Diocese of Sandhurst Development Fund

Special Purpose Financial Report

For the year ended 30 June 2022

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Statement of Comprehensive Income
For the year ended 30 June 2022

	Note	2021-22 $	2020-21 $
Revenue			
Interest revenue	4(a)	2,829,355	3,290,748
Less Interest expense	4(b)	415,479	1,115,337
Net interest revenue		2,413,876	2,175,411
Other revenue	4(c)	-	74
Total Revenue		**2,413,876**	**2,175,485**
Expenses			
Contracted services	4(d)	179,663	173,012
Other expenses from ordinary activities	4(e)	61,421	49,478
Total Expenses		**241,084**	**222,490**
Operating profit for the year		**2,172,792**	**1,952,995**
Total comprehensive income for the year		**2,172,792**	**1,952,995**

Statement of Financial Position
As at 30 June 2022

	Note	2021-22 $	2020-21 $
Assets			
Current assets			
Cash and liquid assets	5	39,103,295	33,272,313
Receivables	6	244,516	85,248
Net loans and advances	7	10,243,459	9,020,524
Investments	8	86,607,747	82,684,686
Other assets	9	4,787	4,563
Total current assets		**136,203,804**	**125,067,334**
Non-current assets			
Net loans and advances	7	53,294,969	55,859,760
Property, plant and equipment	10	40,807	50,334
Total non-current assets		**53,335,776**	**55,910,094**
Total assets		**189,539,580**	**180,977,428**
Liabilities			
Current liabilities			
Deposits	11	164,655,388	151,282,123
Other liabilities	12	150,289	542,274
Total current liabilities		**164,805,677**	**151,824,397**
Total liabilities		**164,805,677**	**151,824,397**
Net assets		**24,733,903**	**29,153,031**
Equity			
Retained earnings	13	24,733,903	29,153,031
Total equity		**24,733,903**	**29,153,031**

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the Year Ended 30 June 2022

	Retained Earnings $	Total Equity $
Balance at 1 July 2020	28,700,036	28,700,036
Net profit for the year	1,952,995	1,952,995
Less appropriations	(1,500,000)	(1,500,000)
Balance at 30 June 2021	**29,153,031**	**29,153,031**
Balance at 1 July 2021	29,153,031	29,153,031
Net profit for the year	2,172,792	2,172,792
Less appropriations	(6,591,920)	(6,591,920)
Balance at 30 June 2022	**24,733,903**	**24,733,903**

The above statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2022

	Note	2021-22 $	2020-21 $
Cash flows from operating activities			
Interest received from loans		2,113,179	2,376,623
Interest received from Investments		556,940	1,100,514
Other income		-	74
Interest paid on deposits		(799,179)	(1,035,586)
Payment to suppliers		(212,853)	(200,054)
Net cash flows from operating activities	5(a)	**1,658,087**	**2,241,571**
Cash flows from investing activities			
Net movement in investments		(3,923,061)	(22,136,593)
Net movement in loans		1,341,855	506,848
Payment for property, plant and equipment		(28,456)	(28,553)
Net cash flows (used in) investing activities		**(2,609,662)**	**(21,658,298)**
Cash flows from financing activities			
Net movement in deposits		13,374,477	20,640,030
Distributions		(6,591,920)	(1,500,000)
Net cash flows from financing activities		**6,782,557**	**19,140,030**
Net increase/(decrease) in cash and cash equivalents		5,830,982	(276,697)
Cash and cash equivalents at the start of the year		33,272,313	33,549,010
Cash and cash equivalents at the end of the year	5	**39,103,295**	**33,272,313**

1. Reporting Entity

The Diocese of Sandhurst Development Fund (DDF) is the internal treasury service of the Catholic Diocese of Sandhurst (Diocese) which has been established by the Bishop of Sandhurst. The DDF is responsible for the management of the Diocese's investments & financial assets and provides funding to support various educational, religious and charitable activities across the Diocese.

