

DIOCESAN PROVIDENT FUND

**DIOCESE OF WAGGA
WAGGA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	Year Ended 30/06/18	Year Ended 30/06/17
Classification of expenses by nature			
Revenue from Ordinary Activities	2	3,990,443	4,535,700
Borrowing Cost Expense		(2,621,444)	(2,929,434)
Employee Benefits Expense		(316,640)	(333,608)
Depreciation Expense		(516)	(442)
Administration Expenses		(46,175)	(50,127)
Impairment Loss on Investment		(13,613)	-
Other Expenses from Ordinary Activities		(146,037)	(137,059)
Surplus from ordinary activities before income tax expense		846,018	1,085,030
Income tax expense relating to ordinary activities		-	-
Other comprehensive income for the year		-	-
Surplus from ordinary activities after income tax expense		846,018	1,085,030

The statement of comprehensive income should be read in conjunction with the notes to and forming part of the financial statements.

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	NOTE	Year Ended 30/06/18	Year Ended 30/06/17
ASSETS			
Cash and cash equivalents	6	82,825,897	97,511,582
Loans receivable	4	27,543,998	20,362,070
Trade and other receivables	8	742,765	1,013,035
Other current assets	9	-	1,355
Plant and equipment	7	2,988	59
TOTAL ASSETS		111,115,648	118,888,101
LIABILITIES			
Borrowings	10	98,113,881	106,151,466
Trade and other payables	11	202,539	227,883
Short-term provisions	12	1,245,434	1,266,976
TOTAL LIABILITIES		99,561,854	107,646,326
NET ASSETS		11,553,794	11,241,776
EQUITY			
Retained earnings		11,553,794	11,241,776
TOTAL EQUITY		11,553,794	11,241,776

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements.

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	Year Ended 30/06/18	Year Ended 30/06/17
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		4,260,026	4,304,958
Interest paid		(2,661,996)	(2,927,177)
Payments of administration costs		(513,143)	(539,379)
Net Cash provided/(used) by Operating Activities	13(ii)	1,084,887	838,402
CASH FLOWS FROM INVESTING ACTIVITIES			
Net movement in loans		(7,195,542)	6,008,082
Payments for property, plant & equipment		(3,445)	-
Net Cash provided/(used) in Investing Activities		(7,198,987)	6,008,082
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in Parishioners deposits		(13,942,380)	808,972
Net movement in Diocesan Institution deposits		5,904,795	7,985,991
Distribution to Diocese and Parishes		(534,000)	(224,000)
Net cash provided/(used) by financing activities		(8,571,585)	8,570,963
Net increase / (decrease) in cash held		(14,685,685)	15,478,350
Cash at the beginning of the reporting period		97,511,582	82,033,232
Cash at the end of reporting period	13(i)	82,825,897	97,511,582

The Cash Flow Statement is to be read in conjunction with the notes to and forming part of the financial statements.

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

**STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Year Ended 30/06/18	Year Ended 30/06/17
	\$	\$
Retained earnings at the beginning of the year	11,241,776	10,156,746
Profit for period	846,018	1,085,030
Distribution to Diocese	(534,000)	-
Retained earnings at the end of the year	<u>11,553,794</u>	<u>11,241,776</u>

The statement of change in equity is to be read in conjunction with the notes to and forming part of the financial statements.

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements, being special purpose financial statements, have been prepared for the Bishop of the Diocese of Wagga Wagga. The following summary explains the significant accounting policies that have been adopted in the preparation of the accounts. Unless otherwise stated, the accounting policies adopted are consistent with those applied in the preceeding year.

a) Basis of Accounting

The accounts have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

b) Plant and Equipment

Plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation or amortisation.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount of these assets.

Depreciation on plant and equipment is calculated at appropriate rates so as to write off the cost of each asset over its expected useful economic life.

The rates of depreciation for the different class of assets are as follows:

Asset Class	Depreciation Rate
Plant and Equipment	10 - 33.33%

The gain or loss on the disposal of plant and equipment is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the statement of comprehensive income in the year of disposal.

c) Employee Entitlements

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on expected future wage and salary rates that the Fund expects to pay as at reporting date, including related on-costs such as workers compensation.

