities			
Payments for financial assets		**-**	(5,235,173)
Proceeds from sale of financial assets		**1,168,701**	-
Loan advances		**(4,417,264)**	(5,804,467)
Loan repayments received		**4,108,758**	7,270,017
Net cash (outflow)/ inflow from investing activities		**860,195**	(3,769,623)
Cash flows from financing activities			
Investments received		**13,510,612**	11,357,632
Withdrawals from accounts		**(16,903,595)**	(10,161,122)
Development grant paid		**(300,000)**	(250,000)
Net cash inflow from financing activities		**(3,692,983)**	946,510
Net (decrease)/ increase in cash and cash equivalents		**(2,239,398)**	(1,963,089)
Cash and cash equivalents at the beginning of the financial year		**5,990,089**	7,953,178
Cash and cash equivalents at the end of the year	6	**3,750,691**	5,990,089

*The above statement of cash flows should be read in conjunction with the accompanying notes

ANGLICAN DIOCESE OF MELBOURNE
ANGLICAN DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Anglican Development Fund ("the Fund") is a charitable trust of which Melbourne Anglican Trust Corporation (MATC) is the trustee. The principal activity of the Fund is to provide finance at a below market rate of interest for new vicarages, churches and associated facilities. The finance necessary for such loans is derived from investments, gifts and bequests from parishioners, parish councils and other church organisations.

The Fund is an approved fund as defined by the *Corporations Act 2001*. The Fund is not subject to the normal requirement to have a disclosure document or product disclosure statement and be registered or have a trust deed under the Corporations Act 2001(Cth). Neither the Fund or MATC is prudentially supervised by the Australian Prudential Regulation Authority (APRA). The Fund has an exemption from the Banking Act 1959(Cth) provided by APRA which expires in December 2017. APRA has indicated that this Exemption will subsequently be renewed, albeit with altered terms and conditions.

Basis of preparation

The Fund is not a reporting entity because, in the opinion of the Archbishop and Registrar, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared for the purpose of complying with the *Acts of Synod* and to meet requirements under the Australian Charities and Not-for-profits Commission Act 2012 and must not be used for any other purpose. The Finance Committee, under the responsibility of the Diocesan Council, and having regard to the views of the ADF Committee, has determined that the accounting policies adopted are appropriate.

This financial report has been prepared in accordance with the recognition and measurement requirements of all Accounting Standards, and in accordance with the disclosure requirements of Accounting Standards to the extent the Diocesan Council believe these disclosures provide meaningful information to users.

The financial statements are prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value. Unless otherwise stated the accounting policies are consistent with those of the previous year.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(a) Working capital

The Fund's balance sheet shows that current liabilities significantly exceed current assets at year-end. This position is common for institutions providing balance sheet based financial services. This results from the classification of all interest bearing liabilities as current in accordance with accounting standards. Approximately 10% of customer interest bearing liabilities have maturity dates beyond 12 months. The Diocesan Council believes, based on historic trends in the ADF balance sheet, that a significant majority of current liabilities are effectively long-term liabilities from a liquidity perspective, and accordingly, the Fund will be able to continue to pay its debts as and when they fall due. Additional information on liquidity risk management is outlined in Note 2 (c).

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major operational activities as follows:

(i) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

(ii) *Dividends*

Dividends and distributions are recognised as revenue when the right to payment is established.

(c) Receivables

Receivables are recognised initially at fair value and subsequently at amortised cost less provision for doubtful debts. Collectability of debtors is reviewed on an ongoing basis and debts known to be uncollectable are written off. An allowance for doubtful receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to their original terms of receivables. The amount of the provision is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes the investment in short-term, highly liquid Diocesan funds, which are readily convertible to known amounts of cash and are subject to an immaterial risk of changes in value.

(e) Property, plant and equipment

Plant and equipment are recognised at cost less accumulated depreciation.

Land is not depreciated. Depreciation is recognised on a straight-line basis over the useful lives to the Fund, as follows:

- Office equipment and furniture	5 years
- Computer equipment and software	3-5 years
- Leasehold improvements	5 years or the shorter of the unexpired portion of the lease
- Buildings	25 years

Depreciation rates are reviewed at least annually and, if necessary, adjusted so that they reflect the most recent adjustments in the useful lives of the respective assets. Depreciation charges are made from the time when a depreciable asset is put into use or held ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is the Fund policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(f) Investment property

Investment property represents various parcels of land and buildings principally held for investment purposes. Where investment property is acquired at no cost, the cost measurement at recognition is fair value at the date of acquisition. Subsequent to initial recognition investment properties are valued at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar lease arrangements.

(g) Investments and other financial assets

Classification

The Fund is required to classify its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinate payments that are not quoted in an active market. They arise when the Fund provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(g) Investments and other financial assets continued

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories.

