

**Roman Catholic Diocese of Toowoomba
Diocesan Development Fund**

Financial Report for the Year Ended 30 June 2017

**ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND**

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ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

DIOCESAN FINANCE COUNCIL MEMBERS' REPORT

Your Diocesan Finance Council members present this report on the entity for the financial year ended 30 June 2017.

Diocesan Finance Council Members

The names of each person who has been a member during the year and to the date of this report are:

Bishop Robert McGuckin

Mr Bill Byrne (Chairman) (resigned 30 September 2016)

Mr Paul McMahon (resigned effective from the end of the meeting on 13 June 2017)

Ms Joanne Segond von Banchet (resigned effective from the end of the meeting on 13 June 2017)

Mr Kerry Shine (resigned prior to meeting of 12 April 2016)

Mr Tim Davis (Chairman from 14 February 2017)

Mr Tom Delany (commenced on 11 April 2017)

Mr Jon Wiedman (commenced on 11 April 2017)

Mr Mark Macdermott (commenced on 13 June 2017)

The Diocesan Finance Council members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Fund Manager

Mr Tom Jolley held the position of fund manager at the end of the financial year.

Principal Activities

The principal activity of the entity during the financial year was to receive and hold deposits from Catholic Institutions, Individuals, Parishes and Schools in order to support the charitable, religious and education works of the Catholic Church via internal lending for capital development and distributions to the Diocese of Toowoomba.

No significant changes in the nature of the entity's activity occurred during the financial year.

Operating Results

The surplus of the entity amounted to \$1,556,472 (2016: \$1,759,428).

Distributions Paid

Distributions of \$1,556,000 were made to the Diocese of Toowoomba during the year (2016: \$1,759,000).

Significant Changes in State of Affairs

No significant changes in the entity's state of affairs occurred during the financial year.

After Balance Date Events

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.

Future Developments

The entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Signed in accordance with a resolution of the Diocesan Finance Council.



Dated this 14th day of November 2017.

**ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue	2	2,849,988	3,174,846
Interest expense	3	(1,066,539)	(1,183,292)
Payroll and associated expenses	3	(174,495)	(184,274)
Administration expenses		(52,482)	(47,854)
Surplus for the year		<u>1,556,472</u>	<u>1,759,426</u>
Other comprehensive income:		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>1,556,472</u></u>	<u><u>1,759,426</u></u>

The accompanying notes form part of these financial statements.

**ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	53,974	55,273
Trade and other receivables	5	59,100	34,178
Investments	6	71,073,733	68,088,130
Loans to associated entities	7	1,549,343	2,941,254
TOTAL CURRENT ASSETS		<u>72,736,150</u>	<u>71,188,835</u>
NON-CURRENT ASSETS			
Loans to associated entities	7	11,177,390	12,671,282
TOTAL NON-CURRENT ASSETS		<u>11,177,390</u>	<u>12,671,282</u>
TOTAL ASSETS		<u>83,913,540</u>	<u>83,790,117</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	18,143	17,331
Depositors' funds	9	81,583,488	81,461,348
TOTAL CURRENT LIABILITIES		<u>81,601,631</u>	<u>81,478,679</u>
TOTAL LIABILITIES		<u>81,601,631</u>	<u>81,478,679</u>
NET ASSETS		<u>2,311,909</u>	<u>2,311,437</u>
EQUITY			
Retained surplus		<u>2,311,909</u>	<u>2,311,437</u>
TOTAL EQUITY		<u>2,311,909</u>	<u>2,311,437</u>

The accompanying notes form part of these financial statements.

**ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Retained Surplus \$
Balance at 1 July 2015	2,311,011
Surplus for the 2016 year	1,759,426
Sub-total	<u>4,070,437</u>
Distribution to Diocese of Toowoomba	<u>(1,759,000)</u>
Balance at 30 June 2016	2,311,437
Surplus for the 2017 year	1,556,472
Sub-total	<u>3,867,909</u>
Distribution to Diocese of Toowoomba	<u>(1,556,000)</u>
Balance at 30 June 2017	<u><u>2,311,909</u></u>

The accompanying notes form part of these financial statements.

ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	3,189
Payments to suppliers and employees		(251,087)	(223,569)
Interest received		2,849,988	3,174,846
Finance costs		(1,066,539)	(1,183,292)
Net cash generated/ (used) by operating activities	11	1,532,362	1,771,174
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from/(Payments to) investment accounts		(2,985,602)	(3,541,618)
Proceeds from/(Repayments to) deposit holders		122,139	(283,727)
		(2,863,463)	(3,825,345)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,885,802	3,826,288
Distribution to Diocese of Toowoomba		(1,556,000)	(1,759,000)
Net cash generated by financing activities		1,329,802	2,067,288
Net decrease in cash and cash equivalents held		(1,299)	13,117
Cash and cash equivalents at beginning of financial year		55,273	42,156
Cash and cash equivalents at end of financial year	4	53,974	55,273

The accompanying notes form part of these financial statements.

ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Diocesan Development Fund acts as an agent of the Roman Catholic Diocese of Toowoomba ('The Corporation'). Civil ownership and responsibilities rests with the Corporation. The financial statements of the Diocesan Development Fund reflect the allocation of such resources made by the Corporation to the Diocesan Development Fund in its capacity as agent.

The Diocesan Financial Administrator has prepared the financial statements on the basis that the entity is a non-reporting entity because there are no users dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Bishop.

The financial statements have been prepared in accordance with 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 110: Events after the Reporting Period;

AASB 1031: Materiality;

AASB 1048: Interpretation of Standards; and

AASB 1054: Australian Additional Disclosures.

No other Australian Accounting Standards or Australian Accounting Interpretation has been applied.

The financial statements, except the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The following significant accounting policies, which the Diocesan Financial Administrator has determined are appropriate to meet the needs of the Bishop, have been adopted in the preparation of these financial statements. Such accounting policies are consistent with the previous period unless stated otherwise.

Accounting Policies

a. Revenue

Revenue is measured at the fair value of consideration received or receivable.

Donation income is recognised when the entity obtains control over the funds which is generally at the time of receipt.

Interest revenue on investments and loans to associated entities is recognised using the simple interest method at the rate inherent in the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

b. Employee Benefits

No provision is made for employee benefits arising from services rendered by employees to the end of the reporting period as the full liability is recognised in the financial statements of the Diocese of Toowoomba.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within depositor's funds in current liabilities on the statement of financial position.

d. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis except for the GST component of investing and financing activities, which are disclosed within operating cash flows.

e. Income Tax

No provision for income tax has been raised, as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

f. Trade and other Payables

Other payables represent the liability outstanding at the end of the reporting period for services received by the entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

g. Comparative figures

Where appropriate, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

h. Economic Dependence

The entity is dependent on the interest revenue for the majority of its revenue used to operate the business together with the ongoing receipt and holding of depositors' funds. Financial ratios are monitored monthly by the Diocesan Finance Council with a specific focus on margins of return on investments, liquidity analysis and capital adequacy ratios in comparison to industry standards. At the date of this report the Diocesan Finance Council has no reason to believe the depositors will not continue to support the entity.

**ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: REVENUE	2017	2016
	\$	\$
Revenue		
- Interest on loans	661,461	860,572
- Interest on investments	2,188,527	2,314,274
	<u>2,849,988</u>	<u>3,174,846</u>

NOTE 3: SURPLUS FOR THE YEAR

a. Expenses		
- Employee Benefits	174,495	184,274
- Interest expense	1,066,539	1,183,292

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	100	100
Cash at bank	53,874	55,173
	<u>53,974</u>	<u>55,273</u>

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		53,974	55,273
Deposits on call	6	7,707,732	5,133,909
		<u>7,761,706</u>	<u>5,189,182</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT

