Townsville Diocesan Development Fund

Financial Statements

For the Year Ended 31 December 2018

Townsville Diocesan Development Fund

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For the Year Ended 31 December 2018

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Townsville Diocesan Development Fund

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

	2018	2017
	$	$
Interest received	**4,796,593**	4,540,184
Rental income	**238**	64
Interest expense	**(2,086,531)**	(1,974,146)
Employee benefits expense	**(144,383)**	(188,232)
Depreciation expense	**(7,656)**	(9,095)
Operating expenses	**(193,433)**	(216,830)
Profit for the year	**2,364,828**	2,151,945
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**2,364,828**	2,151,945

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

Statement of Financial Position

As At 31 December 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**4,385,704**	4,198,483
Trade and other receivables	3	**550,372**	647,084
Short term investments		**60,562,166**	58,978,467
Loans to parishes, schools and institutions		**5,248,501**	5,661,332
TOTAL CURRENT ASSETS		**70,746,743**	69,485,366
NON-CURRENT ASSETS			
Long term investments		**3,000,000**	3,000,000
Loans to parishes, schools and institutions		**41,958,771**	39,603,258
Property, plant and equipment	4	**25,241**	32,897
TOTAL NON-CURRENT ASSETS		**44,984,012**	42,636,155
TOTAL ASSETS		**115,730,755**	112,121,521
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	**783,176**	438,755
Depositors		**106,326,887**	103,430,523
Employee benefits	6	**21,672**	19,252
TOTAL CURRENT LIABILITIES		**107,131,735**	103,888,529
NON-CURRENT LIABILITIES			
Employee benefits	6	**5,367**	4,167
TOTAL NON-CURRENT LIABILITIES		**5,367**	4,167
TOTAL LIABILITIES		**107,137,102**	103,892,696
NET ASSETS		**8,593,653**	8,228,825
EQUITY			
Retained earnings		**8,228,825**	7,876,880
Profit for the year		**2,364,828**	2,151,945
Distribution to Diocese		**(2,000,000)**	(1,800,000)
TOTAL EQUITY		**8,593,653**	8,228,825

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

Statement of Changes in Equity

For the Year Ended 31 December 2018

2018

	Retained Earnings $	Total $
Balance at 1 January 2018	**8,228,825**	**8,228,825**
Total comprehensive income for the period	**2,364,828**	**2,364,828**
Distribution to Diocese	**(2,000,000)**	**(2,000,000)**
Balance at 31 December 2018	**8,593,653**	**8,593,653**

2017

	Retained Earnings $	Total $
Balance at 1 January 2017	7,876,880	7,876,880
Total comprehensive income for the period	2,151,945	2,151,945
Distribution to Diocese	(1,800,000)	(1,800,000)
Balance at 31 December 2017	8,228,825	8,228,825

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

Statement of Cash Flows

For the Year Ended 31 December 2018

	2018	2017
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	**4,796,740**	4,540,184
Interest paid	**(2,086,531)**	(1,974,146)
Other receipts	**96,803**	102,154
Payments to suppliers and employees	**10,227**	(348,009)
Net cash provided by operating activities	**2,817,239**	2,320,183
CASH FLOWS FROM INVESTING ACTIVITIES:		
Movement in depositors	**2,896,364**	11,647,475
Movement in commercial investments	**(1,601,357)**	(13,005,415)
Movement in investments to parishes, schools and institutions	**(1,925,025)**	983,152
Net cash provided by/(used in) investing activities	**(630,018)**	(374,788)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distribution to Diocese	**(2,000,000)**	(1,800,000)
Net cash used in financing activities	**(2,000,000)**	(1,800,000)
Net increase/(decrease) in cash and cash equivalents held	**187,221**	145,395
Cash and cash equivalents at beginning of year	**4,198,483**	4,053,088
Cash and cash equivalents at end of financial year	**4,385,704**	4,198,483

The accompanying notes form part of these financial statements.

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

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Board.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The Board have determined that the Diocese is not a reporting entity because there are no users dependent on general purpose financial statements. The Board have determined that the accounting policies adopted are appropriate to meet the needs of the members. The financial statements include only the disclosure requirements of the following Australian Accounting standards: AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretations of Standards* and AASB 1054 *Australian Additional Disclosures*. The financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*.

The financial report is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted in the preparation of this financial report are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(b) Adoption of new and revised accounting standards

The Diocese has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the organisation.

The following Accounting Standards and Interpretations are most relevant to the organisation:

AASB 9 Financial Instruments

The Diocese has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets and introduced an 'expected credit loss' model for the impairment of financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. The business model of the Diocese fits this classification and measurement criteria on the basis that they do not intend to sell their financial assets, and as such, have recognised their financial assets at amortised cost. As a result, there has been no impact to the financial statements upon adoption of AASB 9.

