Diocesan Development Fund

SPECIAL PURPOSE ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $	2019 $
Revenue from continuing operations	3	**6,686,225**	8,806,593
Other income:			
Net gain/(loss) on investments designated as fair value through profit or loss	4	**1,110,408**	2,725,706
Sundry income	4	**459,590**	1,174
Expenses:			
Administration	5	**(567,953)**	(521,305)
General	6	**(56,230)**	(13,080)
Investment management fee	7	**(178,654)**	(142,269)
Finance costs	8	**(1,395,763)**	(3,097,031)
Profit before income tax		**6,057,623**	7,759,788
Income tax expense		-	-
Profit after income tax		**6,057,623**	7,759,788
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**6,057,623**	7,759,788

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**16,141,350**	13,168,958
Receivables	10	**718,925**	675,793
Loans	11	**8,449,965**	7,239,630
Investments	11	**106,073,925**	107,483,993
Other assets	12	**2,826**	3,517
Total current assets		**131,386,991**	128,571,891
Non-current assets			
Loans	13	**54,213,291**	63,562,130
Investments	14	**49,912,902**	54,693,358
Total non-current assets		**104,126,193**	118,255,488
Total assets		**235,513,184**	246,827,379
LIABILITIES			
Current liabilities			
Payables	15	**69,358**	45,852
Provisions	16	**99,556**	81,283
Customer funds		**219,396,487**	233,121,496
Total current liabilities		**219,565,401**	233,248,631
Non-current liabilities			
Provisions	17	**815**	110
Total non-current liabilities		**815**	110
Total liabilities		**219,566,216**	233,248,741
Net assets		**15,946,969**	13,578,638
EQUITY			
Retained earnings	18	**15,946,969**	13,578,638
Total equity		**15,946,969**	13,578,638

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $	2019 $
Total equity at the beginning of the financial year	18	**13,578,638**	9,508,142
Profit for the year		**6,057,623**	7,759,788
Distribution to the Roman Catholic Trust Corporation		**(3,689,292)**	(3,689,292)
Total recognised income for the year		**2,368,331**	4,070,496
Total equity at the end of the financial year	**18**	**15,946,969**	13,578,638

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	5,826,269	8,182,767
Dividends	1,000,298	1,034,624
Interest paid	(1,395,763)	(3,097,031)
Payments to suppliers and employees (inclusive of GST)	(943,136)	(656,978)
Other operating income received	459,590	1,174
Net cash flows from operating activities	**4,947,258**	**5,464,556**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (increase)/decrease in investment securities	7,300,930	(15,385,548)
Net (increase)/decrease in loans	8,138,505	595,583
Net cash flows from investing activities	**15,439,435**	**(14,789,875)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in debentures and other borrowings	(13,725,009)	17,295,135
Distributions to Roman Catholic Trust Corporation	(3,689,292)	(3,689,292)
Net cash flows from financing activities	**(17,414,301)**	**13,605,843**
Net increase/(decrease) in cash and cash equivalents	2,972,392	4,280,524
Cash and cash equivalents at the beginning of the year	13,168,958	8,888,433
Cash and cash equivalents at the end of the period	**16,141,350**	**13,168,958**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: GENERAL INFORMATION

The Diocesan Development Fund for the Catholic Diocese of Rockhampton ("DDF") is an agency of the Catholic Diocese of Rockhampton. The address of the principal place of business is as follows:

Bishop's House - 1st Floor
170 William Street
Allenstown QLD 4700
Tel: 07 4487 3090

The entity's principal activities are to further the pastoral mission of the Church in the Diocese of Rockhampton by harnessing the financial resources of the Catholic Community within the Diocese of Rockhampton to provide cost effective financial arrangements for capital works and other essential pastoral programs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Management Committee ("Committee") have prepared the financial statements on the basis that the DDF is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared to meet the requirements of the Diocesan Financial Council and ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 107 *Statement of Cash Flows*, AASB 1048 *Interpretation of Standards* and AASB 1054 *Australian Additional Disclosures*. All amounts are presented in Australian Dollars unless otherwise noted.

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the special purpose financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The special purpose financial statements have been prepared using the measurement bases specified by the Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Comparative information is reclassified where appropriate to enhance comparability.

