DIOCESE OF PARRAMATTA

DIOCESAN DEVELOPMENT FUND

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

DIOCESE OF PARRAMATTA

DIOCESAN DEVELOPMENT FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Year ended 30 June 2018	Year ended 30 June 2017
	$	$
Interest Revenue		
Interest Income from Borrowers	7,658,686	8,170,937
Interest Income from Investments	15,594,548	14,645,315
	23,253,234	22,816,252
Interest Expense	(12,049,961)	(11,915,313)
Net Interest Revenue	11,203,273	10,900,939
Realised Gain on Sale of Available for Sale Assets	1,781,368	424,356
Movement in fair value of investments at FVPTL	(380,861)	-
Net Revenue	12,603,780	11,325,295
Less Expenses		
Employee Benefits Expense	(1,383,658)	(1,204,259)
Occupancy	(141,186)	(127,298)
Impairment charge	(140,422)	-
Other Expenses from Ordinary Activities	(540,659)	(489,507)
Total Expenses	(2,205,925)	(1,821,064)
Surplus for the year	10,397,855	9,504,231
Other Comprehensive Income - net (loss)/gain on available for sale investments	(774,354)	595,779
Total Comprehensive Income	9,623,501	10,100,010

The accompanying notes form part of these financial reports

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018	30 June 2017
		$	$
ASSETS			
Cash and Liquid Assets	2	13,815,346	13,759,775
Financial Assets	3	284,579,815	82,822,441
Receivables	4	3,054,955	4,562,386
Loans and Advances Receivable	5	298,088,147	491,651,537
Property, Plant and Equipment	6	108,983	286,892
TOTAL ASSETS		599,647,246	593,083,031
LIABILITIES			
Deposits and Short Term Borrowings	7	580,462,075	574,939,527
Payables and Other Liabilities	8	4,586,599	2,868,433
TOTAL LIABILITIES		585,048,674	577,807,960
NET ASSETS		14,598,572	15,275,071
EQUITY			
Accumulated Funds	9	14,598,572	15,275,071
GUARANTEE OF THE FUND	12		

The accompanying notes form part of these financial statements

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Note	**Accumulated Surplus**
Balance at 30 June 2016	9	16,375,061
Surplus for the year		9,504,231
Other comprehensive income		595,779
Sub-Total		26,475,071
Donation to Diocesan Projects		(11,200,000)
Balance at 30 June 2017		15,275,071
Surplus for the year		10,397,855
Other comprehensive income		(774,354)
Sub-Total		24,898,572
Donation to Diocesan Projects		(10,300,000)
Balance at 30 June 2018		14,598,572

The accompanying notes form part of these financial statements

DIOCESE OF PARRAMATTA

DIOCESAN DEVELOPMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Year ended 30 June 2018	Year ended 30 June 2017
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		22,979,297	22,542,616
Interest paid		(10,320,396)	(12,766,544)
Payments to suppliers and employees		(2,026,207)	(1,727,660)
Other Receipts		1,781,368	423,631
Net cash provided by operating activities	11	12,414,062	8,472,043
CASH FLOWS FROM INVESTING ACTIVITIES			
Funds inflow from investments held at financial institutions		704,367,236	655,878,274
Funds outflow in acquiring investments at financial institutions		(711,943,447)	(687,373,070)
Purchase of property, plant and equipment		(4,828)	(42,054)
Net cash used in investing activities		(7,581,039)	(31,536,850)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from depositors		543,677,136	588,000,000
Repyaments from depositors		(538,154,589)	(549,973,604)
Donations to Diocesan Projects		(10,300,000)	(11,200,000)
Net cash provided by financing activities		(4,777,453)	26,826,396
Net increase in cash held		55,570	3,761,589
Cash at beginning of financial year		13,759,775	9,998,186
Cash at end of financial year		**13,815,345**	**13,759,775**

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information

The Diocesan Development Fund, Catholic Diocese of Parramatta (the "Fund") which, by the direction of the Bishop of the Catholic Diocese of Parramatta is vested in the Trustees of the Roman Catholic Church for the Diocese of Parramatta, a Body Corporate created under the provisions of the Roman Catholic Church Trust Property Act 1936 as amended.

(b) Financial Reporting Framework

The fund is not a reporting entity because in the opinion of Management there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared in to satisfy managements' reporting requirements under the Australian Charities and Not-for-profits Commission Act 2012.