(c) 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 entity 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).

Interest revenue

Interest is recognised using the effective interest method.

1 Summary of Significant Accounting Policies

(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.

(e) Income Tax

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

(f) 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.

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Diocese becomes party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Financial Assets

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

- loans to parishes, schools and institutions ; and
- short and long term 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 of the financial instruments held by the Diocese are measured at amortised cost. These assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in interest received using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

Loans to parishes, schools and institutions

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost. They arise when cash is advanced to a customer. Loans are

1 Summary of Significant Accounting Policies

(g) Financial instruments

subject to an impairment assessment to determine if there is any objective evidence that any loan is impaired at balance date. For impairment purposes, the expected credit losses approach is utilised. There are no loans which are considered impaired at balance date.

Short and long term investments

These are made up principally of term deposits. These investments have fixed maturities, and it is the intention to hold these investments to maturity. These assets are stated at amortised cost using the effective interest method. They are included in current and non-current assets where they are expected to mature later than 12 months after the end of the reporting period. :

Financial liabilities

Non-derivative financial liabilities, which include customer deposits, are measured at amortised cost using the effective interest method.

Impairment of financial assets

At the end of the reporting period the Diocese assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(h) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Organisation's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Organisation's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

2 Critical Accounting Estimates and Judgments

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. There are no significant estimates or judgements that have a material impact on the financial statements.

3 Trade and Other Receivables

	2018 $	2017 $
GST receivable	**1,456**	-
Interest receivable	**548,329**	646,895

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

3 Trade and Other Receivables

	2018 $	2017 $
Prepayments	**587**	189
Total trade and other receivables	**550,372**	647,084

4 Property, plant and equipment

	2018 $	2017 $
Furniture, fixtures and fittings		
At cost	**9,118**	9,118
Accumulated depreciation	**(6,508)**	(5,851)
Total furniture, fixtures and fittings	**2,610**	3,267
Motor vehicles		
At cost	**38,262**	38,262
Accumulated depreciation	**(18,077)**	(11,690)
Total motor vehicles	**20,185**	26,572
Computer software		
At cost	**121,873**	121,873
Accumulated depreciation	**(119,427)**	(118,815)
Total computer software	**2,446**	3,058
Total property, plant and equipment	**25,241**	32,897

5 Trade and Other Payables

	2018 $	2017 $
Accrued expenses	**18,463**	25,971
GST payable	**-**	153
Interest payable	**683,116**	405,974
Other payables	**81,597**	6,657
Total trade and other payables	**783,176**	438,755

6 Employee Benefits

	2018 $	2017 $
Current liabilities		
Long service leave	**8,535**	9,271
Annual leave	**13,137**	9,981
	21,672	19,252

Non-current liabilities

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

6 Employee Benefits

Long service leave	**5,367**	4,167
	5,367	4,167

7 Contingencies

In the opinion of the Board, the Diocese did not have any contingencies at 31 December 2018 (31 December 2017:None).

8 Commitments

In the opinion of the Board, the diocese did not have any commitments for expenditure as at 31 December 2018 (31 December 2017:None).

Townsville Diocesan Development Fund

Statement by Members of the Board

The Board has determined that the organisation 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.

In the opinion of the Board, the financial report:

(a) Presents fairly the financial position of the Townsville Diocesan Development Fund and its performance for the period ended 31 December 2018, and

(b) At the date of this statement, there are reasonable grounds to believe the Townsville Diocesan Development Fund will be able to pay its debts as and when they fall due.

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)

Dated 8 april 2019

Crowe Horwath
Crowe Horwath Australasia
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Townsville Diocesan Development Fund
Independent Auditor's Report to the Members of Townsville Diocesan Development Fund

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 2018, 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 of the Entity is 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 Entity's financial position as at 31 December 2018 and of its financial performance and cash flows for the year then ended; and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 for the purpose of fulfilling the members of the board's financial reporting responsibilities 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 is not modified in respect of this matter.

Responsibilities of the Members of the Board for the Financial Report

The members of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the members of the Board determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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Townsville Diocesan Development Fund

Independent Auditor's Report to the Members of Townsville Diocesan Development Fund (Cont.)

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.

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 those charged with governance.

- Conclude on the appropriateness of those charged with governance'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 the 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 the audit.

Crowe Horwath NQ

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Mark Andrejic
Partner
Townsville, 17 / 04 / 2019.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity,Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Horwath external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.