For the purposes of preparing the financial statements, the entity is a not-for-profit entity.

(b) New and amended standards adopted by the DDF

The DDF has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the DDF's financial statements for the annual period beginning 1 January 2020.

Adoption of the new standards have not had any impact on the DDF's financial position, profit or loss or other comprehensive income in either the current or prior year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Going Concern

In the current and prior years DDF has made a profit and is in a net asset position. However, there is a net current liability position of $88,178,410 (2019: $104,676,850). This working capital deficit is due to customer funds' of $219,396,487 (2019: $233,121,496) being classified as current as they are repayable on demand.

Cash flow forecasts have been prepared for 12 months from the date of this audit report for all operations within the Catholic Diocese of Rockhampton. This cash flow shows adequate cash resources to pay debts as and when they fall due and sufficient funds to cover the Diocese working capital and capital expenditure requirements.

Additional factors support the Directors' conclusion that DDF remains a going concern:

- DDF works closely with customers to gain an understanding of their withdrawal requirements in the next 12 months
- based on historic trends, it is highly unlikely all funds will be recalled in 12 months. Total repayments in FY20 totalled $13,725,292 compared to a current liability of $233,121,496 as at 31 December 2019.
- while the approval of withdrawals is regulated by the Diocesan Finance Council, if higher than expected debentures were to be called, the Fund could access up to $10,000,000 in funds with other Catholic Development Funds in Australia
- in the event that DDF falls into financial difficulty the Roman Catholic Trust Corporation is responsible for the payment of any outstanding debts upon the wind-up or sale of the entity; and
- the Roman Catholic Trust Corporation has net assets of $25,856,318 and is in a net current asset position of $2,090,482

(d) Revenue Recognition

Revenue is measured by reference to the fair value of consideration received or receivable.

Dividend and interest income
Dividend income from investments is recognised when the DDF's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the DDF and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the DDF and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other Income
With the exception of Net (gain)/loss on financial assets designated at FVTPL all other income is recognised on a cash basis as received.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the DDF that remain unpaid at the end of the reporting period. The balances are recognised as a liability with the amounts normally paid within 30 days of recognition of the liability.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income Tax

No provision for income tax has been raised as the DDF is exempt from Income Tax under division 50 of the *Income Tax Assessment Act 1997,* by virtue of being an entity of the Roman Catholic Trust Corporation for the Diocese of Rockhampton, which is a Religious Institution.

(h) Employee Entitlements

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the DDF in respect of services provided by employees up to reporting date.

Long Service Leave
Long Service Leave is provided for employees according to the probability of them continuing with the DDF, such that a probability of 14.28% will be applied per year of employment until the employee long service leave entitlement vests.

(i) Financial instruments

Financial instruments represent the majority of the DDF’s statement of financial position, including loans and advances, debentures, shares and fixed and floating rate notes. The carrying amount presented on the financial position reflects the DDF’s business model for managing the asset. Where that model is to collect contractual cash flows (such as with loans and advances), the financial instrument is measured at amortised cost. Conversely, where the financial instrument is managed on a fair value basis, that instrument will be measured as such. This approach presents relevant information about the nature and risks associated with the DDF’s statement of financial position.

Initial recognition of financial instruments

Accounting for a financial instrument begins at initial recognition. A financial asset or financial liability is recognised in the balance sheet when the DDF becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to borrowers.

Financial instruments managed on a fair value basis are recognised initially at fair value, with transaction costs recognised in the income statement as incurred. All other financial instruments are recognised initially at fair value plus / less directly attributable transaction costs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification

Following initial recognition is classification. In applying, AASB 9 *Financial Instruments* the DDF classifies its loans, advances, debt instruments and equity instruments as follows:

Instrument type	Classification	Reason
Financial assets		
Loans and advances (customer loans and facilities)	Amortised cost	Cash flows represent solely payments of principal and interest, held with the objective to collect contractual cash flows
Debt instruments (bonds, term deposits, notes or securities issued by financial institutions)		
Trading securities (equities, shares, bonds, notes or securities)	Fair value through profit and loss	Principal purpose is selling or repurchasing in the near term, or part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking
Other financial assets		Designated at fair value through profit or loss to eliminate an accounting mismatch
Hybrid instruments		Embedded option feature introduces volatility to contractual cash flows that is unrelated to the basic lending arrangement.

