

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Financial Statements

For the Year Ended 31 December 2022

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Contents

For the Year Ended 31 December 2022

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Townsville Diocesan Development Fund

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2022

		2022	2021
	Note	\$	\$
Revenue and other income	4	4,884,439	2,848,706
Employee benefits expense		(261,699)	(198,278)
Depreciation		(38,883)	(18,007)
Other expenses	5	(213,588)	(157,701)
Interest expense		(230,555)	(268,623)
Profit before income tax		4,139,714	2,206,097
Income tax expense	2(b)	-	-
Profit for the year		4,139,714	2,206,097
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		4,139,714	2,206,097

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 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	11,422,647	5,639,850
Trade and other receivables	7	510,253	115,091
Other financial assets	8	85,461,230	79,584,068
Loans and advances	9	6,410,073	6,281,176
TOTAL CURRENT ASSETS		103,804,203	91,620,185
NON-CURRENT ASSETS			
Other financial assets	8	2,000,000	1,000,000
Loans and advances	9	60,001,583	52,498,043
Property, plant and equipment	10	61,684	26,611
Investment properties	11	2,918,392	-
TOTAL NON-CURRENT ASSETS		64,981,659	53,524,654
TOTAL ASSETS		168,785,862	145,144,839
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	154,969	51,011
Employee benefits	14	30,649	18,549
Other liabilities	13	156,741,473	135,744,488
TOTAL CURRENT LIABILITIES		156,927,091	135,814,048
NON-CURRENT LIABILITIES			
Employee benefits	14	15,606	7,342
TOTAL NON-CURRENT LIABILITIES		15,606	7,342
TOTAL LIABILITIES		156,942,697	135,821,390
NET ASSETS		11,843,165	9,323,449
EQUITY			
Retained earnings		11,843,165	9,323,449
TOTAL EQUITY		11,843,165	9,323,449

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 2022

2022

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2022	9,323,449	9,323,449
Profit for the year	4,139,714	4,139,714
Distributions to RCTC	(1,620,000)	(1,620,000)
Balance at 31 December 2022	11,843,165	11,843,165

2021

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2021	8,821,352	8,821,352
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

The accompanying notes form part of these financial statements.

Townsville Diocesan Development Fund

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Statement of Cash Flows For the Year Ended 31 December 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	54,671	-
Payments to suppliers and employees	(394,312)	(401,418)
Interest received	4,474,993	2,831,381
Interest paid	(227,593)	(736,089)
Net cash provided by/(used in) operating activities	<u>3,907,759</u>	<u>1,693,874</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(2,992,348)	-
Movements in depositors	20,996,985	11,889,373
Movements in commercial investments	(6,877,162)	(5,980,711)
Movements in loans to parishes, schools and institutions	(7,632,437)	(8,472,884)
Net cash provided by/(used in) investing activities	<u>3,495,038</u>	<u>(2,564,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to RCTC	(1,620,000)	(1,704,000)
Net cash provided by/(used in) financing activities	<u>(1,620,000)</u>	<u>(1,704,000)</u>
Net increase/(decrease) in cash and cash equivalents held	5,782,797	(2,574,348)
Cash and cash equivalents at beginning of year	<u>5,639,850</u>	<u>8,214,198</u>
Cash and cash equivalents at end of financial year	6 <u><u>11,422,647</u></u>	<u><u>5,639,850</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 2022

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 2022

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) Investment property

Investment property is held at cost which includes expenditure that is directly attributable to the acquisition of the investment property. The investment properties are depreciated on a straight line basis over their useful life.

(f) 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

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

- 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)

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

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.

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.

(g) 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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

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.

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.

(h) 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.

(i) 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.

(j) 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 2022

3 Going Concern

At 31 December 2022, the Entity has an excess of current liabilities over current assets of \$53,122,888 (2021: \$44,193,863) primarily due to customer funds of \$156,741,473 (2021: \$135,744,488) (refer Note 13) 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

	2022	2021
	\$	\$
Interest income	4,805,562	2,848,706
Rental income	78,877	-
	<u>4,884,439</u>	<u>2,848,706</u>

5 Other Expenses

	2022	2021
	\$	\$
Auditors remuneration	19,000	11,300
Bank charges	9,543	12,289
Motor vehicle expenses	7,997	7,232
Planned Giving Envelopes	18,370	19,416
Rent expense	22,716	21,612
Software expenses	99,929	75,620
Sundry expenses	36,033	10,232
	<u>213,588</u>	<u>157,701</u>

