

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Financial Statements

For the Year Ended 31 December 2021

Townsville Diocesan Development Fund

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Contents

For the Year Ended 31 December 2021

	Page
Financial Statements	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by Members of the Board	14
Independent Audit Report	15

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2021

		2021	2020
	Note	\$	\$
Revenue and other income	4	2,848,706	3,579,487
Employee benefits expense		(198,278)	(171,976)
Depreciation		(18,007)	(8,570)
Other expenses	5	(157,701)	(181,328)
Interest expense		(268,623)	(1,137,041)
Profit before income tax		2,206,097	2,080,572
Income tax expense	2(b)	-	-
Profit for the year		2,206,097	2,080,572
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		2,206,097	2,080,572

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Statement of Financial Position

As At 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	5,639,850	8,214,198
Trade and other receivables	7	115,091	92,776
Other financial assets	8	79,584,068	75,615,129
Loans and advances	9	6,281,176	5,687,046
TOTAL CURRENT ASSETS		91,620,185	89,609,149
NON-CURRENT ASSETS			
Other financial assets	8	1,000,000	239,011
Loans and advances	9	52,498,043	43,368,506
Property, plant and equipment	10	26,611	44,617
TOTAL NON-CURRENT ASSETS		53,524,654	43,652,134
TOTAL ASSETS		145,144,839	133,261,283
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	51,011	543,439
Employee benefits	13	18,549	31,179
Other liabilities	12	135,744,488	123,855,115
TOTAL CURRENT LIABILITIES		135,814,048	124,429,733
NON-CURRENT LIABILITIES			
Employee benefits	13	7,342	10,197
TOTAL NON-CURRENT LIABILITIES		7,342	10,197
TOTAL LIABILITIES		135,821,390	124,439,930
NET ASSETS		9,323,449	8,821,353
EQUITY			
Retained earnings		9,323,449	8,821,353
TOTAL EQUITY		9,323,449	8,821,353

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Statement of Changes in Equity For the Year Ended 31 December 2021

2021

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2021	8,821,353	8,821,353
Profit for the year	2,206,097	2,206,097
Distributions to RCTC	(1,704,000)	(1,704,000)
Balance at 31 December 2021	9,323,449	9,323,449

2020

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2020	8,807,781	8,807,781
Profit for the year	2,080,572	2,080,572
Distributions to RCTC	(2,067,000)	(2,067,000)
Balance at 31 December 2020	8,821,353	8,821,353

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Statement of Cash Flows

For the Year Ended 31 December 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(401,418)	(687,513)
Interest received		2,831,381	3,566,332
Interest paid		(736,089)	(1,137,041)
Other receipts		-	226,892
Net cash provided by/(used in) operating activities		<u>1,693,874</u>	<u>1,968,670</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	25,455
Purchase of property, plant and equipment		-	(44,994)
Movements in depositors		11,889,373	8,825,603
Movements in commercial investments		(5,980,711)	(7,439,802)
Movements in loans to parishes, schools and institutions		(8,472,884)	(4,496,625)
Net cash provided by/(used in) investing activities		<u>(2,564,222)</u>	<u>(3,130,363)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions to RCTC		(1,704,000)	(2,067,000)
Net cash provided by/(used in) financing activities		<u>(1,704,000)</u>	<u>(2,067,000)</u>
Net increase/(decrease) in cash and cash equivalents held		(2,574,348)	(3,228,693)
Cash and cash equivalents at beginning of year		<u>8,214,198</u>	<u>11,442,891</u>
Cash and cash equivalents at end of financial year	6	<u><u>5,639,850</u></u>	<u><u>8,214,198</u></u>

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Notes to the Financial Statements For the Year Ended 31 December 2021

The financial report covers Townsville Diocesan Development Fund as an individual entity. Townsville Diocesan Development Fund is a not-for-profit Entity, registered and domiciled in Australia.

The Townsville Diocesan Development Fund is a part of the Roman Catholic Trust Corporation for the Diocese of Townsville (RCTC). The RCTC is a body corporate that was established by letters patent issued under the Religious Educational and Charitable Institutions (RECI) Act 1861. Letters patent under the repealed RECI Act are continued in force under the Associations Incorporation Act 1981, section 144.