Financial liabilities		
Debentures and other borrowings (debentures, payables)	Amortised cost	Not designated as fair value through profit or loss

Financial instruments measured at amortised cost

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Financial assets measured at fair value through other comprehensive income

Investment in equity instruments that are not held for trading are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial instruments at fair value through profit or loss

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Derecognition of financial instruments

The DDF derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. The DDF removes a financial liability from the balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement and recognition of expected credit loss

The DDF applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and FVOCI
- loan commitments

Exposures are assessed on a collective basis in each stage unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on estimated future cash flows. Where such evidence exists, the exposure is assessed on an individual basis.

At each reporting date, the DDF assesses the credit risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement. If the credit risk of an exposure has increased significantly since initial recognition, the asset will migrate to Stage 2. If no significant increase in credit risk is observed, the asset will remain in Stage 1. Should an asset become impaired it will be transferred to Stage 3.

The DDF considers reasonable and supportable information that is relevant and available without undue cost or effort, for this purpose. This includes quantitative and qualitative information and also forward looking information.

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the DDF in accordance with the contract and the cash flows that the DDF expects to receive.

- Financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

The DDF utilises historical default data drawn to assess the potential default risk of loans provided to customers and counterparties.

Inputs, assumptions and techniques used for estimating impairment

In assessing the impairment of financial assets under the expected credit loss model, the DDF defines default as when is considered unlikely that the credit obligation to the DDF will be paid in full without recourse to actions, such as realisation of security. Impaired exposures under the expected credit loss model consist of loans contractually 90 days or more past due and/or doubt exists about the ability to collect principal and interest in a timely manner with insufficient security to cover principal and arrears of interest revenue.

When determining whether the risk of default has increased significantly since initial recognition, the DDF considers both quantitative and qualitative information including forward looking information and analysis based on the DDF’s historical experience.

Calculation of expected credit loss

Given the limited number of related-party clients the DDF lends to, expected credit loss assessments are performed on an individual customer level taking into account current, historical performance and forward-looking information. When an increase in credit risk is observed, the DDF performs a review of forward-looking data including forecast cash flows and the mitigating effect of collateral to understand its impairment exposure.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Fair value of assets and liabilities

The DDF measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the economic entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e., unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held in assets. Where this information is not available, other valuation techniques are adopted.

(k) Operating expenses

Operating expenses are recognised in the profit or loss upon utilisation of the service or at the date of their origin.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 the 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.

(m) Provisions

Provisions are recognised when the DDF has a present obligation (legal or constructive) as a result of a past event, it is probable that the DDF will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Critical judgements and estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the DDF's accounting policies.

In the current year there are no identified areas that involved a high degree of judgement or complexity, or items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

NOTE 3: REVENUE

	2020	2019
From continued operations	**$**	**$**
Revenue		
Interest on loans	3,325,882	3,491,582
Interest on invested funds	2,360,045	4,280,387
Dividends	1,000,298	1,034,624
	6,686,225	**8,806,593**

NOTE 4: OTHER INCOME

	2020	2019
	$	**$**
CDF Community Fund return	60	1,174
Job Keeper	86,100	-
Westpac Rebate	369,669	-
CCIAM Investment Rebate	3,761	-
Sundry Income	**459,590**	**1,174**
Net (gain)/loss on financial assets designated at FVTPL	1,110,408	2,725,706
	1,110,408	**2,725,706**

NOTE 5: EXPENSES - ADMINISTRATION

	2020	2019
	$	**$**
Audit fees	27,240	24,240
Bank charges	16,985	17,497
IT & computer	141,698	124,812
Short term employee benefits	76,055	57,553
Salaries & superannuation	295,008	276,554
Other expenses	10,967	20,649
	567,953	**521,305**

NOTE 6: EXPENSES - GENERAL

	2020	2019
	$	**$**
Electricity & rates	792	1,792
Freight & storage	-	111
Meeting expenses	-	11
Office rental	19,272	7,272
Other	36,166	3,894
	56,230	**13,080**

