

ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
ANNUAL REPORT 2019

ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND

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**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
DECLARATION OF COMMITTEE**

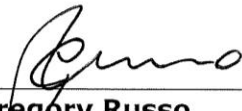
The Committee has determined that the Fund is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the Financial Statements.

In the opinion of the Committee, the financial report:

1. Presents fairly the financial position of the Catholic Development Fund as at 31 December 2019 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that the Catholic Development Fund will be able to pay its debts as and when they fall due.



Anthony Wheeler
Chairman CDF Committee



Gregory Russo
Chief Executive Officer – Administration

DATED at Perth this *18th day of March 2020.*

INDEPENDENT AUDITOR'S REPORT

To The Archbishop of Perth

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Archdiocese of Perth Catholic Development Fund (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 the statement of cash flows for the year then ended, and notes to the financial report, including a statement of accounting policies, and the Catholic Development Fund Committee's declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 31 December 2019 and of its financial performance and its cash flows 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 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 Archdiocese of Perth Catholic Development Fund to meet the requirements of The Roman Catholic Archbishop of Perth. 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 Catholic Development Fund Committee for the Financial Report

The Catholic Development Fund Committee is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Roman Catholic Archbishop of Perth and for such internal control as the Committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, The Catholic Development Fund Committee 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 Committee either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Catholic Development Fund Committee are 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd



Phillip Murdoch

Director

Perth, 18 March 2020

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
Interest Income		
Loans	12,908,651	13,391,801
Investments	4,650,118	5,126,938
Other Income	61,650	144,350
	<hr/>	<hr/>
Total Income	17,620,419	18,663,089
Less: Interest Expense	5,672,713	6,126,618
	<hr/>	<hr/>
Net Interest Income	11,947,706	12,536,471
Less: Operating Expenditure		
Marketing	10,370	13,868
Information Technology	25,183	32,784
Auditors Remuneration	24,500	24,500
Administration	587,195	342,775
Depreciation	13,700	10,338
Motor Vehicle	10,490	5,138
Employee Benefits	857,445	834,197
	<hr/>	<hr/>
Total Operating Expenditure	1,528,883	1,263,600
	<hr/>	<hr/>
Surplus for the Year	10,418,823	11,272,871
Other Comprehensive Income/ (Loss) Items that will not be reclassified to profit or loss :		
Change in fair value of equity investment at fair value through other comprehensive income	3,429,115	(1,644,805)
Adjustment to Previous Year Reserve	(111,791)	-
Other	55,635	-
	<hr/>	<hr/>
Total Comprehensive Income for the Year	13,791,782	9,628,066
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The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	94,767,553	21,970,852
Receivables	5	643,401	470,551
Financial Assets at Amortised Cost	6	69,014,855	57,636,016
Financial Assets at Fair Value Through Other Comprehensive Income	6	19,584,315	15,793,941
Loans	7	36,081,318	25,924,619
Other Current Assets		<u>9,761</u>	<u>4,586</u>
TOTAL CURRENT ASSETS		<u>220,101,203</u>	<u>121,800,565</u>
NON CURRENT ASSETS			
Loans	7	288,163,281	312,620,135
Plant and Equipment	8	<u>51,032</u>	<u>30,370</u>
TOTAL NON CURRENT ASSETS		<u>288,214,313</u>	<u>312,650,505</u>
TOTAL ASSETS		<u>508,315,516</u>	<u>434,451,070</u>
CURRENT LIABILITIES			
Deposits	9	457,923,255	390,272,083
Payables	10	965,861	719,189
Provisions	11	<u>1,353,815</u>	<u>1,696,330</u>
TOTAL CURRENT LIABILITIES		<u>460,242,931</u>	<u>392,687,602</u>
NON CURRENT LIABILITIES			
Provisions	11	<u>22,340</u>	<u>53,121</u>
TOTAL NON CURRENT LIABILITIES		<u>22,340</u>	<u>53,121</u>
TOTAL LIABILITIES		<u>460,265,271</u>	<u>392,740,723</u>
NET ASSETS		<u>48,050,245</u>	<u>41,710,347</u>
ACCUMULATED FUNDS			
Accumulated Surplus		45,077,726	42,055,152
Reserves	12	<u>2,972,519</u>	<u>(344,805)</u>
TOTAL ACCUMULATED FUNDS		<u>48,050,245</u>	<u>41,710,347</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
Total accumulated funds at the beginning of the financial year, as originally presented	41,710,347	40,152,003
Change in accounting policy	-	(150,000)
Restated total accumulated funds at the beginning of the financial year	<u>41,710,347</u>	<u>40,002,003</u>
Total Comprehensive Income for the year	13,791,782	9,628,066
Less:		
Interim distribution to the Archdiocese	5,808,476	5,896,213
Provision for final distribution to the Archdiocese	1,161,815	1,490,851
Interim distribution to Broome Diocese	66,225	76,432
Provision for final distribution to Broome Diocese	53,538	57,280
Interim distribution to Geraldton Diocese	307,422	334,026
Provision for final distribution to Geraldton Diocese	<u>54,408</u>	<u>64,920</u>
	<u>6,339,898</u>	<u>1,708,344</u>
Total accumulated funds at the end of the financial year	<u>48,050,245</u>	<u>41,710,347</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	NOTE	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of goods and services tax)		(1,451,075)	(1,239,028)
Interest received from loans		12,730,626	13,422,022
Interest received from investments		1,507,294	3,626,483
Interest paid to depositors		<u>(5,610,207)</u>	<u>(6,172,023)</u>
Net cash inflow from operating activities	13(i)	<u>7,176,638</u>	<u>9,637,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net repayment of member loans		14,300,155	(21,756,188)
Net Payments/(proceeds) for fixed assets		(34,362)	(18,811)
Net sale/(purchase) of deposits		<u>2,877,111</u>	<u>14,091,601</u>
Net cash inflow/(outflow) from investing activities		<u>17,142,904</u>	<u>(7,683,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(7,795,174)	(7,531,527)
Net proceeds from deposits		<u>67,651,172</u>	<u>610,144</u>
Net cash inflow/ (outflow) from financing activities		<u>59,855,998</u>	<u>(6,921,383)</u>
Net increase/ (decrease) in cash and cash equivalents		84,175,540	(4,967,327)
Cash and cash equivalents at the beginning of the financial year		<u>79,606,868</u>	<u>84,574,195</u>
Cash and cash equivalents at the end of the financial year	13(ii)	<u>163,782,408</u>	<u>79,606,868</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATEMENT OF ACCOUNTING POLICIES