6 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	11,422,647	5,639,850
	<u>11,422,647</u>	<u>5,639,850</u>

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Notes to the Financial Statements For the Year Ended 31 December 2022

7 Trade and other receivables

	2022	2021
	\$	\$
CURRENT		
Interest receivable	440,827	110,258
Prepayments	40,000	4,833
Other receivables	29,426	-
	<u>510,253</u>	<u>115,091</u>

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

	2022	2021
	\$	\$
CURRENT		
Short term investments	85,461,230	79,584,068
	<u>85,461,230</u>	<u>79,584,068</u>
NON-CURRENT		
Long term investments	2,000,000	1,000,000
	<u>2,000,000</u>	<u>1,000,000</u>

9 Loans and Advances

	2022	2021
	\$	\$
CURRENT		
Loans to Parishes, Schools and Institutions	6,410,073	6,281,176
	<u>6,410,073</u>	<u>6,281,176</u>
NON-CURRENT		
Loans to Parishes, Schools and Institutions	60,001,583	52,498,043
	<u>60,001,583</u>	<u>52,498,043</u>

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Notes to the Financial Statements For the Year Ended 31 December 2022

10 Property, plant and equipment

	2022 \$	2021 \$
Plant and equipment		
At cost	44,681	-
Accumulated depreciation	(294)	-
Total plant and equipment	44,387	-
Motor vehicles		
At cost	44,899	44,899
Accumulated depreciation	(27,602)	(18,288)
Total motor vehicles	17,297	26,611
Total property, plant and equipment	61,684	26,611

11 Investment Properties

	2022 \$	2021 \$
At cost value		
Owned Property		
Balance at beginning of the period	-	-
Acquisitions	2,947,667	-
Depreciation	(29,275)	-
	2,918,392	-

12 Trade and Other Payables

	2022 \$	2021 \$
CURRENT		
Accounts payable and accrued expenses	116,800	8,652
Interest payable	33,802	30,841
Other payables	4,367	11,517
	154,969	51,011

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.

Townsville Diocesan Development Fund

ABN: 18 410 990 342

Notes to the Financial Statements For the Year Ended 31 December 2022

13 Other Liabilities

	2022	2021
	\$	\$
CURRENT		
Depositors	<u>156,741,473</u>	<u>135,744,488</u>
	<u>156,741,473</u>	<u>135,744,488</u>

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

14 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Provision for annual leave	<u>30,649</u>	<u>18,549</u>
	<u>30,649</u>	<u>18,549</u>
NON-CURRENT		
Provision for long service leave	<u>15,606</u>	<u>7,342</u>
	<u>15,606</u>	<u>7,342</u>

15 Contingencies

In the opinion of those charged with governance, the Entity did not have any contingencies at 31 December 2022 (31 December 2021: None) other than the below.

At the reporting date, the approved but undrawn loan facilities of customers totalled \$10,754,249 (2021: \$13,878,894).

16 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.

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.

17 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

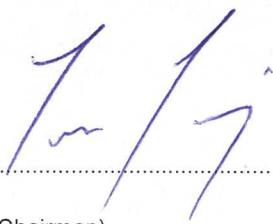
Statement by Members of the Board

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.

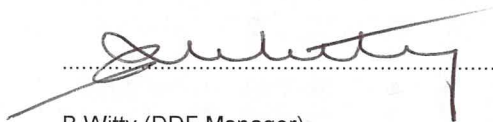
In the opinion of the Board:

- 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 2022.

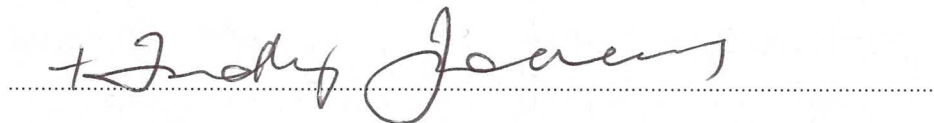
This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



T Fanning (DDF Chairman)



B Witty (DDF Manager)



Bishop Tim Harris

Dated 15th February 2023



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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 2022

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 2022, 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 2022 and its financial performance and 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 (including Independence Standards)* (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.

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Paul Sapelli
Partner

Level 1, 211 Sturt Street, Townsville, QLD 4810

Dated: 15 February 2023