NOTE 7: INVESTMENT MANAGEMENT FEE

	2020 $	2019 $
Investment management fees	178,654	142,269

NOTE 8: FINANCE COSTS

	2020 $	2019 $
Interest paid on debentures	1,395,035	3,096,856
Interest paid on borrowings	728	175
	1,395,763	**3,097,031**

NOTE 9: CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash on hand	2,885	1,682
Cash at bank	16,138,465	13,167,276
	16,141,350	**13,168,958**

(a) Reconciliation of profit/loss for the year to net cash flows from operating activities

	2020 $	2019 $
Cash flows from operating activities		
Profit for the year	6,057,623	7,759,788
Net (gain)/loss on financial assets designated at FVTPL	(1,110,408)	(2,725,706)
	4,947,215	**5,034,082**
Movements in working capital		
(Increase)/decrease in accrued interest on investments	140,342	410,798
(Increase)/decrease in prepayments & other receivables	714	1,113
(Increase)/decrease in trade and other payables	(159,991)	44,195
(Increase)/decrease in provisions	18,978	(25,633)
Net cash generated from operating activities	**4,947,258**	**5,464,555**

(b) Net debt reconciliation

	2020 $	2019 $
Cash and cash equivalents	16,141,350	13,168,958
Liquid investments *	61,443,502	85,141,907
Customer funds – repayable within one year	(219,396,487)	(233,121,496)
Customer funds – repayable after one year	-	-
Net debt	**(141,811,635)**	**(134,810,631)**

	Cash/cash equivalents	Liquid investments *	Customer Funds - due within one year	Total
Net debt as at 1 January 2019	8,888,433	56,038,500	(215,826,360)	(150,899,427)
Cashflows	4,280,525	29,097,864	(17,295,135)	16,083,253
Other charges	-	5,543	-	5,543
Net debt as at 31 December 2019	**13,168,958**	**85,141,907**	**(233,121,495)**	**(134,810,630)**
Net debt as at 1 January 2020	13,168,958	85,141,907	(233,121,495)	(134,810,630)
Cashflows	2,972,392	(23,695,363)	13,725,008	(6,997,963)
Other charges	-	(3,042)	-	(3,042)
Net debt as at 31 December 2020	**16,141,350**	**61,443,502**	**(219,396,487)**	**(141,811,635)**

* Liquid investments – Investments that can be converted into cash in two working days.

NOTE 10: CURRENT ASSETS - RECEIVABLES

	2020	2019
	$	$
Interest receivable	130,747	424,779
Debtors	588,178	251,014
	718,925	**675,793**

NOTE 11: CURRENT ASSETS - LOANS AND INVESTMENTS

	2020	2019
	$	$
Church-related entities	8,449,965	7,239,630
Funds invested	106,073,925	107,483,993
Unamortised premium/(discount) on investment	-	(461)
	114,523,890	**114,723,162**

(a) Church-related entities

$8,449,965 (2019 - $7,239,630) represents the current lending portfolio for advances granted to the Roman Catholic Trust Corporation, parishes, schools, colleges, congregations, hospitals and other entities and institutions of the Church. Diocesan policies determine repayment conditions. Certain borrowers have debentures with the DDF, which could offset their loans.

The policy of the Diocesan Development Fund is to lend only for Church-related projects undertaken by entities including Religious Congregations which share the mission of the Church.

(b) Funds invested

	2020	2019
	$	$
Debt instruments	106,073,925	107,484,454
	106,073,925	**107,484,454**

(c) Amortised premium/(discount) on investment

	2020	2019
	$	$
Premium/(discount) on investments	-	(5,175)
Premium/(discount) on investments purchases	-	-
Accumulated amortisation (premium)/discount	-	4,714
Unamortised premium/(discount)	**-**	**(461)**

NOTE 12: CURRENT ASSETS - OTHER ASSETS

	2020	2019
	$	$
Prepayments	2,826	3,517

NOTE 13: NON-CURRENT ASSETS – LOANS

	2020	2019
	$	$
Church-related entities	54,213,291	63,562,130

(a) Church-related entities

$54,213,291 (2019 - $63,562,130) represents the non-current lending portfolio for advances granted to the Trust Corporation, parishes, schools, colleges, congregations, hospitals and other entities and institutions of the Church. Diocesan policies determine repayment conditions. Certain borrowers have debentures with the DDF, which could offset their loans.