The Archdiocese of Perth Catholic Development Fund ("The Fund") provides financial services to the Roman Catholic Archdiocese of Perth and the Dioceses of Geraldton and Broome.

The Fund's principal activity is the acceptance of deposits from parishes, schools, religious organisations and individuals and the provision of loans to parishes, schools, religious orders, and other Catholic bodies which either fall under the control of the Catholic Archbishop/Bishop, or are a recognised Juridic entity.

The financial report is a special purpose financial report prepared in order to satisfy the reporting requirements of the Roman Catholic Archbishop of Perth.

The Archbishop, together with the members of the Catholic Development Fund (CDF) Committee, has determined that the Fund is not a reporting entity.

The Fund has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The report has been prepared in accordance with the following Australian equivalents to International Financial Reporting Standards and Australian Accounting Interpretations:

AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048:	Interpretation of Standards
AASB 1054:	Australian Additional Disclosure

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations.

The report is also prepared on an accruals basis and is based on historic costs, unless otherwise stated.

The accounting policies are consistent with the previous period, except for the adoption of the following Australian Accounting Standards. The nature and effect of changes arising from these standards is summarised in Note 2.

AASB 15:	<i>Revenue from Contracts with Customers</i>
AASB 16:	<i>Leases</i>
AASB 1058:	<i>Income of Not-for-Profit Entities</i>

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

a) Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably established.

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

b) Employee Benefits

Short term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, as the fund does not have the right to defer settlement. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long term employee benefits

The Fund's liabilities for long service leave are included in non-current provisions when the Fund does not expect settlement wholly within 12 months after the end of the period in which the employees render the related service.

They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. The provision for long service leave covers all employees with one or more years of service.

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

Defined contribution plans

The Fund pays fixed contributions into independent entities in relation to several state plans for individual employees. The Fund has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

c) Income Tax

The Fund is exempt from income tax by virtue of Section 50 (15) of the *Income Tax Assessment Act 1997*.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads, where applicable.

Subsequent costs are included in the property, plant and equipment's carrying value or recognised as a separate asset when it is probable that future economic benefits associated with the item will be realised and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use.

The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Plant and Equipment	1-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Fixed assets are derecognised and removed from the statement of financial position on disposal or when no future economic benefits are expected.

e) Revenue

Interest income is recognised on a time proportion basis using the effective interest method.

