

Roman Catholic Diocese of Toowoomba – Diocesan Development Fund

Financial Report and Audit Report

Year ended 30 June 2018

Confidential

Prepared by:

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Roman Catholic Diocese of Toowoomba
Diocesan Development Fund

Financial Report for the Year Ended 30 June 2018

**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 2018.

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:

Mr Tim Davis (Chairman)
Mr Tom Delany
Mr Jon Wiedman
Dr Mark Macdermott
Mrs Julie Payne (appointed June 2018)

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 \$1,379,956 (2017: \$1,556,472).

Distributions Paid

Distributions of \$1,380,000 were made to the Diocese of Toowoomba during the year (2017: \$1,556,000).

Significant Changes in State of Affairs

As at 30 June 2017 there was \$178,465 initially deposited by public members for the purpose of supporting the Diocese's obligations in regard 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 2018 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 2017.

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

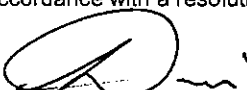
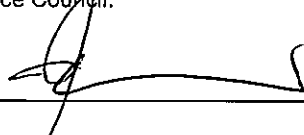
After Balance Date Events

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 13th day of September 2018.

ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Revenue	2	2,781,553	2,849,988
Interest expense	3	(1,157,067)	(1,066,539)
Payroll and associated expenses	3	(190,891)	(174,495)
Administration expenses		(53,639)	(52,483)
Surplus for the year		1,379,956	1,556,472
Other comprehensive income:		-	-
Total comprehensive income for the year		1,379,956	1,556,472

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 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	59,519	53,974
Trade and other receivables	5	25,482	59,100
Investments	6	67,350,975	71,073,733
Loans to associated entities	7	2,520,222	1,549,343
TOTAL CURRENT ASSETS		69,956,198	72,736,150
NON-CURRENT ASSETS			
Loans to associated entities	7	11,521,132	11,177,390
TOTAL NON-CURRENT ASSETS		11,521,132	11,177,390
TOTAL ASSETS		81,477,330	83,913,540
LIABILITIES			
CURRENT LIABILITIES			
Employee entitlements	8	10,744	18,144
Depositors' funds	9	79,154,721	81,583,488
TOTAL CURRENT LIABILITIES		79,165,465	81,601,632
TOTAL LIABILITIES		79,165,465	81,601,632
NET ASSETS		2,311,865	2,311,909
EQUITY			
Retained surplus		2,311,865	2,311,909
TOTAL EQUITY		2,311,865	2,311,909

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 2018

	Retained Surplus	Total
	\$	\$
Balance at 1 July 2016	2,311,437	2,311,437
Surplus for the year	1,556,472	1,556,472
Sub-total	3,867,909	3,867,909
Distribution to Diocese of Toowoomba	(1,556,000)	(1,556,000)
Balance at 30 June 2017	2,311,909	2,311,909
Surplus for the year	1,379,956	1,379,956
Sub-total	3,691,865	3,691,865
Distribution to Diocese of Toowoomba	(1,380,000)	(1,380,000)
Balance at 30 June 2018	2,311,865	2,311,865

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 2018

	Note	2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(218,314)	(251,087)
Interest received		2,781,553	2,849,988
Interest expense		(1,157,067)	(1,066,539)
Net cash generated/ (used) by operating activities	11	1,406,175	1,532,362
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from/(Payments to) investment accounts		3,722,758	(2,985,602)
Proceeds from/(Repayments to) deposit holders		(1,314,620)	122,139
		2,408,138	(2,863,463)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Repayment of) from borrowings		(2,428,767)	2,885,802
Distribution to Diocese of Toowoomba		(1,380,000)	(1,556,000)
Net cash generated by financing activities		(3,808,767)	1,329,802
Net decrease in cash and cash equivalents held		5,545	(1,299)
Cash and cash equivalents at beginning of financial year		53,974	55,273
Cash and cash equivalents at end of financial year	4	59,519	53,974

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 2018

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.

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

Provision is made for the liability for employee benefits arising from services rendered to the end of the reporting period by employees who provide services in relation to the Diocese and or the Diocesan Development Fund. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the undiscounted gross value of those benefits plus related on-costs.

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

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 recognised as current liabilities on the statement of financial position.

ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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**

Trade 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.

i. **Adoption of New and Revised Accounting Standards**

During the current year, the group did not adopt any of the new and revised Australian Accounting Standards.