The DDF is not a reporting entity and as such a special purpose report has been prepared for the Bishop of Sandhurst. This special purpose report presents the financial activities of the DDF and does not consolidate the activities of the abovementioned entities. Likewise the scope of the independent audit is limited to only the activities of the DDF.

2. Basis of preparation

(a) Statement of compliance

The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of applicable Australian Accounting Standards (including the Australian Accounting Interpretations) as detailed below as well as Division 60 of the **Australian Charities and Not-for-profits Commission Act 2012**. The requirements of the Australian Accounting Standards do not have mandatory application to the DDF in relation to the year ended 30 June 2022 as it is a not for profit, non-reporting entity.

In order for the financial report to present fairly the DDF's financial performance and financial position the special purpose report has been prepared using the following standards as a minimum**:**

AASB 9	Financial Instruments
AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1031	Materiality
AASB 1048	Interpretation and Application of Standards
AASB 1054	Australian Additional Disclosures

(b) Basis of Preparation

The special purpose financial report has been prepared on an accrual basis of accounting including the historical cost convention (except for available for sale investments which are recognised at fair value) and the going concern assumption.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

(a) Revenue

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset in the balance sheet.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(d) Loans and other receivables

Loans and other receivables comprises of loans and advances to clients with fixed or determinable payments. Loans and other receivables are measured at amortised cost using the effective interest method. Interest income is recognised by applying the effective interest rate.

(e) Financial assets and liabilities

The DDF applies AASB 9 and classifies all of its financial assets and liabilities based on the business model for managing the assets and the asset's contractual terms.

(i) Financial assets at amortised costs

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the DDF to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The DDF recognises the following assets in this category:

- cash and deposits;
- receivables;
- loans and advances; and
- term investments.

(ii) Financial liabilities at amortised costs

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period.

The DDF recognises the following liabilities in this category:

- payables;
- deposits; and
- other liabilities.

(iii) Impairment of investments and other financial assets

The DDF assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or that can be reliably estimated.

An impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Impairment losses when recognised are transferred through profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(f) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the DDF prior to the end of the financial year. These payables are unpaid and arise when the DDF becomes obliged to make further payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 to 60 days of recognition.

(g) Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(h) Deposits

Deposits comprise of term deposits and other at demand deposits which are recognised at fair value. Interest is recognised in the profit or loss on an accrual basis and is recorded as part of other liabilities.

(i) Income tax

No provision has been made for income tax as the income of the DDF is exempt from income tax under section 50-5 of the **Income Tax Assessment Act 1997** as amended.

(j) Adoption of new and revised accounting standards

The DDF has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory for the current year.

The Australian Accounting Standards Board (AASB) in 2020-21 launched a new project called Not-for-Profit Private Sector Financial Reporting Framework. The objective of the project is to develop a reporting framework that is simple, proportionate, consistent, transparent and cost effective for all not-for-profit private sector entities in Australia. The framework will allow for differential financial reporting (i.e. additional reporting tiers) with simplified recognition and measurement requirements and disclosure of service performance metrics. The AASB is in the process of issuing a discussion paper called “Development of Simplified Accounting Requirements for Not for Profit Private Entities”. The discussion paper includes a third tier of reporting requirements (further form of general purpose financial statements), however will not specify reporting thresholds for not-for-profit private sector entities to follow. The AASB’s view is that the body requiring the preparation of financial statements should be the body specifying the extent of information required. The AASB will seek to develop disclosure requirements under the proposed third tier from comments received to the discussion paper and other outreach activities. The discussion paper expected to be released in October 2022 and will be followed by a six month consultation period.

In 2020-21, the DDF began working towards preparing general purpose financial statements commensurate with AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities. This has led to the inclusion of disclosures relating to financial instruments, risk and capital management, commitments and related party disclosures.

The DDF will continue to monitor the AASB’s progress on the Not-for-Profit Private Sector Financial Reporting Framework project and work towards adopting the applicable tier of reporting as it applies to the preparation and presentation of general purpose financial statements.