The mandate of the Townsville Diocesan Development Fund is to be the provider of loans and facilitate banking services within the Catholic Diocese of Townsville. In addition, the Townsville Diocesan Development Fund will make annual contributions to the RCTC to assist in funding the activities of the Catholic Diocese of Townsville.

The functional and presentation currency of Townsville Diocesan Development Fund is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of those charged with governance, the Entity is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared for the sole purpose of distribution to the Bishop of Townsville to fulfil financial reporting requirements under Canon Law and ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813, and must not be used for any other purpose.

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) Revenue and other income

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Entity are:

Interest Income

Interest income is recognised as revenue using the effective interest method. This is a method that is used in the calculation of the amortised cost of a financial asset and in the allocation and recognition of the interest revenue in profit or loss over the relevant period using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Other income

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

(b) Income Tax

The RCTC is registered with the Australian Charities and Not-for-profits Commission as a charity and is exempt from income tax. Accordingly, the Townsville Diocesan Development Fund is exempt from income tax.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(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 payable are stated inclusive of GST.

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) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

(e) Financial instruments

Financial instruments are recognised initially on the date that the Entity 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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Entity classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Entity changes its business model for managing financial assets. All of the Entity's financial assets fall within the amortised cost category.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Entity's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Entity's historical experience and informed credit assessment and including forward looking information.

The Entity uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Entity uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Entity in full, without recourse to the Entity to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Credit losses are measured as the present value of the difference between the cash flows due to the Entity in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Entity has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Entity renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Entity measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Entity comprise trade payables, bank and other loans and depositor liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Entity determines whether there is an evidence of an impairment indicator for 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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(f) Impairment of non-financial assets

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.

(g) 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.

(h) Leases

The Entity pays a rental contribution to RCTC for the use of office space which is considered a perpetual arrangement and not a lease for the purposes of AASB 16. The rental contributions are expensed on a straight-line basis in the statement of profit or loss and other comprehensive income.

Exceptions to lease accounting

The Entity has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Entity recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Employee benefits

Provision is made for the Entity'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.

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Going Concern

At 31 December 2021, the Entity has an excess of current liabilities over current assets of \$44,193,863 (2020: \$34,820,584) primarily due to customer funds of \$135,744,488 (2020: \$123,855,115) (refer Note 12) being classified as current liabilities as they are repayable on demand. A working capital deficiency is considered normal for the Entity as it arises due to the Entity's business model of borrowing on a short term basis (creating current liabilities) and lending on a longer term basis (creating non-current assets). The Entity does not consider the deficiency is indicative of any concerns in respect of its ability to pay its debts as and when they fall due as it is highly unlikely that all customer funds will be required to be repaid in the next 12 months from the date of this report.

4 Revenue and Other Income

	2021	2020
	\$	\$
Interest income	2,848,706	3,566,332
Sundry income	-	13,155
	<u>2,848,706</u>	<u>3,579,487</u>

5 Other Expenses

	2021	2020
	\$	\$
Auditors remuneration	11,300	11,200
Bank charges	12,289	13,291
Motor vehicle expenses	7,232	8,079
Planned Giving Envelopes	19,416	18,704
Rent expense	21,612	21,612
Software expenses	75,620	97,831
Sundry expenses	10,232	10,611
	<u>157,701</u>	<u>181,328</u>

6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	5,639,850	8,214,198
	<u>5,639,850</u>	<u>8,214,198</u>

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Notes to the Financial Statements For the Year Ended 31 December 2021

7 Trade and other receivables

	2021	2020
	\$	\$
CURRENT		
Interest receivable	110,258	92,933
Prepayments	4,833	(157)
Total current trade and other receivables	115,091	92,776

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 fair value of each class of receivable in the financial statements.