New accounting standards and interpretation not yet adopted

The entity has assessed any new Australian Accounting Standards and Interpretations that have recently been issued. The entity has yet to assess the full impact of any of the new standards.

ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: REVENUE

	2018	2017
	\$	\$
Revenue		
- Interest on loans	577,887	661,461
- Interest on investments	2,203,666	2,188,528
	2,781,553	2,849,988
	2,781,553	2,849,988

NOTE 3: SURPLUS FOR THE YEAR

a. Expenses		
- Employee benefits	190,891	174,495
- Interest expense	1,157,067	1,066,539

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	100	100
Cash at bank	59,419	53,874
	59,519	53,974
	59,519	53,974

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		59,519	53,974
Deposits on call	6	8,926,767	7,707,732
		8,986,286	7,761,706
		8,986,286	7,761,706

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT

GST receivable	25,482	59,100
	25,482	59,100
	25,482	59,100

NOTE 6: INVESTMENTS

CURRENT

Term deposits	57,453,479	62,663,101
Deposits on call	8,926,767	7,707,732
	66,380,246	70,370,833
Interest accrued on investments	970,729	702,900
	67,350,975	71,073,733
	67,350,975	71,073,733

ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 7: LOANS TO ASSOCIATED ENTITIES	2018	2017
	\$	\$
CURRENT		
Receivable within 12 months	2,520,222	1,549,343
NON-CURRENT		
Receivable more than 12 months	11,521,132	11,177,390
	<u>14,041,354</u>	<u>12,726,733</u>
Made up of loans to:		
- Diocese of Toowoomba	503,465	532,183
- Other Catholic entities	13,537,889	12,194,550
	<u>14,041,354</u>	<u>12,726,733</u>

NOTE 8: EMPLOYEE ENTITLEMENTS

CURRENT		
Annual leave liability	10,744	18,144
	<u>10,744</u>	<u>18,144</u>

NOTE 9: DEPOSITORS' FUNDS

CURRENT		
- Diocese of Toowoomba	7,885,620	9,611,852
- Other Catholic entities	71,269,101	71,971,636
	<u>79,154,721</u>	<u>81,583,488</u>

In the 2017 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 2018 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 2017.

ROMAN CATHOLIC DIOCESE OF TOOWOOMBA
DIOCESAN DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 10: ENTITY DETAILS

The principal place of business is:

502 Ruthven Street
Toowoomba QLD 4350

NOTE 11: CASH FLOW INFORMATION

	2018	2017
	\$	\$
Reconciliation of cash flow from operations with Surplus for the year		
Surplus for the year	1,379,956	1,556,472
Changes in assets and liabilities:		
– (increase)/decrease in trade and other receivables	33,618	812
– increase/(decrease) in employee entitlements	(7,400)	(24,922)
Net cash (used in)/generated by operating activities	<u>1,406,175</u>	<u>1,532,362</u>

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


STATEMENT BY THE MEMBERS OF THE DIOCESAN FINANCE COUNCIL

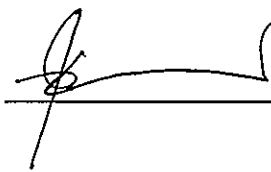
The Diocesan Finance Council has determined that the entity is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

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 2018 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 13th day of September 2018.

Independent Auditor's Report

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

Opinion

We have audited the 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 2018, 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 2018 and of its financial performance and its cash flows for the year then ended in accordance with 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 for the purpose of fulfilling the Entity'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.

Responsibilities of the Diocesan Financial Administrator's for the Financial Report

The Diocesan Financial Administrator is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting responsibilities to the Bishop and for such internal control as the Diocesan Financial Administrator determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 related to going concern and using the going concern basis of accounting unless the Diocesan Financial Administrator either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

The Diocesan Financial Administrator is responsible for overseeing the Entity's financial reporting process.

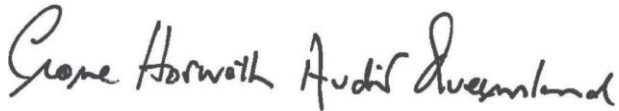
Auditor's Responsibilities for the Audit of the Financial Report

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 the directors.
- Conclude on the appropriateness of the directors' 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 our 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 the Diocesan Financial Administrator 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 Audit Queensland



Mike McDonald
Partner

14 September 2018
Toowoomba