4. Revenue and Expenses from continuing operations

(a) Interest revenue	2021-22 $	2020-21 $
Interest revenue from borrowers	2,113,179	2,390,431
Interest revenue from investments	716,176	900,317
	2,829,355	**3,290,748**

(b) Interest expense	2021-22 $	2020-21 $
Interest expense from deposits at call	143,943	325,609
Interest expense from deposits at term	271,536	789,728
	415,479	**1,115,337**

(c) Other revenue	2021-22 $	2020-21 $
Other revenue	-	74
	-	**74**

(d) Contracted services	2021-22 $	2020-21 $
Secretarial fees	120,108	118,141
IT Support service	58,752	54,871
Legal costs	803	-
	179,663	**173,012**

(e) Other expenses from ordinary activities	2021-22 $	2020-21 $
Insurance costs	7,982	8,114
Travel & accommodation costs	2,990	4,558
Audit fees	9,946	9,369
General expenses	12,221	10,120
Depreciation	28,282	21,875
	61,421	**54,036**

5. Cash and Cash Equivalents

	2021-22 $	2020-21 $
Cash at bank and in hand	840,302	2,038,411
Deposits at call – CCIS(i)	28,204,970	21,223,426
Deposits at call – Macquarie Bank(ii)	10,058,023	10,010,476
	39,103,295	**33,272,313**

Note:

(i) Relate to funds held with Catholic Church Investment Service (CCIS) which is operated by the Archdiocesan Development Fund of Brisbane. The DDF utilises the CCIS service (together with other Catholic Development Funds) in managing day to day liquidity requirements with funds available effectively at call. The CCIS invests funds on behalf of CDFs in Bank Deposits, Bank Accepted Bills, Managed Funds, Direct Securities and Local/State/Commonwealth Government Bonds.

(ii) Relate to funds held with Macquarie Bank under a cash management facility that allows daily access to funds at call.

5(a). Reconciliation of the surplus to the net cash flows from operating activities

	2021-22 $	2020-21 $
Comprehensive income for the period	2,172,792	1,952,995
Adjustment for:		
Depreciation	28,282	21,875
Change in assets and liabilities:		
Decrease/(Increase) in receivables	(159,236)	186,389
Decrease/(Increase) in prepayments	(1,436)	1,932
Increase/(decrease) in accrued expenses	1,416	(1,753)
Increase/(decrease) in other liabilities	(383,700)	79,751
(Increase)/decrease in GST Clearing	(31)	382
Net cash flows from operating activities	**1,658,087**	**2,241,571**

6. Receivables

	2021-22 $	2020-21 $
Accrued interest revenue from term deposits	244,345	85,109
Goods and services tax	171	139
	244,516	**85,248**

7. Net loans and advances

	2021-22 $	2020-21 $
(a) Amounts due:		
Loans to schools	62,165,689	63,397,693
Loans to parishes	1,226,014	1,314,594
Loans other	146,725	167,997
	63,538,428	**64,880,284**
(*b) Maturity Analysis*:		
Less than 1 year	10,243,459	9,020,524
Greater than 1 year	53,294,969	55,859,760
	63,538,428	**64,880,284**

8. Investments

(a) Other financial assets at amortised cost	2021-22 $	2020-21 $
National Australia Bank	33,299,198	743,928
MyState Bank	20,000,000	-
ME Bank	14,800,000	3,000,000
Bank of Queensland	8,505,579	13,000,000
AMP	5,000,000	-
Macquarie Bank	3,002,970	1,000,000
Bendigo Bank	2,000,000	-
Westpac	-	64,940,758
	86,607,747	**82,684,686**

9. Other current assets

	2021-22 $	2020-21 $
Prepayments	4,787	4,563
	4,787	**4,563**

10. Property, plant & equipment

30 June 2022	**Plant & Equipment $**	**Total $**
Opening WDV	50,334	50,334
Additions	18,755	18,755
Depreciation	(28,282)	(28,282)
Closing WDV	**40,807**	**40,807**
Cost	108,656	108,656
Depreciation	(67,849)	(67,849)
Carrying Value	**40,807**	**40,807**