8 Other Financial Assets

	2021	2020
	\$	\$
CURRENT		
Short term investments	79,584,068	75,615,129
	79,584,068	75,615,129
NON-CURRENT		
Long term investments	1,000,000	239,011
	1,000,000	239,011

9 Loans and Advances

	2021	2020
	\$	\$
CURRENT		
Loans to Parishes, Schools and Institutions	6,281,176	5,687,046
	6,281,176	5,687,046
NON-CURRENT		
Loans to Parishes, Schools and Institutions	52,498,043	43,368,506
	52,498,043	43,368,506

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Notes to the Financial Statements For the Year Ended 31 December 2021

10 Property, plant and equipment

	2021 \$	2020 \$
Furniture, fixtures and fittings		
At cost	-	10,373
Accumulated depreciation	-	(8,027)
Total furniture, fixtures and fittings	-	2,346
Motor vehicles		
At cost	44,899	44,899
Accumulated depreciation	(18,288)	(4,295)
Total motor vehicles	26,611	40,604
Computer software		
At cost	-	121,873
Accumulated depreciation	-	(120,206)
Total computer software	-	1,667
Total property, plant and equipment	26,611	44,617

11 Trade and Other Payables

	2021 \$	2020 \$
CURRENT		
Accrued expenses	8,652	43,592
Interest payable	30,841	498,307
Other payables	11,517	1,540
	51,011	543,439

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Other Liabilities

	2021 \$	2020 \$
CURRENT		
Depositors	135,744,488	123,855,115
	135,744,488	123,855,115

The above liability represents customer savings bank accounts and fixed term deposits.

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Employee Benefits

	2021	2020
	\$	\$
Current liabilities		
Provision for long service leave	-	5,483
Provision for annual leave	18,549	25,696
	<u>18,549</u>	<u>31,179</u>
	2021	2020
	\$	\$
Non-current liabilities		
Provision for long service leave	7,342	10,197
	<u>7,342</u>	<u>10,197</u>

14 Contingencies

In the opinion of those charged with governance, the Entity did not have any contingencies at 31 December 2021 (31 December 2020: None) other than the below.

At the reporting date, the approved but undrawn loan facilities of customers totalled \$13,878,894.

15 Events Occurring After the Reporting Date

The financial report was authorised for issue on the date that the Statement by Members of the Board was signed by the board members.

Other than the below, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial years.

The Entity has entered into a put and call option to acquire the property located at 514 Sturt Street Townsville Qld 4810. The purchase price is \$2,750,000 on a going concern basis with settlement to be after 1 July 2022.

16 Statutory Information

The registered office and principal place of business of the Entity is:
Townsville Diocesan Development Fund
270 Stanley Street
Townsville Qld 4810

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Statement by Members of the Board

The Board has determined that the Entity is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting standards outlined in Note 1 to the financial statements.

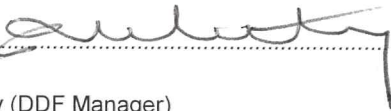
In the opinion of the Board:

- there are reasonable grounds to believe that the Entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes present fairly the financial position of the Entity and its performance for the year ended 31 December 2021.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



T Fanning (DDF Chairman)



B Witty (DDF Manager)



Bishop Tim Harris

Dated 8/3/2022



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INDEPENDENT AUDITOR'S REPORT

TO THE BISHOP OF THE CATHOLIC DIOCESE OF TOWNSVILLE
TOWNSVILLE DIOCESAN DEVELOPMENT FUND
FOR THE YEAR ENDED 31 DECEMBER 2021

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Townsville Diocesan Development Fund (the Entity), which comprises the statement of financial position as at 31 December 2021, 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 to the financial statements, including a summary of significant accounting policies, and the statement by members of the board.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with Sections 15 and 16 of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 and the Australian Accounting Standards to the extent described in Note 1 to the financial report.

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 ethical 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to fulfil the financial reporting requirements under Canon Law and to meet the requirements of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



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Responsibilities of the Board for the Financial Report

The Board of the Entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards to the extent described in Note 1 of the financial report, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

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 website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Jessups

Paul Sapelli
Partner

Level 1, 211 Sturt Street, Townsville, QLD 4810

Dated: 8 March 2022