All revenue received arises from the operating activities of the financial institution.

f) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Fund during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

g) Working Capital deficiency

As of 31 December 2019, the Catholic Development Fund had a working capital deficiency of \$240,141,728 (2018: \$270,887,037). A working capital deficiency is considered normal for the Fund as it arises due to the Fund's business model of borrowing on a short term basis (creating current liabilities) and lending on a longer term basis (creating non-current assets). The Catholic Development Fund does not consider the deficiency is indicative of any concerns in respect of its ability to pay its debts as and when they fall due.

h) APRA Exemption

The CDF does not hold an Australian Financial Services Licence and is not required to hold such Licence. The CDF relies on the following exemption from the ASIC Instrument (Charitable Investment Fundraising) Instrument 2016/813):

- Exemptions under sections 5(1) and 5(2) of the ASIC Instrument.

The CDF also operates under a class exemption from holding a Banking Licence under Banking Exemption No. 1 of 2017 – Religious Charitable Development Funds – Banking Act 1959 issued by Australian Prudential Regulation Authority (APRA).

The CDF has received advice and has implemented appropriate policies, practices and procedures to ensure that all relevant conditions of the exemptions are met. Such policies are revised and reviewed on a regular basis to ensure ongoing compliance.

i) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and bank overdrafts. For statement of financial position presentation purposes, cash includes cash on hand and bank bills/notes (financial assets) at call with financial institutions.

j) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

j) Financial Instruments (Cont'd)

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows and are initially measured at fair value adjusted for transaction costs (where applicable).

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVPL)
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Equity instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest income or interest expenses, except for impairment of receivables (including loan receivables) which is presented within net impairment losses expense.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Fund's cash and cash equivalents, trade and loan receivables, and most other receivables fall into this category of financial instruments as well as bank bills/notes that were previously classified as held-to-maturity under AASB 139.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

j) Financial Instruments (Cont'd)

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

The Fund's investment in equity instruments (recognised under Financial Assets at Fair Value through Other Comprehensive income in the Statement of Financial Position) fall into this category of financial instruments.

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Loan receivables and other receivables (accrued interest)

The Fund applies the 12-month expected credit losses approach in the accounting for receivables, including loan receivables. This is on the basis that the Fund's loan portfolio has been assessed at Stage 1 of the ECL model. The Fund assesses impairment of loan receivables on a collective basis, based on the type of loan category to which the receivable relates. This is on the basis they possess similar credit risk characteristics.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

j) Financial Instruments (Cont'd)

The Fund has determined that loan receivables, with the exception of one balance, has appropriate and sufficient security in place under the respective loan terms and conditions, which mitigates, in full, any credit risk exposure associated with these loan receivables. As a result, the Fund has determined the 12-month expected credit losses associated with the one balance, noted above.

All financial assets, except for those at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Classification and measurement of financial liabilities

Financial liabilities, including trade and other payables and deposits, are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Fund designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

k) Significant accounting estimates, judgements and assumptions

The preparation of the financial statements requires management to make estimates, judgements that affect the reported amounts of assets, liabilities, revenue and expenses.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The following key estimates and assumptions have been applied by the Fund.

Impairment loss of financial assets

The determination of the impairment loss recognition of financial assets, includes assumptions and estimates in relation to the application of the expected credit loss model.

The application of this method requires management to assess the credit risk of each financial asset, including assessing whether there has been a significant increase in credit risk since initial recognition.

Where required, determining the expected credit loss, requires the use of estimates and assumptions, with the most significant being the assessment and probability weighted estimate of default, including the expected default and loss rates based upon past history, existing market conditions as well as forward looking estimates.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. IMPACT OF NEW STANDARD ADOPTED AS AT 1 JANUARY 2019

AASB 15 Revenue ("AASB 15")

AASB 15 replaces AASB 118 *Revenue*. AASB 15 provides a single, principles based five step model to be applied to all contracts with customers.

Revenue is recognised at an amount that reflects the consideration to which the group expects to be entitled in exchange for transferring services to a customer. Revenue and expenses are recognised on an accruals basis.

Based on the nature of the Fund's operations, the Fund does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Fund does not adjust any of the transaction prices from the time value of money.

The following specific policies are applied:

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividends

Dividends are received from financial assets measured at fair value through profit or loss ("FVPL"). Dividends are recognised when the right to receive payment is established. Dividend income is included within 'Investment' income.