30 June 2021	**Plant & Equipment $**	**Total $**
Opening WDV	39,638	39,638
Additions	32,571	32,571
Depreciation	(21,875)	(21,875)
Closing WDV	**50,334**	**50,334**
Cost	89,901	89,901
Depreciation	(39,567)	(39,567)
Carrying Value	**50,334**	**50,334**

11. Deposits

	2021-22 $	2020-21 $
(a) Deposits at call		
Deposits from schools	95,428,531	82,139,721
Deposits from non-parishioners	17,552,389	16,811,246
Deposits other	5,994,764	6,639,728
	118,975,684	**105,590,695**
(b) Deposits at term		
Deposits from schools	26,563,416	23,418,371
Deposits from non-parishioners	19,116,288	22,273,057
	45,679,704	**45,691,428**
Total Deposits	**164,655,388**	**151,282,123**

	2021-22 $	2020-21 $
(c) Maturity Analysis		
Less than 1 year	164,655,388	151,282,123
Greater than 1 year	-	-

	164,655,388	**151,282,123**

12. Other liabilities

	2021-22 $	2020-21 $
Accrued interest on deposits	129,553	513,254
Accrued expenses	20,736	29,020
	150,289	**542,274**

13. Retained earnings

	2021-22 $	2020-21 $
Retained earnings at the beginning of the year	29,153,031	28,700,036
Surplus for the period	2,172,792	1,952,995
Ordinary appropriations	(1,500,000)	(1,500,000)
Extraordinary appropriations(i)	(5,091,920)	-
Accumulated surplus at the end of the year	**24,733,903**	**29,153,031**

Note:

(i) In 2021, a new investment policy came into effect for the Catholic Diocese of Sandhurst (CDOS) with the objective of maximising income (by rebalancing its asset/investment holdings) to support the ongoing workings and programs of the CDOS. The investment policy took into consideration retained earnings held by the CDOS in the DDF. The CDOS advised the DDF that it planned to withdraw an amount of $7,000,000 in 2021-22, though the pace of this withdrawal would be guided by the DDF's capital management policy and prevailing market conditions. As at 30 June 2022 an amount of $5,091,920 was withdrawn from the retained earnings of the DDF. The remaining balance is expected to withdrawn by the end of 30 September 2022.

14. Financial Instruments

The DDF's main financial assets consist of cash and cash equivalents, fixed term deposits and loans. The main financial liabilities consist of deposits from clients. The purpose of holding these financial instruments is to generate a return on funds held through earning a net interest margin to support the works of the Catholic Diocese of Sandhurst.

The following table sets out the categories of financial instruments held by the DDF at their carrying amounts:

	2021-22 $	2020-21 $
Financial Assets (at amortised cost)		
Cash and cash equivalents	39,103,295	33,272,313
Investments	86,607,747	82,684,686
loans and advances	63,538,428	64,880,284
Other receivables	244,516	85,248
Total	**189,493,986**	**180,922,531**
Financial Liabilities (at amortised cost)		
Deposits	164,655,388	151,282,123
Other payables	150,289	542,274
Total	**164,805,677**	**151,824,397**

Financial Risk Management

The DDF is exposed to a number of risks from the use of financial instruments in the ordinary course of providing its services. These risks include:

a) Credit risk
b) Market risk
c) Liquidity risk

The DDF seeks to manage these risks through internal reporting which includes an analysis of exposures against prescribed thresholds set by the board of the DDF. The management of these risks is carried out by the secretary of the DDF under the policies approved by the board. The board has also established an Audit and Risk Committee which oversees the formulation and monitoring of the DDF's risk management policies and systems.

a) Credit Risk

Credit as it relates to the DDF's lending and investment activities, is the provision of funds on agreed terms and conditions to a counterparty who is obliged to repay the amount borrowed or received. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the DDF.

