



**Catholic Development Fund**  
Archdiocese of Canberra & Goulburn

**Catholic Development  
Fund Archdiocese of  
Canberra and Goulburn  
Annual Financial Statements  
Financial Year Ended 31 December 2019**

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN

CATHOLIC DEVELOPMENT FUND BOARD'S DECLARATION


FOR THE YEAR ENDED 31 DECEMBER 2019

The Catholic Development Fund ("CDF" or 'the Fund') is not a reporting entity because in the opinion of the Board there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs. Accordingly, these 'special purpose financial statements' have been prepared to satisfy the Fund's internal reporting requirements.

The CDF Board declares that:

- (a) the attached financial statements and notes thereto comply with Accounting Standards to the extent detailed in Note 1 to the financial statements;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Fund; and
- (c) in the CDF Board's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

On behalf of the CDF Board

  
.....  
Mr Jeff Smart  
Chairman

  
.....  
Mrs Michele Murdock  
Board member/Manager

Date: 29 Feb 2020  
.....

Canberra, ACT

## **Independent Auditor's Report to the Board of the Catholic Development Fund Archdiocese of Canberra and Goulburn**

### *Opinion*

We have audited the financial report, being a special purpose financial report, of the Catholic Development Fund Archdiocese of Canberra and Goulburn (the "Entity") which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies and the declaration statement by the Board of the Entity (the "Board").

In our opinion, the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 31 December 2019 and of its financial performance for the year then ended in accordance with the basis of accounting described in Note 1.

### *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 and Restriction on Distribution and Use*

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 Entity to meet the financial reporting requirements of the Board. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Board and should not be distributed or used by parties other than the Board. Our opinion is not modified in respect of this matter.

### *Responsibilities of Management and the Board for the Financial Report*

Management of the Entity is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation and accounting policies described in Note 1 to the financial report is appropriate to meet the requirements of the Board and is appropriate to meet the needs of the Board. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going



concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Entity's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Report*

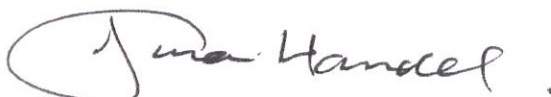
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of 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 management and the Board 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 our audit.

  
DELOITTE TOUCHE TOHMATSU



J J Handel  
Partner  
Chartered Accountants  
Canberra, 21 February 2020

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Interest on loans	5,627,575	5,387,087
Interest on investments	5,173,664	4,970,479
Other income	278,212	36,777
<b>Total Revenue</b>	11,079,451	10,394,343
Less Interest Expense	3,730,762	3,654,931
Less Customer Cheque Expense	67,431	70,211
	7,281,158	6,669,201
<b>LESS OPERATING EXPENSES</b>		
Accounting & legal expenses	58,389	100,082
Administration expenses	41,258	44,108
IT expenses	152,357	141,382
Marketing expenses	15,112	13,020
Office resources	60,000	60,000
Staff resources	321,288	290,247
<b>Total Operating Expenses</b>	648,404	648,839
<b>OPERATING SURPLUS</b>	6,632,754	6,020,362
<b>TOTAL COMPREHENSIVE INCOME</b>	6,632,754	6,020,362

**CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
Cash at bank		14,455,135	17,433,826
Interest receivable on investments and loans		1,477,729	1,937,739
Other receivables		-	325,424
Catholic Church Investment Service deposits		64,124,599	23,168,889
ADF Brisbane		9,489,288	19,452,154
Term deposits		110,000,000	115,000,000
Interest bearing loans receivable		152,300,620	128,766,126
Property, plant and equipment		19,601	31,927
<b>TOTAL ASSETS</b>		351,866,972	306,116,085
<b>LIABILITIES</b>			
Other payables		88,225	813,337
Depositor's funds		335,133,790	289,157,173
Provisions	3	83,392	74,064
<b>TOTAL LIABILITIES</b>		335,305,407	290,044,574
<b>NET ASSETS</b>		16,561,565	16,071,511
<b>ACCUMULATED FUNDS</b>			
Retained Surplus		16,561,565	16,071,511
<b>TOTAL ACCUMULATED FUNDS</b>		16,561,565	16,071,511

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
<b>RETAINED EARNINGS</b>		
<b>Balance as at 1 January</b>	16,071,511	15,249,549
Total Comprehensive Income for the period	6,632,754	6,020,362
Distributions of funds:		
• Archdiocese of Canberra & Goulburn	(3,135,200)	(2,558,400)
• Archdiocesan Future Fund	(3,007,500)	(2,405,000)
• Diocese of Wilcannia-Forbes	-	(235,000)
<b>Balance as at 31 December</b>	16,561,565	16,071,511



CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES**

The Catholic Development Fund Archdiocese of Canberra and Goulburn (the “Fund”) is not a reporting entity because in the opinion of the Board of the Fund there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these ‘special purpose financial statements’ have been prepared to satisfy the Fund’s internal requirements.