Impact of adoption

There was no impact on the financial performance or position of the Fund on the date of initial application, 1 January 2019, or at reporting date, 31 December 2019.

AASB 16 Leases ("AASB 16")

AASB 16 provides a new lessee accounting model which will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.

Impact of adoption

The Fund does not have any lease contracts which fall under the scope of AASB 16. As a result, there was no impact on the financial performance or position of the Fund on the date of initial application, 1 January 2019, or at reporting date, 31 December 2019.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. IMPACT OF NEW STANDARD ADOPTED AS AT 1 JANUARY 2019 (CONT'D)

AASB 1058 ("AASB 1058")

AASB 1058 introduces changes to the income recognition by public and private sector not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 *Contributions*, NFPs will now need to determine whether a transaction is a genuine donation (accounted for under AASB 1058,) or a contract with a customer (accounted for under AASB 15).

Implementation guidance has been added to AASB 15 to assist with this determination. A contract is within the scope of AASB 15 if:

- The Company has an enforceable contract with a customer, and
- The contract includes sufficiently specific promises for the NFP organisation to transfer goods or services to the customer or third party beneficiaries.

In addition, AASB 1058 establishes principles for recognising income:

- On transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP to further its objectives, and
- For the receipt of volunteer services.

Impact of adoption

The Fund does not have any transactions which are within the scope of AASB 1058. As a result, there was no impact on the financial performance or position of the Fund on the date of initial application, 1 January 2019, or at reporting date, 31 December 2019.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. SEGMENT REPORTING

The Fund operates in one industry segment being the provision of financial services and one geographical segment being Australia.

	2019	2018
	\$	\$
4. CASH AND CASH EQUIVALENTS		
<u>CDF</u>		
Cash on hand	1,330	3,626
Cash at bank	<u>89,797,693</u>	<u>18,532,683</u>
	<u>89,799,023</u>	<u>18,536,309</u>
<u>GDF</u>		
Cash on hand	3,000	3,000
Cash at bank	<u>4,965,530</u>	<u>3,431,543</u>
	<u>4,968,530</u>	<u>3,434,543</u>
	<u><u>94,767,553</u></u>	<u><u>21,970,852</u></u>

5. RECEIVABLES

<u>CDF</u>		
Sundry debtors	422,943	279,762
Interest accrued due	<u>220,425</u>	<u>190,058</u>
	<u>643,368</u>	<u>469,820</u>
<u>GDF</u>		
Interest accrued due	<u>33</u>	<u>731</u>
	<u><u>643,401</u></u>	<u><u>470,551</u></u>

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
6. FINANCIAL ASSETS		
CURRENT		
<u>CDF</u>		
Financial assets at amortised cost	68,414,855	57,036,016
Financial assets at fair value through other comprehensive income	<u>19,584,315</u>	<u>15,793,941</u>
	<u>87,999,170</u>	<u>72,829,957</u>
<u>GDF</u>		
Financial assets at amortised cost	<u>600,000</u>	<u>600,000</u>
	<u>88,599,170</u>	<u>73,429,957</u>

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
7. LOANS		
<u>CDF</u>		
CURRENT		
Archbishop of Perth		
AFO (i)	4,474,692	1,211,693
Parishes, school etc (ii)	24,935,616	14,822,978
Other		
Educational inst., agencies and religious orders (iii)	4,514,927	8,562,057
	<u>33,925,235</u>	<u>24,596,728</u>
 <u>GDF</u>		
CURRENT		
Bishop of Geraldton		
Parishes, schools etc (iv)	2,156,083	1,327,891
	<u>2,156,083</u>	<u>1,327,891</u>
	<u>36,081,318</u>	<u>25,924,619</u>
 <u>CDF</u>		
NON CURRENT		
Archbishop of Perth		
AFO (i)	56,603,281	35,574,208
Parishes, schools etc (ii)	170,232,909	196,810,771
Other		
Educational inst., agencies and religious orders (iii)	44,710,137	61,793,598
Less: Allowance for expected credit losses	(150,000)	(150,000)
	<u>271,396,327</u>	<u>294,028,577</u>
 <u>GDF</u>		
NON CURRENT		
Bishop of Geraldton		
Parishes, schools etc (iv)	16,766,954	18,591,558
	<u>16,766,954</u>	<u>18,591,558</u>
	<u>288,163,281</u>	<u>312,620,135</u>

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. LOANS (CONT'D)

These loans are secured as noted below:

- (i) This represents the net amount due at 31 December 2019 in respect to various Loans owing to the CDF from the Catholic Archdiocese of Perth. The repayment of this amount is supported by the assets of the Archdiocese.
- (ii) The repayment of these loans is secured by real property, cash and by the assets of The Roman Catholic Archbishop of Perth.
- (iii) These loans are supported by deposits made by the borrowers and secured by mortgages, letters of comfort, fixed and floating charges, except for St Thomas More College loan which is unsecured (loan balance at 31 December 2019 amounted to \$12,612,167).
- (iv) The repayment of these loans is secured by real property, cash and by The Roman Catholic Bishop of Geraldton.
- (v) The rate charged to borrowers is the Bank Bill Swap Rate (BBSW) plus an operating margin determined by the CDF Committee.
- (vi) Management has determined there is no increase in the expected credit risk on the St Thomas More College loan since 31 December 2018. As a result, the allowance for expected credit losses is \$150,000 (31 December 2018: \$150,000).

	2019	2018
	\$	\$
8. PLANT AND EQUIPMENT		
<u>CDF</u>		
Office furniture and fittings - at cost	12,627	12,931
Less: Accumulated depreciation	<u>(8,807)</u>	<u>(8,550)</u>
	3,820	4,381
Computer hardware/software - at cost	59,003	107,662
Less: Accumulated depreciation	<u>(54,007)</u>	<u>(101,834)</u>
	4,996	5,828
Motor vehicles - at cost	54,296	24,329
Less: Accumulated depreciation	<u>(13,326)</u>	<u>(4,453)</u>
	40,970	19,876
Office Equipment	1,544	1,871
Less: Accumulated depreciation	<u>(298)</u>	<u>(1,586)</u>
	1,246	285
Total Cost	127,470	146,793
Total Accumulated Depreciation	<u>(76,437)</u>	<u>(116,423)</u>
	<u>51,032</u>	<u>30,370</u>

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. PLANT AND EQUIPMENT (CONT'D)

Reconciliations

Reconciliations of the carrying amounts of each class of fixed asset at the beginning and end of the current financial year are set out below:

	Office Furniture & Fittings	Office Equipment	Motor Vehicles	Computer Hardware & Software	Total
Opening WDV 1 January 2019	4,381	285	19,876	5,828	30,370
Additions	-	1,544	29,968	2,993	34,505
Disposals	-	(143)	-	-	(143)
Depreciation	(561)	(440)	(8,874)	(3,825)	(13,700)
Closing WDV 31 December 2019	<u>3,820</u>	<u>1,246</u>	<u>40,970</u>	<u>4,996</u>	<u>51,032</u>

	2019 \$	2018 \$
9. DEPOSITS		
<u>CDF</u>		
Savings at call		
Archbishop of Perth		
Schools and parishes	205,212,572	175,373,633
Other		
Educational inst and religious orders	9,439,187	10,985,002
Other	<u>27,666,186</u>	<u>23,814,935</u>
	<u>242,317,945</u>	<u>210,173,570</u>
 <u>GDF</u>		
Savings at call		
Bishop of Geraldton		
Schools & parishes	5,331,248	8,532,391
Other	<u>2,629,168</u>	<u>210,403</u>
	<u>7,960,416</u>	<u>8,742,794</u>
 <u>CDF</u>		
Fixed term deposit		
Archbishop of Perth		
Schools & parishes	81,001,043	108,808,065
Other		
Educational Institute & Religious Orders	22,911,144	19,388,034
Aged Cares, Agencies & Archdiocese	<u>90,358,824</u>	<u>30,961,700</u>
	<u>194,271,011</u>	<u>159,157,799</u>

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
9. DEPOSITS (CONT'D)		
<u>GDF</u>		
Fixed term deposit		
Bishop of Geraldton		
Schools and parishes	2,869,880	7,611,121
Other	10,504,003	4,586,799
	<u>13,373,883</u>	<u>12,197,920</u>
	<u>457,923,255</u>	<u>390,272,083</u>
10. PAYABLES		
<u>CDF</u>		
Interest accrued due	700,167	636,395
Creditors and Accruals	<u>232,986</u>	<u>48,820</u>
	<u>933,153</u>	<u>685,215</u>
<u>GDF</u>		
Interest accrued due	<u>32,708</u>	<u>33,974</u>
	<u>965,861</u>	<u>719,189</u>
11. PROVISIONS		
CURRENT		
<u>CDF</u>		
Long service leave	56,857	51,595
Annual leave	27,197	31,684
Distribution (i)	<u>1,269,761</u>	<u>1,613,051</u>
	<u>1,353,815</u>	<u>1,696,330</u>
NON CURRENT		
<u>CDF</u>		
Long service leave	<u>22,340</u>	<u>53,121</u>
	<u>22,340</u>	<u>53,121</u>

