

Townsville Diocesan Development Fund

Financial Statements

For the Year Ended 31 December 2019

Townsville Diocesan Development Fund

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For the Year Ended 31 December 2019

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Townsville Diocesan Development Fund

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

	2019	2018
	\$	\$
Interest received	4,632,419	4,796,593
Rental income	343	238
Interest expense	(1,985,170)	(2,086,531)
Employee benefits expense	(156,370)	(144,383)
Depreciation expense	(5,979)	(7,656)
Operating expenses	(204,115)	(193,433)
Profit for the year	2,281,128	2,364,828
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,281,128	2,364,828

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

Statement of Financial Position

As At 31 December 2019

	2019	2018
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	11,442,891	4,385,704
Trade and other receivables	3	550,372
Short term investments	65,211,648	60,562,166
Loans to parishes, schools and institutions	5,903,483	5,248,501
TOTAL CURRENT ASSETS	82,877,665	70,746,743
NON-CURRENT ASSETS		
Long term investments	3,000,000	3,000,000
Loans to parishes, schools and institutions	38,858,132	41,958,771
Property, plant and equipment	4	25,241
TOTAL NON-CURRENT ASSETS	41,878,649	44,984,012
TOTAL ASSETS	124,756,314	115,730,755
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	5	783,176
Depositors	115,029,510	106,326,887
Employee benefits	6	21,672
TOTAL CURRENT LIABILITIES	115,937,181	107,131,735
NON-CURRENT LIABILITIES		
Employee benefits	6	5,367
TOTAL NON-CURRENT LIABILITIES	11,352	5,367
TOTAL LIABILITIES	115,948,533	107,137,102
NET ASSETS	8,807,781	8,593,653
EQUITY		
Retained earnings	8,593,653	8,228,825
Profit for the year	2,281,128	2,364,828
Distribution to Diocese	(2,067,000)	(2,000,000)
TOTAL EQUITY	8,807,781	8,593,653

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

Statement of Changes in Equity
For the Year Ended 31 December 2019

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2019	8,593,653	8,593,653
Total comprehensive income for the year	2,281,128	2,281,128
Distribution to Diocese	(2,067,000)	(2,067,000)
Balance at 31 December 2019	8,807,781	8,807,781

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2018	8,228,825	8,228,825
Total comprehensive income for the year	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

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	4,632,419	4,796,740
Interest paid	(1,985,170)	(2,086,531)
Other receipts	231,072	96,803
Payments to suppliers and employees	(251,679)	10,227
Net cash provided by operating activities	<u>2,626,642</u>	<u>2,817,239</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Movement in depositors	2,475,087	2,896,364
Movement in commercial investments	(4,678,912)	(1,601,357)
Movement in investments to parishes, schools and institutions	8,702,625	(1,925,025)
Purchases of property, plant and equipment	(1,255)	-
Net cash provided by/(used in) investing activities	<u>6,497,545</u>	<u>(630,018)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distribution to Diocese	(2,067,000)	(2,000,000)
Net cash provided by/(used in) financing activities	<u>(2,067,000)</u>	<u>(2,000,000)</u>
Net increase/(decrease) in cash and cash equivalents held	7,057,187	187,221
Cash and cash equivalents at beginning of year	4,385,704	4,198,483
Cash and cash equivalents at end of financial year	<u>11,442,891</u>	<u>4,385,704</u>

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

Notes to the Financial Statements

For the Year Ended 31 December 2019

The financial report covers Townsville Diocesan Development Fund as an individual entity. The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Board.

1 Significant Accounting Policies

(a) Basis of preparation

In the opinion of the Board the Diocese 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 to meet the needs of the members.

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*. The financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Adoption of new and revised accounting standards

The Diocese has adopted all standards which became effective for the first time at 31 December 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Diocese.

(c) Revenue and other income

The Diocese recognises revenue as follows:

Interest received

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Income Tax

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

(e) 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.

Townsville Diocesan Development Fund

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Significant Accounting Policies

(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 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.

(g) Financial instruments

Financial instruments are recognised initially on the date that the Diocese becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

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.

All of the financial instruments held by the Diocese are measured at amortised cost. These assets are held for the 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.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Diocese 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 Diocese's historical experience and informed credit assessment and including forward looking information.

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.

Townsville Diocesan Development Fund

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Trade and Other Receivables

	2019	2018
	\$	\$
Interest receivable	318,512	548,329
GST receivable	1,288	1,456
Prepayments	(157)	587
Total trade and other receivables	319,643	550,372

4 Property, plant and equipment

	2019	2018
	\$	\$
Furniture, fixtures and fittings		
At cost	10,373	9,118
Accumulated depreciation	(7,350)	(6,508)
Total furniture, fixtures and fittings	3,023	2,610
Motor vehicles		
At cost	38,262	38,262
Accumulated depreciation	(22,789)	(18,077)
Total motor vehicles	15,473	20,185
Computer software		
At cost	121,873	121,873
Accumulated depreciation	(119,852)	(119,427)
Total computer software	2,021	2,446
Total property, plant and equipment	20,517	25,241

5 Trade and Other Payables

	2019	2018
	\$	\$
Accrued expenses	20,751	18,463
Interest payable	836,857	683,116
Other payables	27,315	81,597
	884,923	783,176

Townsville Diocesan Development Fund

Notes to the Financial Statements For the Year Ended 31 December 2019

6 Employee Benefits

	2019	2018
	\$	\$
<i>Current liabilities</i>		
Long service leave	9,196	8,535
Annual leave	13,552	13,137
	<u>22,748</u>	<u>21,672</u>
<i>Non-current liabilities</i>		
Long service leave	11,352	5,367
	<u>11,352</u>	<u>5,367</u>

7 Contingencies

In the opinion of the Board, the Diocese did not have any contingencies at 31 December 2019 (31 December 2018: None).

8 Commitments

In the opinion of the Board, the Diocese did not have any commitments for expenditure as at 31 December 2019 (31 December 2018: None).

Townsville Diocesan Development Fund

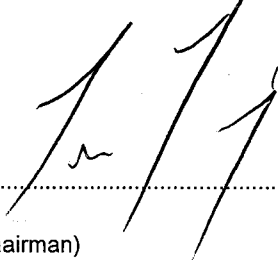
Statement by Members of the Board

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.

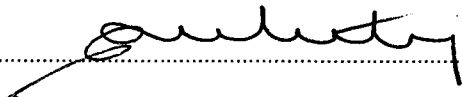
In the opinion of the Board:

- 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 Townsville Diocesan Development Fund and its performance for the period ended 31 December 2019.

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 this 14th day of March 2020

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 2019, 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 2019 and of its financial performance and cash flows for the year then ended; 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 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.

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 Audit Australia

Crowe Audit Australia



Mark Andrejic

Partner

Townsville, 10 / 03 / 2020