Credit risk for the DDF can be segregated as follows:

<u>Loans and advances</u>
The risk of losses that may arise from loans advanced is mitigated by the application of a loan assessment criteria designed to evaluate a client's repayment capacity, available collateral, operational risk and applies LVR principles. Where collateral is held, it is in the form of mortgage interest over the property or by a letter of guarantee.

The loan portfolio comprises of loans predominantly to Catholic schools operating within the Catholic Diocese of Sandhurst. The weighted average term to maturity was 7.60 years as at 30 June 2022 (2020-21 8.43 years) and the DDF has no reason to believe that these entities will not be able to meet their respective loan commitments. There has been no allowance provided for the impairment of the loan portfolio. The DDF has had no loan defaults since its establishment which is reflective of the industry sectors it services and its loan assessment practices.

In response to COVID-19 related events, the DDF (through the COVID-19 financial support package) granted repayment relief for a small number of clients who were suffering financial hardship due to COVID-19. The nature of this relief was interest only repayments. The DDF has also considered the economic impact of COVID-19 in each of the client segments.

While the deferral of payments by clients suffering financial hardship can be an indication of a significant increase in credit risk, the deferral of loan payments under the COVID-19 financial support has not, in isolation, been treated as an indication of a significant increase in credit risk. The COVID-19 financial support was available to clients who experienced a decline in income as a result of COVID-19 and who otherwise were up to date with their repayment. The loan repayment deferrals will be repaid over the remaining term of the loan. The COVID-19 financial support was provided on a short term basis (whilst COVID-19 restrictions were in place) with the expectation that clients would return to normal trading arrangements. Given the nature of this arrangement and its duration we do not consider this to be a significant increase in credit risk over the expected life of the related loans.

Investments

The risk of losses from investment made as part of managing the DDF's liquid asset portfolio is mitigated by policies that limit both the counterparties with which the DDF transacts and the aggregate exposure to any one counterparty.

There have been no changes to the way credit risk is managed during the financial year. The DDF's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the amount of those assets as listed in the table below.

2021-22

	Current and not impaired				**Past due and/or impaired**	
		Rated (Short Term)				
	Unrated $	**A1+ $**	**A1 $**	**A2 $**	**$**	**Total $**
Financial Assets						
Cash and cash equivalents	28,204,970	840,302	10,058,023	-	-	**39,103,295**
Investments	-	33,299,198	3,002,970	50,305,579	-	**86,607,747**
Loans and advances	63,538,428	-	-	-	-	**63,538,428**
Total	**91,743,398**	**34,139,500**	**13,060,993**	**50,305,579**	**-**	**189,249,470**

2020-21

	Current and not impaired				Past due and/or impaired	Total
		Rated (Short Term)				
	Unrated $	A1+ $	A1 $	A2 $	$	$
Financial Assets						
Cash and cash equivalents	21,223,427	2,038,410	10,010,476	-	-	**33,272,313**
Investments	-	65,684,686	1,000,000	16,000,000	-	**82,684,686**
Loans and advances	64,880,284	-	-	-	-	**64,880,284**
Total	**86,103,711**	**67,723,096**	**11,010,476**	**16,000,000**	**-**	**180,837,283**

b) Market Risk

Market risk is the risk of losses arising from movement in market prices. The primary market risk exposure for the DDF is interest rate risk. Interest rate risk is the risk of a change in the fair value of future cash flows arising from financial instruments due to variability in interest rates.

The DDF is exposed to interest rate risk through the deposits it holds, funds placed in investments and provision of loans. Interest rates are monitored regularly and reviewed by the board who recommend any changes. Financial modelling is used to forecast the impact to earnings of any changes to interest rates. There has been no material change to the DDF's exposure to interest rate risk, or the manner in which this risk is managed and measured over the reporting period.

The interest rate sensitivity analysis has been prepared assuming the balance of assets and liabilities outstanding at the end of the reporting period where outstanding for the whole reporting period.