Long Service Leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

Superannuation

Contributions made by the Fund to fully funded employee superannuation funds are charged as an operating expense when incurred. The contributions are in accordance with government legislation and requirements.

d) Income Tax

All income of the Fund is exempt from income tax as specified by Section 50-5 of the Income Tax Assessment Act 1997 (ITAA1997).

e) Comparative Figures

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

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

f) Financial Instruments

Recognition

Financial instruments are initially recognised when the related contractual rights and obligations exist.

At recognition they are measured at fair value on settlement date including, for assets and liabilities not designated as fair value through profit or loss, transaction costs. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms length transaction.

Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management within the requirements of AASB 139: *Recognition of Financial Instruments*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Fund's intention to hold these investments to maturity. Any held-to-maturity investments held by the fund are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are recorded at fair value or at cost when fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are recognised directly to equity through the Statement of Changes in Equity. Once the asset is derecognised (by sale or otherwise) the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Income. Interest receivable and dividends on available for sale assets are recognised in the Statement of Comprehensive Income.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost comprising original debt less principal payments and amortisation. Deposits repayable on demand are recorded at an amount equal to the proceeds received.

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Year Ended 30/06/18	Year Ended 30/06/17
NOTE 2 - REVENUE		
Operating Activities		
Interest	3,990,443	4,474,799
Unrealised gain on financial asset	-	60,901
Total Revenue	3,990,443	4,535,700
NOTE 3 - SURPLUS FROM ORDINARY ACTIVITIES		
Surplus from ordinary activities before income tax has been arrived at after charging the following items:		
Interest on deposits	2,621,444	2,929,434
Salaries and employee related costs	316,640	333,608
Depreciation of plant & equipment	516	442
Computer system related expenses	81,174	87,598
Insurance expenses	-	3,741
Remuneration to Auditor	22,170	18,500
Unrealised loss on financial assets	13,613	-
Other	88,868	77,347
Total other expenses from ordinary activities	3,144,425	3,450,670
NOTE 4 - LOANS		
Parishes	211,977	426,954
Diocesan Institutions	27,300,802	19,869,609
Special Purposes	31,219	65,507
	<u>27,543,998</u>	<u>20,362,070</u>
	27,543,998	20,362,070
Loans approved but not advanced	<u>17,568,767</u>	<u>18,176,661</u>
NOTE 5 - MATURITY ANALYSIS OF LOANS		
The following table shows the principal maturity profile of loans due to the fund at balance date		
Due in less than 1 year	632	10,258
Due after 1 year through to 5 years	1,809,157	2,460,876
Due after 5 years	25,734,209	17,890,936
	<u>27,543,998</u>	<u>20,362,070</u>
NOTE 6 - CASH		
Cash at Bank	363,859	172,569
Cash on Hand	10,000	1,500
Cash Investments - Financial Institutions	82,452,038	94,660,000
Cash Investments - CCIM	-	2,677,514
	<u>82,825,897</u>	<u>97,511,582</u>
NOTE 7 - PLANT AND EQUIPMENT		
Plant and equipment - at cost	154,636	151,191
Less: Accumulated Depreciation	(151,648)	(151,132)
	<u>2,988</u>	<u>59</u>
RECONCILIATION		
Plant and Equipment		
Carrying amount at the beginning of the year	59	501
Additions	3,445	-
Depreciation	(516)	(442)
Carrying amount at the end of the year	<u>2,988</u>	<u>59</u>