Recognition and derecognition

Purchases and sales of investments are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Fair value

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

Impairment

The Fund assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. If such objective evidence exists the carrying value of the asset is written down to its recoverable amount. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(h) Payables

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

Liabilities for long service leave are recognised, and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national guaranteed securities with terms to match, as closely as possible, the estimated future cash outflows.

(j) Income tax

The Fund is an income tax exempt charitable organisation under Subdivision 50-B of the *Income Tax Assessment Act 1997*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(k) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied in the financial report. Management's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018)

The standard only permits the recognition of fair value gains and losses in other comprehensive income rather than through profit and loss, if they relate to equity investments that are not held for trading.

The Fund has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018. However, the fund does not currently hold any private equity investments so the impact is expected to be immaterial.

(l) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(m) Distributions

Discretionary payments to the Anglican Diocese of Melbourne are classified as "development grants" to reflect the nature of these payments.

(n) Comparative figures

Comparative figures, where appropriate, are reclassified so as to enhance comparability with figures presented in the current reporting period.

NOTE 2: FINANCIAL RISK MANAGEMENT

Risk management for the Fund is carried out by the Anglican Development Fund Committee as approved by the Diocesan Council. The Committee has written principles for overall risk management, as well as written policies covering specific areas, such as interest rate and credit risk. The Committee utilises the assistance of independent asset consultants.

The Fund does not have any direct investment. The policy of the Fund is to invest in Diocesan investment products. Through its investments in the Yield Fund and Cash Fund ('Anglican Funds') it is exposed to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest rate risk, the risks are detailed below:

(a) Market risk

(i) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund either as available-for-sale or fair value through profit or loss financial assets.

The Anglican Funds invests in underlying funds with portfolios consisting of conventional and hybrid interest bearing corporate securities. Consequently the Fund is indirectly exposed to credit risk associated with a debt issuer, and price risk as a consequence of interest rate and market risks arising either directly or as a result of movement in the value of the underlying common stock in the case of hybrid debt.

NOTE 2: FINANCIAL RISK MANAGEMENT CONTINUED

(a) Market risk continued

(ii) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Anglican Funds invests in international equities and, consequently the Fund is indirectly exposed to foreign exchange risk arising from currency exposures.

(b) Credit risk

Credit risk arises from cash and cash equivalents, available-for-sale financial assets and deposits with banks and financial institutions, as well as credit exposures to parishes, including outstanding receivables and committed transactions. The Fund only deals with credit worthy financial institutions. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Fund's Committee under the authority of the Diocesan Council. The utilisation of credit limits are regularly monitored by the management.

The Fund has no significant concentrations of credit risk. As previously noted, the Fund has policies in place to ensure that services that are made to parishes are of an appropriate credit quality. The available-for-sale financial assets represent internal investments in the Anglican Funds. The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets. The Fund has policies in place that limit the amount of credit exposure to each counterparty.

The Fund also maintains a capital adequacy ratio of 10% of risk weighted assets. The purpose is to recognise and maintain sufficient capital in relation to the size of each asset allocation to manage credit risk both directly and underlying in the Anglican Funds, as well as market risk and other risks inherent in these funds.

(c) Liquidity risk

The liquidity of the Fund is dependent on investors' funds being maintained.

The Fund manages its liquidity risk by application of a minimum liquidity ratio of 10% of customer investments being held in cash or cash equivalents. Additionally, if required, liquidity is available through redemption of non-cash investments held in Anglican Funds which can be completed within a 12 month period. A significant portion of non-cash investments held in Anglican Funds can be redeemed with 30 days' notice.

As at 31 December 2016, ADF was below the minimum liquidity ratio of 10%. However at the signing of these financials ADF has met the minimum requirement.

(d) Cash flow and fair value interest rate risk

Cash flow is the risk that the future cash flows derived from holding financial instruments will fluctuate. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The interest-rate risk in the Fund arises from long-term loans to parishes at fixed interest rates and interest bearing investments that can be called on demand or for fixed periods. Other investments, some of which are influenced by underlying market prices, have components of interest rate risk exposure. As the Fund is an investor in the Anglican Funds, the risks inherent in these funds are underlying risks to which the Fund is exposed.

The maturity gap between assets and liabilities is recognised.

A loan loss reserve is not maintained due to the unique relationship between lender and borrower, the nature of the underlying asset and that no losses have arisen since operations commenced in 1967.