			1% +/- Variance	
	2021-22 $	**2020-21 $**	**2021-22 $**	**2020-21 $**
Financial Assets				
Cash and cash equivalents	39,103,295	33,272,313	391,033	332,723
Term deposits	86,607,747	82,684,686	866,077	826,847
Loans and advances	63,538,428	64,880,284	635,384	648,803
Total	**189,249,470**	**180,837,283**	**1,892,494**	**1,808,373**
Financial liabilities				
Accrued interest on deposits	129,553	513,254	1,296	5,133
Client deposits	164,655,388	151,282,123	1,646,554	1,512,821
Total	**164,784,941**	**151,795,377**	**1,647,850**	**1,517,954**
Net Change			**244,644**	**290,419**

c) Liquidity Risk

Liquidity risk is the risk that the DDF may experience difficulties in raising funds to meet its financial commitment as and when they fall due. The DDF manages liquidity risk through compliance with its Liquidity Management and Investment policy. The objectives of this policy are as follows:

- maintain the ability to provide funds for lending requirements and to meet depositor withdrawal requests as they occur;
- comply with the minimum liquidity requirements;
- investments are managed in such a way to provide an optimum level of return whilst ensuring that the capital value of the investment is preserved; and
- market interest rates, the investment portfolio and bank balances are monitored daily.

The DDF manages liquidity risk by holding financial assets which can be readily converted into cash as when the need arises. The DDF monitors liquidity on a daily basis which incorporates forecasting cash outflows. This is supported by a minimum liquidity holding target ratio of 20% and a trigger level with a required course of action should there be a continued downward trend. The liquidity holding ratio as at 30 June 2022 was 53.4% (2020-21 61.4%).

The table below summaries the maturity profile of the DDF's financial assets and liabilities.

2021-22	WAIR	< 1 Month	1-3 Months	3 Months to 1 Year	1-5 years	> 5 Years	Total
		$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	0.74%	39,103,295	-	-	-	-	**39,103,295**
Investments	1.11%	24,800,000	53,804,777	8,002,970	-	-	**86,607,747**
Loans and advances	3.55%	904	-	159,537	14,647,799	48,730,188	**63,538,428**
Total		**63,904,199**	**53,804,777**	**8,162,507**	**14,647,799**	**48,730,188**	**189,249,470**
Financial Liabilities							
Deposits at call	0.25%	118,975,684	-	-	-	-	**118,975,684**
Deposits at term	0.48%	15,540,058	11,460,910	18,678,736	-	-	**45,679,704**
Total		**134,515,742**	**11,460,910**	**18,678,736**	**-**	**-**	**164,655,388**

2020-21	WAIR	< 1 Month	1-3 Months	3 Months to 1 Year	1-5 years	> 5 Years	Total
		$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	0.31%	33,272,313	-	-	-	-	**33,272,313**
Investments	0.36%	4,000,000	65,684,686	13,000,000	-	-	**82,684,686**
Loans and advances	3.55%	287	4,100	288,629	6,138,598	58,448,670	**64,880,284**
Total		**37,272,600**	**65,688,786**	**13,288,629**	**6,138,598**	**58,448,670**	**180,837,283**
Financial Liabilities							
Deposits at call	0.12%	105,590,696	-	-	-	-	**105,590,696**
Deposits at term	1.45%	12,775,385	14,504,391	18,411,651	-	-	**45,691,427**
Total		**118,366,081**	**14,504,391**	**18,411,651**	**-**	**-**	**151,282,123**

15. Capital Management

The DDF is required to maintain a level of capital to support the funds operations from unanticipated losses from its activities and continue as a going concern. Capital is managed with regard to the type, amount and concentration of risks to which the DDF is exposed to from its activities, having regard to any prospective, material changes in the DDF's risk profile or level of capital. The DDF is required to maintain at all times a minimum of total capital to risk-weighted assets of 20% (Capital Adequacy Ratio) according to the general guidelines of the APRA Prudential Standards. The DDF's Capital Adequacy Ratio is as follows:

	2021-22	2020-21
Tier 1 – Capital Adequacy Ratio	27.8%	33.1%

16. Commitments

	2021-22 $	2020-21 $
Loans approved but not disbursed	24,757,551	1,468,382
	24,757,551	**1,468,382**

17. Related party transactions

a) Advisory board and committee members
The members of the DDF advisory board are appointed in a voluntary capacity and receive no fee for their services to the DDF.

b) Key management personnel compensation
The DDF does not employ any staff directly and is instead charged a service fee based on the reasonable costs for management and administration undertaken by employees of the Chancery Office of the Catholic Diocese of Sandhurst. The amount of the service fee for 2020-21 was $120,108 (2020-21 $118,141).