**DIOCESAN PROVIDENT FUND
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Year Ended 30/06/18	Year Ended 30/06/17
NOTE 8 - TRADE AND OTHER RECEIVABLES		
Accrued Interest	742,765	1,012,348
Other receivables	-	687
	<u>742,765</u>	<u>1,013,035</u>
NOTE 9 - OTHER ASSETS		
Prepayments	-	1,355
NOTE 10 - BORROWINGS		
CURRENT		
Deposit at Call		
Parishioners	444,967	3,130,572
Diocesan Institutions	27,917,173	18,552,562
Term Deposits		
Parishioners	6,012,227	17,269,002
Diocesan Institutions	63,739,514	67,199,330
	<u>98,113,881</u>	<u>106,151,466</u>
Maturity Analysis of Interest Bearing Liabilities		
The following table shows the principal maturity profile of loans due to the fund at balance date		
Due in less than three months	74,858,774	57,260,505
Due after 3 months through to 1 year	19,999,138	48,854,973
Due after 1 year through to 5 years	3,255,969	35,988
	<u>98,113,881</u>	<u>106,151,466</u>
NOTE 11 - TRADE AND OTHER PAYABLES		
Creditors and accrued expenses	42,872	27,664
Accrued interest payable	159,667	200,219
	<u>202,539</u>	<u>227,883</u>
NOTE 12 - PROVISIONS		
Employees Leave Entitlements	77,762	99,304
Distribution to Diocese	1,167,672	1,167,672
	<u>1,245,434</u>	<u>1,266,976</u>
NOTE 13 - NOTES TO THE STATEMENT OF CASH FLOWS		
(i) RECONCILIATION OF CASH		
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as 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:		
	Year Ended 30/06/18	Year Ended 30/06/17
Cash	<u>82,825,897</u>	<u>97,511,582</u>
(ii) RECONCILIATION OF PROFIT WITH NET CASH PROVIDED BY OPERATING ACTIVITIES		
Surplus from ordinary activities	<u>846,018</u>	<u>1,085,030</u>
Add/(Less) non-cash items		
Depreciation	516	442
Unrealised (gain) / loss on financial asset	13,613	(60,901)
Net cash provided/(used) by operating activities before change in assets and liabilities	<u>860,147</u>	<u>1,024,571</u>
Change in assets and liabilities		
(Increase)/decrease in receivables	270,270	(169,841)
(Increase)/decrease in other assets	1,355	-
Increase/(decrease) in payables	(25,344)	(30,127)
Increase/(decrease) in employee leave entitlements	(21,542)	13,799
Net Cash provided/(used) by Operating Activities	<u>1,084,886</u>	<u>838,402</u>

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 14 – FINANCIAL INSTRUMENTS

(a) SIGNIFICANT ACCOUNTING POLICIES

Financial assets and liabilities are recorded at amounts due and payable.

(b) INTEREST RATE RISK EXPOSURES

The Fund's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

2018

	Statement of Financial Position Total	Floating Interest Rate	Fixed Interest Rate			Non Interest Bearing	Weighted Average Rate %
			< 1 year	1-5 years	> 5 years		
Assets							
Cash on Hand	10,000	-	-	-	-	10,000	-
Cash at bank	363,859	363,859	-	-	-	-	0.0%
Cash Investments	82,452,038	-	82,452,038	-	-	-	3.2%
Loans	27,543,998	-	632	1,809,157	25,734,209	-	6.7%
Total monetary assets	110,369,895	363,859	82,452,670	1,809,157	25,734,209	10,000	
Liabilities							
Deposits at Call - Parishioners	444,967	444,967	-	-	-	-	3.1%
- Diocesan Institutions	27,917,173	27,917,173	-	-	-	-	2.7%
Term Deposits - Parishioners	6,012,227	-	6,012,227	-	-	-	3.8%
- Diocesan Institutions	63,739,514	-	60,483,545	3,255,969	-	-	2.6%
Total monetary liabilities	98,113,881	28,362,140	66,495,772	3,255,969	-	-	

2017

	Statement of Financial Position Total	Floating Interest Rate	Fixed Interest Rate			Non Interest Bearing	Weighted Average Rate %
			< 1 year	1-5 years	> 5 years		
Assets							
Cash on Hand	1,500	-	-	-	-	1,500	-
Cash at bank	172,569	172,569	-	-	-	-	0.0%
Cash Investments	97,337,514	-	97,337,514	-	-	-	3.4%
Loans	20,362,070	-	4,016	404,588	25,961,549	-	7.6%
Total monetary assets	117,873,652	172,569	97,341,530	404,588	25,961,549	1,500	
Liabilities							
Deposits at Call - Parishioners	3,130,572	3,130,572	-	-	-	-	2.4%
- Diocesan Institutions	18,552,562	18,552,562	-	-	-	-	3.0%
Term Deposits - Parishioners	17,269,002	-	17,269,002	-	-	-	3.1%
- Diocesan Institutions	67,199,330	-	67,199,330	-	-	-	3.4%
Total monetary liabilities	106,151,466	21,683,134	84,468,332	-	-	-	

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 14 – FINANCIAL INSTRUMENTS (CONT)

c) NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists or by discounting expected future cash flows by the current interest rates for assets and liabilities with similar risk properties.