Due to its investment in the Cash Fund, the Fund effectively holds interest-bearing assets. The Cash Fund's income and operating cash flows are dependent on changes in market interest rates as embodied in investments in the underlying funds. Due to its objectives it is the policy of the Cash Fund not to hedge these exposures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		$	$
NOTE 3: INTEREST AND DISTRIBUTION INCOME			
Interest from cash management accounts		**12,256**	40,963
Interest on loans		**1,543,608**	1,661,744
Distribution income - Yield Fund		**633,158**	646,388
Distribution income - Cash Fund		**127,409**	215,822
		2,316,431	2,564,917
NOTE 4: OTHER INCOME			
Rental income		**139,483**	133,415
Other income from continuing operations		**15,640**	11,367
		155,123	144,782
NOTE 5: NET GAIN / (LOSS) ON FINANCIAL ASSETS			
Fair value movements:			
Investment in Yield Fund		**346,787**	(540,400)
		346,787	(540,400)
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank	(i)	**(65,361)**	196,779
Investment in Cash Fund		**3,294,547**	5,375,142
Investment in Westpac Maxi Account		**521,505**	418,168
		3,750,691	5,990,089

(i) The Anglican Diocese of Melbourne maintains a central banking facility. Cash at bank represents Anglican Development Fund's share of this bank facility and may therefore be in a negative position depending on the flow of funds between entities within the group.

NOTE 7: RECEIVABLES (CURRENT)			
Other receivables		**232,364**	184,161

Other receivables primarily relate to accrued distribution income and investments with the Fund's clearing house.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $	2015 $
NOTE 8: FINANCIAL ASSETS			
Available for sale financial assets at fair value- unlisted funds:			
Current			
Units in Yield Fund	(i)	**9,500,000**	-
Non-current			
Units in Yield Fund	(ii)	**7,923,566**	18,471,401
		17,423,566	18,471,401

(i) There is an intention and ability to redeem these units within the next 12 months.

(ii) Whilst there is no intention to do so, the units held in the Yield Fund could be redeemed within 12 months.

NOTE 9: RECEIVABLES (NON-CURRENT)			
Loans			
Melbourne Anglican Trust Corporation		**7,955,701**	7,475,043
Anglican Diocesan Schools Commission		**7,359,314**	7,439,068
St John's, Cranbourne		**1,073,710**	1,162,979
Anglican Parish of Rowville and Ferntree Gully		**848,433**	879,431
St Thomas, Burwood		**814,635**	844,867
St John's, Highton		**538,458**	551,333
St John's, Camberwell		**447,270**	528,767
St John's, Diamond Creek		**434,882**	466,441
Christ Church, Brunswick		**425,110**	446,003
St Bartholomew's, Burnley		**410,291**	424,815
Other parishes		**7,331,914**	7,014,037
Melbourne Anglican Trust Corporation – Parish car loans	(ii)	**1,129,034**	1,019,760
Other Anglican entities		**-**	207,702
Total receivables	(i)	**28,768,752**	28,460,247

(i) Loans are provided to approximately 82 (2015: 98) parishes in the region and 3 (2015: 4) other corporate Anglican entities, with major loans disclosed above. Loans to parishes are provided for capital projects including new buildings, renovations, fittings, fixtures and equipment. The loans are provided with average interest rates ranging from 4.3% to 6.2% (2015: 4.4% to 6.0%) and loan terms have a range of terms depending on their purpose and the asset they have funded. Current loan terms vary from three to twenty five years, which is the greatest permitted by the ADF's Constitution. There are currently 222 loans outstanding.

(ii) In 2013, the Anglican Development Fund provided a loan to the Melbourne Anglican Trust Corporation for the purpose of acquiring the parish car loan book. Whilst the Melbourne Anglican Trust Corporation legally holds these loans, they are administered by the Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		$	$
NOTE 10: INVESTMENT PROPERTIES			
Fair Value at the beginning of the year		**7,435,600**	5,277,497
Revaluation	(i)	**-**	2,203,085
Depreciation charge		**(47,200)**	(44,982)
Balance at the end of the year		**7,388,400**	7,435,600

(i) In 2015, all investment properties with the exception of the property located at 10 Salina Walk Caroline Springs were revalued. The valuations were performed by Herron Todd White based upon the Direct Comparison Approach.

NOTE 11: PLANT & EQUIPMENT			
At cost		**694,692**	694,691
Less accumulated depreciation		**(684,834)**	(672,747)
Total plant & equipment		**9,858**	21,944
NOTE 12: PAYABLES			
Accrued interest		**271,300**	407,695
Other payables		**74,968**	22,917
		346,268	430,612

	Notes	2016	2015
		$	$
NOTE 13: INTEREST BEARING LIABILITIES			
Parish bonus investors		**3,616,527**	3,983,263
At call for individual investors		**8,423,969**	8,352,235
At call for Anglican organisations		**5,235,054**	4,350,345
At call for parish investors		**13,086,441**	18,282,160
Fixed term for individual investors		**9,704,788**	9,443,342
Fixed term for Anglican organisations		**1,552,214**	516,386
Fixed term for parish investors		**7,593,991**	7,678,236
		49,212,984	52,605,967