GST receivable		59,100	34,178
		<u>59,100</u>	<u>34,178</u>

NOTE 6: INVESTMENTS

CURRENT

Term deposits		62,663,101	62,401,311
Deposits on call		7,707,732	5,133,909
		<u>70,370,833</u>	<u>64,535,220</u>
Interest accrued on investments		702,900	552,910
		<u>71,073,733</u>	<u>68,088,130</u>

**ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 7: LOANS TO ASSOCIATED ENTITIES

	2017	2016
	\$	\$
CURRENT		
Receivable within 12 months	1,549,343	2,941,254
NON-CURRENT		
Receivable more than 12 months	11,177,390	12,671,282
	12,726,733	15,612,536
 Made up of loans to:		
- Diocese of Toowoomba	532,183	505,594
- Other Diocesan entities	12,194,550	15,106,942
	12,726,733	15,612,536

NOTE 8: TRADE AND OTHER PAYABLES

CURRENT		
Other payables	18,143	17,331
Total current trade and other payables	18,143	17,331

NOTE 9: DEPOSITORS' FUNDS

CURRENT		
Diocese of Toowoomba	9,611,852	3,984,142
Other Diocesan entities and individuals	71,971,636	77,477,206
	81,583,488	81,461,348

In the 2016 balance, there was \$178,465 initially deposited by public members for the purpose of supporting the Diocese's obligations in regards to the Regional Seminary. Due to the regulatory environment required by the Australian Prudential Regulation Authority (APRA), these funds were transferred from the Toowoomba Diocese Development Fund to the Catholic Diocese of Toowoomba and therefore the balance noted for the 2017 year no longer includes the noted public funds. In addition to this, \$393,007 has been returned to Depositors in compliance with conditions of APRA Banking Exemption No.1 of 2016.

NOTE 10: ENTITY DETAILS

The principal place of business is:

502 Ruthven Street
Toowoomba QLD 4350

**ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: CASH FLOW INFORMATION

	2017	2016
	\$	\$
Reconciliation of cash flow from operations with Surplus for the year		
Surplus for the year	1,556,472	1,759,426
Changes in assets and liabilities:		
– (increase)/decrease in trade and other receivables	812	2,354
– increase/(decrease) in trade and other payables	(24,922)	9,394
Net cash (used in)/generated by operating activities	<u>1,532,362</u>	<u>1,771,174</u>

**ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND**

STATEMENT BY THE MEMBERS OF THE DIOCESAN FINANCE COUNCIL

The Diocesan Finance Council has determined that the entity is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

The members of the Diocesan Finance Council of the entity declare that:

- A. The financial statements and notes, as set out on pages 3 to 11 give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date in accordance with the accounting policy described in Note 1 of the financial statements.
- B. In the Diocesan Finance Council's opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Diocesan Finance Council.





Dated this 14th day of November 2017.

Independent Auditor's Report

To the Bishop of the Roman Catholic Diocese of Toowoomba – Diocesan Development Fund

Opinion

We have audited the special purpose financial report of the Roman Catholic Diocese of Toowoomba – Diocesan Development Fund (the entity), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the 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 the Diocesan Financial Administrator.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 assist the Diocesan Financial Administrator's financial reporting responsibilities to the Bishop. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

The Diocesan Financial Administrator's Responsibility for the financial report

The Diocesan Financial Administrator is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as the Diocesan Financial Administrator 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.

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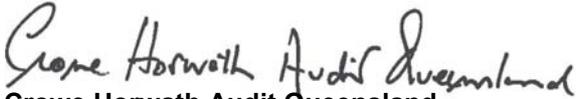
The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe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

In preparing the financial report, the Diocesan Financial Administrator 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 Diocesan Financial Administrator 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 Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.



Crowe Horwath Audit Queensland



Michael McDonald
Partner

Toowoomba
Date: 14 November 2017