The financial statements have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by accounting standards and interpretations but not the disclosure requirements specified by accounting standards and interpretations with the exception of AASB 108.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

**(a) Cash and Cash Equivalents**

For the purpose of the financial statements, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Bank overdrafts are shown within trade payables in the Statement of Financial Position. Term deposits include amounts on deposit with maturities between 3 and 24 months.

**(b) Financial Assets**

*Classification*

In accordance with the adoption of AASB 9: Financial Instruments, from 1 January 2018, the Fund classifies its financial assets at amortised cost or fair value through profit or loss.

*Measurement*

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Measurement of cash and cash equivalents and trade and other receivables remains at amortised cost consistent with the comparative period.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Fund’s business model for managing the asset and the cash flow characteristics of the asset. The Fund classifies its debt instruments into the following category:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**(b) Financial Assets (continued)**

*Impairment*

The Fund assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Fund applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment (if any). Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

- Computer Hardware 3 years
- Office Equipment 3 years
- Motor Vehicles 4 years

**(d) Employee Entitlements**

A provision is made for the Fund's liability for employee benefits arising from services rendered by employees to balance date. 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. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(e) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables.

**(f) Income Tax**

The Fund is a not-for-profit entity and is exempt from the payment of income tax under section 50-5 of the Income Tax Assessment Act 1997.

**(g) Accounts Payable**

Other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.



CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**(h) Depositor's Funds**

**Regulatory exemptions and status**

***Banking Act 1959 (Act)***

On 14 December 2017 APRA issued a new exemption order, Banking exemption No.1 of 2017, which took effect from 1 January 2018. Under Banking exemption No.1 of 2017, Sections 7 and 8 of the *Banking Act 1959*, do not apply to CDF provided that CDF complies with the conditions specified in the exemption order.

***Corporations Act 2001 (Act) - Exemption Instrument 2016/813***

The Australian Securities and Investments Commission (ASIC) have provided an exemption instrument -2016/813 to CDPF Limited (CDPF), a company owned by the Australian Catholic Bishops Conference. CDF has relief from the sections of the Act, as specified in exemption instrument 2016/813, through a Sponsor Deed from CDPF.

***Australian Charities and Not-For-Profit Commission (Act)***

CDF is a registered entity under the Act and has the status of a Basic Religious Charity.

Depositor's funds are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

**(i) Revenue Recognition**

**Interest on loans** – interest on loans is recognised on an accrual basis as the Fund gains the right to receive the interest.

**Interest on investments** – interest on investments is recognised on an accrual basis as the Fund gains the right to receive the interest.

**(j) Adoption of new and revised Accounting Standards**

**Amendments to Accounting Standards that are mandatorily effective for the current reporting period**

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Fund include:

- **AASB 15 Revenue from Contracts with Customers**

In the current year, the Fund has applied AASB 15 *Revenue from Contracts with Customers* which is effective for an annual period that begin on or after 1 January 2019.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition, which is more prescriptive than AASB 118.

CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**(j) Adoption of new and revised Accounting Standards (continued)**

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Given the Fund’s main income stream is interest income, which does not fall within the scope of AASB 15, the adoption of the new Standard has not had a material impact on the Fund’s financial statements.

• **AASB 16 – Leases**

In the current year, the Fund has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Given no leases are held by the Fund, the application of the Standard has not had a material impact on the financial statements.

**New and revised Australian Accounting Standards in issue but not yet effective**

At the date of authorisation of the financial statements, the Fund has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

• **AASB 2019-4 Amendments to Australian Accounting Standards –**

Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements. Effective for annual reporting periods beginning on or after 1 January 2020.

**(k) Distribution of Funds**

Archdiocese of Canberra and Goulburn and Diocese of Wilcannia-Forbes distributions are mostly fixed amounts for the financial year determined at the start of the financial year.

Archdiocesan Future Fund distributions are made by the 15<sup>th</sup> of every month based on 75% of the previous month’s surplus, net of any other distributions.



CATHOLIC DEVELOPMENT FUND ARCHDIOCESE OF CANBERRA AND GOULBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**NOTE 2 – REMUNERATION OF AUDITORS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Fees for audit of financial statements	31,175	28,325
Fees for the assurance engagement of ASIC and APRA requirements	3,450	3,350
	<u>34,625</u>	<u>31,675</u>

The auditor of the fund is Deloitte Touche Tohmatsu.  
The auditor performed no other services for the Fund.

**NOTE 3 – EMPLOYEE PROVISIONS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current	29,436	31,615
Non-current	53,956	42,449
	<u>83,392</u>	<u>74,064</u>

**NOTE 4 – SUBSEQUENT EVENTS**

There have been no events since the end of the financial year and up until the date of this report which would have a material impact on the financial statements or operations of the Fund.

**NOTE 5 – GOING CONCERN**

Management has formed the view that the Fund is a going concern on the basis that it receives financial backing from the Archdiocese of Canberra and Goulburn as well as other Catholic Development Fund's across Australia. The Fund is sponsored by the Catholic Development Provident Fund (CDPF) which provides indemnification of the Fund in relation to claims by depositors/investors. This indemnity is supported by guarantees given by diocesan Trustee corporations in favour of CDPF.