Parish bonus liability funds

Parish bonus liability funds are unsecured and repayable on demand. There is no fixed term. The funds bear annual floating interest rates of between 1.75% and 3.00% (2015: 2.25% to 2.50%)

At call liability funds

At call liability funds are unsecured and repayable on demand. There is no fixed term. The funds bear annual floating interest rates of between 1.50% and 2.45% (2015: 2.10% to 2.20%)

Fixed term liability funds

Fixed term liability funds are unsecured and repayable on maturity. The terms are fixed periods ranging from 3 months – 24 months. The funds bear annual fixed interest rates of between 2.20% and 2.50% (2015: 2.20% to 2.60%). Existing term investments entered into in earlier years, which still have a balance at year end, bear annual fixed interest rates up to 3.5%. The total value of fixed term liabilities were $5,097,742 (2015: $5,846,917) with staggered maturity dates over the next 24 months.

Guarantee by Melbourne Anglican Trust Corporation

In this Guarantee, the Council of the Diocese pledges all the assets of the Diocese of Melbourne to guarantee the obligations of the Melbourne Anglican Trust Corporation in relation to the Anglican Development Fund to investors in the Fund. This Guarantee was first made in October 2008 and was most recently renewed for three years in December 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 $	2015 $
NOTE 14: PROVISIONS			
Current			
Employee entitlement		**29,460**	40,412
Non-current			
Employee entitlement		**13,245**	8,725
NOTE 15: CASH FLOW INFORMATION			
Reconciliation of cash flows from operating activities with surplus for the year:			
Surplus for the year		**447,162**	2,809,235
Depreciation		**59,286**	85,481
Net (gain)/ loss on investment property at fair value		**-**	(2,203,085)
Loss on disposal of investments		**225,921**	-
Change in operating assets and liabilities:			
Increase/(Decrease) in receivables		**(48,203)**	177,890
Decrease in payables		**(84,344)**	(10,610)
Increase/(decrease) in provisions		**(6,432)**	1,113
Net cash inflow from operating activities		**593,390**	860,024

NOTE 16: CONTINGENCIES & COMMITMENTS

There were no contingencies or commitments as at 31 December 2016.

NOTE 17: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As defined by ASIC, ADF has a significant number non-associated retail investors. ASIC has changed the regulations governing this group. To retain these investors ADF will need to have obtained an AFS Licence by 1 January 2018, ADF intends to do this and is about to start the process to make an Application for this Licence.

NOTE 18: REGISTERED OFFICE DETAILS

The registered office of the Fund is:
209 Flinders Lane
Melbourne VIC 3000

ANGLICAN DIOCESE OF MELBOURNE
ANGLICAN DEVELOPMENT FUND

STATEMENT BY THE ARCHBISHOP AND REGISTRAR

As stated in Note 1 to the financial statements, in our opinion, the Fund is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report.

In our opinion the financial statements of the Fund present fairly, as required by the *Acts of Synod* and under the Australian Charities and Not-for-profits Commission Act 2012, the financial position of the Fund as at 31 December 2016 and its performance for the year ended on that date in accordance with Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013 and other mandatory financial reporting requirements in Australia to the extent described in Note 1 to the financial statements.

In our 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.

The Most Reverend Dr Philip Freier
Archbishop of the Diocese of Melbourne

Melbourne
Date: July 2017
31 August

Ken Spackman
Registrar/General Manager Business Services

Melbourne
Date: July 2017
31 August

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INDEPENDENT AUDITOR'S REPORT TO THE DIOCESAN COUNCIL

Auditor's Opinion

We have audited the financial report of Anglican Diocese of Melbourne Anglican Development Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2016, and 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, and notes comprising to the financial statements, including a summary of significant accounting policies and the statement by the Archbishop and Registrar.

In our opinion, the accompanying financial report of Anglican Diocese of Melbourne Anglican Development Fund presents fairly, in all material respects, the Fund's financial position as at 31 December 2016 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and with the Australian Charities and Not-for-profits Commission Act 2012.

Basis for Auditor's 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 Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code), and the Australian Charities and Not-for-profits Commission Act 2012 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 audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial report has been prepared for the purpose of fulfilling the Council's financial reporting requirements under the *Acts of Synod* and under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion has not been modified in respect of this matter.

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Responsibility of the Council for the Financial Report

The Diocesan Council ('the Council') is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the Council under the *Acts of Synod* and of the Australian Charities and Not-for-profits Commission Act 2012 and are appropriate to meet the needs of the Council. This responsibility includes such internal controls as the Council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The council authorise these responsibilities to the ADF Committee.

In preparing the financial report, the Council is responsible for assessing the Fund'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 intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner
Melbourne, 31st August 2017