The policy of the Diocesan Development Fund is to lend only for Church-related projects undertaken by entities including Religious Congregations which share the mission of the Church.

NOTE 14: NON-CURRENT ASSETS – INVESTMENTS

(a) Funds invested

	2020 $	2019 $
Debt instruments	12,765,275	19,474,007
Hybrid instruments	464,578	467,620
Equities	36,683,602	34,752,548
	49,913,455	**54,694,175**

(b) Amortised premium/(discount) on investment

	2020 $	2019 $
Premium/(discount) on investments	(1,230)	(1,230)
Premium/(discount) on investments purchases	-	-
Accumulated amortisation (premium)/discount	677	413
Unamortised premium/(discount)	**(553)**	(817)
Total Non-Current Assets	**49,912,902**	**54,693,358**

NOTE 15: CURRENT LIABILITIES – PAYABLES

	2020 $	2019 $
Trade creditors	69,358	45,852

NOTE 16: CURRENT LIABILITIES – PROVISIONS

	2020 $	2019 $
Provision for employee benefits	75,241	57,443
Provision for audit fees	24,315	23,840
	99,556	**81,283**

NOTE 17: NON-CURRENT LIABILITIES – PROVISIONS

	2020 $	2019 $
Provision for employee benefits	**815**	**110**

NOTE 18: RETAINED EARNINGS

Movement in retained earnings were as follows:

	2020 $	2019 $
Opening balance 1 January	13,578,638	9,508,142
Net profit/(loss) for the year	6,057,623	7,759,788
Distribution to the Roman Catholic Trust Corporation	(3,689,292)	(3,689,292)
Balance 31 December	**15,946,969**	**13,578,638**

NOTE 19: CONTINGENT LIABILITIES

Contingent liabilities exist with regard to guarantees given by Westpac Banking Corporation to various councils and contractors totalling $13,679 (2019 – $13,679).

NOTE 20: REMUNERATION OF AUDITORS

	2020 $	2019 $
Amounts received, or due and receivable to the auditors for auditing the accounts of the DDF	21,500	26,209

NOTE 21: EVENTS OCCURING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Diocesan Development Fund, the results of those operations or the state of affairs of the Diocesan Development Fund in subsequent financial periods.

DECLARATION OF THE DIRECTOR OF DIOCESAN SERVICES

FOR THE YEAR ENDED 31 DECEMBER 2020

In the opinion of the Director of Diocesan Services:

(a) the financial report and notes set out on pages 3 to 17 are in accordance with the requirements of the Diocesan Finance Council and ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813, including to the extent described in note 2 of the report:

(i) complying with Accounting Standards - to the extent described in note 2 of the financial report

Disclosures and other mandatory professional reporting requirements, and

(ii) presents fairly a view of the entity's financial position as at 31 December 2020 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made by:

Mr Dean Smith
Director of Diocesan Services

Dated this 28th day of April 2021.

Independent auditor's report

To the members of Diocesan Development Fund

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Diocesan Development Fund (the Fund) as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 2 of the financial report.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2020
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the declaration of the director of Diocesan Services

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional & 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.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 2 in the financial report, which describes the basis of accounting. The financial report has been prepared 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 report is intended solely for Diocesan Development Fund and its members for the purposes for which it is prepared and should not be used by parties other than Diocesan Development Fund and its members. Our opinion is not modified in respect of this matter.

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Responsibility of the Director of Diocesan Services for the financial report

The Director of Diocesan Services is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards to the extent described in Note 2 of the financial report, and for such internal control as the Director of Diocesan Services determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The Director of Diocesan Services has determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the needs of the Diocesan Finance Council.

In preparing the financial report, The Director of Diocesan Services is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Director of Diocesan Services either intends to liquidate the Fund 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 the 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_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Darren Jenns
Partner

Brisbane
28 April 2021