The carrying amounts and net fair values of financial assets and liabilities at balance date are as follows:

	Carrying Amount 2018	Carrying Amount 2017	Net Fair Value 2018	Net Fair Value 2017
Statement of Financial Position Financial Assets				
Cash on Hand	10,000	1,500	10,000	1,500
Cash at bank	363,859	172,569	363,859	172,569
Cash Investments	82,452,038	97,337,514	82,452,038	97,337,514
Loans - Parishes	211,977	426,954	211,977	426,954
- Diocesan Institutions	27,300,802	19,869,609	27,300,802	19,869,609
- Special Purpose	31,219	65,507	31,219	65,507
	110,369,895	117,873,652	110,369,895	117,873,652
Financial Liabilities				
Deposits at Call - Parishioners	444,967	3,130,572	444,967	3,130,572
- Diocesan Institutions	27,917,173	18,552,562	27,917,173	18,552,562
Term Deposits - Parishioners	6,012,227	17,269,002	6,012,227	17,269,002
- Diocesan Institutions	63,739,514	67,199,330	63,739,514	67,199,330
	98,113,881	106,151,466	98,113,881	106,151,466

NOTE 15 - BANKING ACT EXEMPTION

The operations of the Diocesan Provident Fund is currently exempt complying with the requirements of the Banking Act under Banking exemption No1 of 2016.

Under this exemption any products provided to retail customers must have a minimum term of 31 days.

**DIOCESAN PROVIDENT FUND
DIOCESE OF WAGGA WAGGA**

STATEMENT BY THE BOARD

The Board has determined that the Diocese of Wagga Wagga – Diocesan Provident Fund is not a reporting entity.

The Board has determined 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 Board the financial report:-

1. Presents a true and fair value of the financial position of the Diocese of Wagga Wagga - Diocesan Provident Fund as at 30 June 2018 and its performance for the period ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that the Diocese of Wagga Wagga - Diocesan Provident Fund will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the board by

Manager – Mr Dennis Purcell

Apostolic Administrator Delegate – Rev Kevin O'Reilly

Dated this 14th day of November 2018

**INDEPENDENT AUDIT REPORT
TO THE BOARD OF:**

THE DIOCESE OF WAGGA WAGGA – DIOCESAN PROVIDENT FUND

Opinion

We have audited the financial report, being a special purpose financial report of The Diocese of Wagga Wagga - Diocesan Provident Fund which comprises the statement of financial position as at 30 June 2018 and the statement of comprehensive income, cash flow statement and the statement of changes in equity for the year ended on that date, summary of significant accounting policies and other explanatory notes to the financial statements.

In our opinion the financial report of Diocese of Wagga Wagga - Diocesan Provident Fund presents fairly, in all material respects the financial position of Diocese of Wagga Wagga - Diocesan Provident Fund as of 30 June 2018 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to the Board for the purpose of fulfilling the Board's financial reporting requirements. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the Board, or for any purpose other than that for which it was prepared.

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* 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 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.

Board's Responsibility for the Financial Report

The Board of the Diocese of Wagga Wagga - Diocesan Provident Fund is responsible for the preparation and fair presentation to the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements and are appropriate to meet the needs of the Board. The Board's responsibilities also include establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

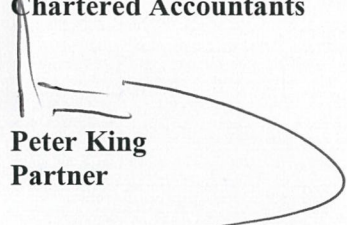
In preparing the financial report, the Board is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditors Responsibility

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 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/Home.aspx>. This description forms part of our auditor's report.

JOHN L BUSH & CAMPBELL
Chartered Accountants



Peter King
Partner

ASIC Rego No: 210345

Wagga Wagga
14 November 2018