(i) Represents provision for proposed final distribution to the Archdiocese of Perth \$1,161,815 (2018: \$1,490,851) the Broome Diocese \$53,538 (2018: \$57,280) and the Geraldton Diocese \$54,408 (2018: \$64,920). Interim dividend relating to 2019 of \$6,301,886 was paid during the year.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
12. RESERVES		
Capital Reserve		
The capital reserve was established for the purpose of maintaining the capital adequacy ratio of the Catholic Development Fund in accordance with the Prudential Guidelines policy set by the Committee.	1,300,000	1,300,000
Financial Assets at Fair Value Through Other Comprehensive Income Reserve		
Balance at beginning of the year	(1,644,805)	-
Adjustment to previous year reserve	(111,791)	-
Add: Revaluation increment in financial assets at fair value through other comprehensive income.	3,429,115	109,648
Less: Revaluation decrement in financial assets at fair value through other comprehensive income.	-	(1,754,453)
	<u>1,672,519</u>	<u>(1,644,805)</u>
	<u>2,972,519</u>	<u>(344,805)</u>

13. CASH FLOW INFORMATION

(i) Reconciliation of surplus from operating activities to net cash inflow from operating activities.

Surplus for the Year	13,791,782	9,628,066
Depreciation	13,700	10,338
(Increase)/Decrease in Receivables	(6,783,004)	30,221
Increase/(Decrease) in Payables	184,166	(49,893)
Increase/(Decrease) in Provisions	(30,006)	18,722
	<u>7,176,638</u>	<u>9,637,454</u>

(ii) Reconciliation of Cash and Cash Equivalents

For the purposes of this statement of cash flows, cash includes:

- Cash on hand;
- Cash at bank;
- Net of overdrafts;
- Bank bills and on call deposits with banks; and
- The Archdiocesan Finance Office.

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash (note 4)	94,767,553	21,970,852
Bank bills (note 6)	<u>69,014,855</u>	<u>57,636,016</u>
	<u>163,782,408</u>	<u>79,606,868</u>

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. RELATED PARTIES INFORMATION

a) CDF Committee

This committee is a sub-committee of the Archdiocesan Finance Council and manages the operations of the CDF.

The following are the names of the members who served on the committee during the year and at the date of this report:

Mr A Wheeler	Retired Banker	
Fr G Gomez	Parish Priest	
Mr G Gaunt	Retired Lawyer	
Mr G Russo	Chief Executive Officer	Archdiocese of Perth
Mr N Watson	Retired Accountant	Diocese of Geraldton
Mr S Halley-Wright	Business Manager	Newman College
Ms J Ronchi	Financial Consultant	CEWA
Mr M Kenny	Regional General Manager	Westpac
Mr G Doyle	Director Finance Planning & School Resources	CEWA
Mrs D Hegarty	Official Secretary/Chief Executive Officer	Governor's Establishment

b) There were no loans to any of the Committee Members at the year-end or during the year.

15. COMPARATIVE FIGURES

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

16. EVENTS OCCURRING AFTER THE 31 DECEMBER 2019

Except for the matter referred to below, there are no other matters or circumstances which has arisen since 31 December 2019 which has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

On 12 March 2020 the World Health Organisation declared COVID-19 a pandemic. Financial equity markets worldwide have reacted adversely to the announcement since that time to the date of this report. As at 16 March 2020 the financial assets at fair value through other comprehensive income of the Fund of \$19,584,315 have fallen in value by approximately 24% since the valuation as at 31 December 2019. At this point in time it is not possible to predict the long term impact of COVID-19 on the world economy and the financial position of the Fund.

17. COMMITMENTS

There were no commitments at the financial year-end.

18. CONTINGENCIES

There were no contingent assets or liabilities at the financial year-end.

**ARCHDIOCESE OF PERTH
CATHOLIC DEVELOPMENT FUND
NOTES TO AND FORMING PART OF THE ACCOUNTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. AUDITOR'S REMUNERATION

Included in the Audit Fees disclosed in the Statement of Profit or Loss and Other Comprehensive Income is \$24,500 (2018: \$24,500) in relation to audit and financial statement review services provided by BDO Audit (WA) Pty Ltd.