18. Auditor's remuneration

	2021-22 $	2020-21 $
Audit and review of financial statements	9,369	9,369
	9,369	**9,369**

19. Events occurring after the reporting period

The effects of the coronavirus (COVID-19) have moderated over 2021-22 with both Commonwealth and State governments transitioning to a new health policy of living with the coronavirus and winding back financial supports, including the use of population restrictions. However, the economic impact from the coronavirus continues to reverberate across domestic and global economies particularly around supply chain challenges, though other economic challenges have also emerged including geopolitical (war in Ukraine, China tensions), rising inflation (energy and fuel supply shortages) and a tight labour market. The Reserve Bank of Australia (RBA) has shifted its focus towards monetary tightening, which has seen a sharp rise in the cash rate and contributed to an increase in market interest rates. The RBA's central tenet is managing the risk posed by rising inflation with its monetary position likely to see economic activity easing in the short to medium term. The DDF's core operation is the provision of treasury services to Catholic schools and parishes. In consideration of these events, the DDF has not identified any related developments or other events which would require disclosure or an adjustment to the financial statements.

DECLARATION OF ADVISORY BOARD OF THE DIOCESE OF SANDHURST DEVELOPMENT FUND

In the opinion of the members of the Advisory Board of the Diocese of Sandhurst Development Fund (DDF):

(a) the DDF is not a reporting entity;

(b) the special purpose financial statements and notes thereto, set out in pages 3 to 19 have been prepared in accordance with the basis of accounting described in notes 2 to 3 so as to present a true and fair view of the financial position of the DDF as at 30 June 2022 and its performance as represented by the results of its operations for the year ended on that date;

(c) the financial statements and notes satisfy the requirements of the **Australian Charities and Not-for-profits Commission Act 2012**; and

(d) at the date of this statement, there are reasonable grounds to believe that the DDF will be able to pay its debts as and when they fall due.

Dated at Bendigo this 27th day of September 2022

Signed in accordance with a resolution at a duly constituted meeting:

+ Shane Mackinlay

Bishop Shane Mackinlay DD
Chairman of the DDF

Cameron Fraser

Mr Cameron Fraser
Secretary of the DDF

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Bendigo, Victoria
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE DIOCESE OF SANDHURST DEVELOPMENT FUND

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of the Diocese of Sandhurst Development Fund (DDF), which comprises the statement of financial position as at 30 June 2022, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information and the Advisory Board's declaration.

In our opinion, the financial report of the DDF presents fairly, including giving a true and fair view of the financial position as at 30 June 2022 and of its performance for the year then ended in accordance with the accounting policies described in notes 2 and 3 to the financial statements.

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 auditor independence 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 2 to the financial report, which describes the basis of accounting. The financial report has been prepared as special purpose financial statements to assist the DDF meet the needs of its members. We acknowledge that the DDF is transitioning to general purpose financial statements and the financial report includes additional disclosures to this effect. 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 Advisory Board for the Financial Report

The Advisory Board of the DDF is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such internal control as the Advisory Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Advisory Board.
- Conclude on the appropriateness of the Advisory Board'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 the Advisory 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.

RSD Audit

P.P. Delahunty

P.P Delahunty

Dated: 27 September 2022

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To the Advisory Board of the Diocese of Sandhurst Development Fund

Auditor's Independence Declaration

I declare that to the best of my knowledge and belief, during the year ended 30 June 2022 there has been no contraventions of any applicable code of professional conduct in relation to the audit.

RSD Audit

P.P. Delahunty

Partner

Dated: 27 September 2022