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

(c) Statement of Compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

(d) Basis of Preparation

The financial statements have been prepared on the basis of historic cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise stated.

Significant accounting policies used in the preparation of this financial report are as follows:

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

(f) Interest Income

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

(g) Property, Plant & Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(i) Capitalisation thresholds

Property, plant and equipment and intangible assets costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

(ii) CBD Policy Capitalisation
Costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognised as capitalised costs in the statement of financial position. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Fund's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use".

In accordance with AASB 116 "Property, Plant and Equipment", the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:
(a) it is probable that future economic benefits associated with the item will flow to the entity; and
(b) the cost of the item can be measured reliably.

(iii) Depreciation

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to Diocesan Development Fund.
All material separately identifiable components of assets are depreciated over their shorter useful lives.

The estimated useful lives of the major classes of assets of Diocesan Development Fund are as follows:

	Years
Computer equipment	3-4
Furniture and Equipment	4-10
Motor Vehicles	4

(iv) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.
(v) Leased assets

Operating lease payments are charged to the Statement of profit or loss in the periods in which they are incurred.

(g) Property, Plant & Equipment (continued)

(vi) Impairment of tangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

(h) Employee Benefits

Contributions are made to an employee superannuation fund and are charged as expenses when incurred.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised for benefits in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Fund in respect of services provided by employees up to reporting date.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short term highly liquid investments with original maturities of three months or less.

(j) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(k) Financial Instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments; Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described above.

(ii) Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Fund has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(iii) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(iv) Available for Sale (AFS) Assets

Listed shares and lists redeemable notes held by the Fund that are traded in an active market are classified as AFS and stated at fair value. Gains and losses arising from change in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

(k) Financial Instruments (continued)

(v) Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(vi) Derecognition of financial assets

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

(i) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial asset is either held for trading or it is designated FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments; Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described above.

(ii) Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(iii) Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire. The difference between the carrying value amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Taxation

The Fund is exempt from income taxation.

(m) Goods and Services Tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST

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

(n) Application of new and revised Accounting Standards

AASB 9 Financial Instruments is a new standard which replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Fund will apply AASB 9 in the financial year beginning 1 July 2018.

An assessment has been performed by management, and the impact of the credit loss model is not expected to be material to the Fund. The Fund has considered the new classification categories and determined that in line with its business model, bonds will be classified at ‘Fair value through profit and loss’ from 1 July 2018.

DIOCESE OF PARRAMATTA

DIOCESAN DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Year ended 30 June 2018	Year ended 30 June 2017
	$	$
2. CASH AND LIQUID ASSETS		
Cash at Bank	13,781,150	13,722,575
Cash on Hand	34,196	37,200
	13,815,346	13,759,775
3. FINANCIAL ASSETS		
Available for Sale	173,738,778	67,654,467
Assets at Fair Value Through Profit & Loss	110,841,037	15,167,974
	284,579,815	82,822,441
Available for Sale		
AFS Bonds	173,738,778	67,654,467
	173,738,778	67,654,467
Assets at fair value through Profit & Loss		
Externally Managed Funds	-	15,167,974
	-	15,167,974
4. RECEIVABLES		
Interest Receivable Deposits	291,432	4,008,476
Interest Receivable Bonds	2,763,523	545,530
Other	-	8,380
	3,054,955	4,562,386
5. LOANS AND ADVANCES RECEIVABLE		
Overdrawn Accounts	55,440	26,050
Term Loans	167,342,707	144,301,338
Interest Earning Deposits	130,690,000	268,000,000
Bonds	-	79,324,149
	298,088,147	491,651,537
Maturity Analysis:		
Overdrawn Accounts	55,440	26,050
Not longer than 12 months	99,271,064	249,211,001
Longer than 1 year	198,761,643	242,414,486
	298,088,147	491,651,537

6. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture and Equipment	Motor vehicle	CBD Project	Total
Cost	$	$	$	$	$
As at 30 June 2016	**48,182**	**121,016**	**28,961**	**140,362**	**338,521**
Additions	8,126	33,929	-	-	42,055
Disposals	-	-	-	-	-
As at 30 June 2017	**56,308**	**154,945**	**28,961**	**140,362**	**380,576**
Additions	2,328	2,440	-	-	4,768
Disposals	10,309	-	-	-	10,309
As at 30 June 2018	**48,327**	**157,385**	**28,961**	**140,362**	**375,035**
Depreciation and Impairment					
As at 30 June 2016	**9,518**	**44,964**	**4,323**	**-**	**58,806**
Depreciation during the year	17,052	10,587	7,240	-	34,878
Disposals	-	-	-	-	-
As at 30 June 2017	**26,570**	**55,551**	**11,563**	**-**	**93,684**
Depreciation during the year	20,946	14,129	7,240	-	42,315
Disposals	10,309	-	-	-	10,309
Impairment	-	-	-	140,362	140,362
As at 30 June 2018	**37,207**	**69,680**	**18,803**	**140,362**	**266,052**
Net book value					
As at 30 June 2017	29,738	99,394	17,398	140,362	286,892
As at 30 June 2018	**11,120**	**87,705**	**10,158**	**-**	**108,983**

	Year ended 30 June 2018	Year ended 30 June 2017
	$	$
7. DEPOSITS AND SHORT-TERM BORROWINGS		
Call Deposits	56,911,278	219,016,696
Term Deposits	523,550,797	355,922,831
	580,462,075	574,939,527
Maturity Analysis:		
On Call	56,911,278	219,016,696
Not longer than 3 Months	116,281,542	136,448,088
Longer than 3 and not longer than 12 Months	407,269,255	219,474,743
	580,462,075	574,939,527
The balance invested by the Procuration Fund at balance date is -	22,115,080	22,578,175

	Year ended 30 June 2018	Year ended 30 June 2017
	$	$

8. PAYABLES AND OTHER LIABILITIES

Provision - Annual Leave	91,619	141,998
Provision - Long Service Leave	82,011	72,294
Provision - Audit Fees	60,000	19,000
Trade and Other Creditors	147,316	159,052
Accrued Interest Payable	4,205,653	2,476,089
	4,586,599	2,868,433

9. ACCUMULATED FUNDS

Accumulated Funds at Beginning of Financial Year	15,275,071	16,375,061
Net Income from Ordinary Activities	10,397,855	9,504,231
Total Available for Distribution	25,672,926	25,879,292
Donations to Diocesan Projects	(10,300,000)	(11,200,000)
Other Comprehensive Income	(774,354)	595,779
Accumulated Funds at Year End	14,598,572	15,275,071

10. CONTINGENT LIABILITIES

As at the balance sheet date, the following contingent liabilities existed:

Guarantees issued by the Diocesan Development Fund	50,010	40,000
Commonwealth Bank of Australia Facilities - Various	3,477,100	2,500,000
	3,527,110	2,540,000

11. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

Surplus from Ordinary Activities after Income Tax	10,397,855	9,504,231
Non-Cash Flows in Profit from Ordinary Activities:		
Depreciation and amortisation	42,315	34,878
Realised gain on sale of AFS assets	(1,781,368)	-
Fair value movement	380,861	-
Impairment loss recognised on Property Plant and Equipment	140,422	-
Changes in Assets and Liabilities:		
Decrease (Increase) in Trade and Sundry Debtors	8,380	(8,380)
Decrease (Increase) in Interest Receivable	1,507,431	(273,635)
(Decrease) Increase in Trade Creditors and Accruals	29,263	(8,036)
(Decrease) Increase in Accrual Interest Payable	1,729,565	(851,231)
(Decrease) Increase in Provisions	(40,662)	74,216
Cash Flow from Operations	12,414,062	8,472,043

12. GUARANTEE OF THE FUND

The fund is guaranteed by CDPF Ltd, which is in turn guaranteed by the Diocese of Parramatta in relation to the Diocesan Development Fund.

13. EVENTS AFTER THE REPORTING PERIOD

After year end the Fund will make a $10.3M Donation to the Bishop from the 2018 surplus of $10.4M.

No other events have occurred since the end of the financial year which significantly affects/may significantly affect the operations/results of operations of Diocesan Development Fund.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Investment Advisory Committee and authorised for issue on 6th September 2018.

DIOCESE *of* PARRAMATTA

DIOCESE OF PARRAMATTA DIOCESAN DEVELOPMENT FUND

STATEMENT BY THE INVESTMENT ADVISORY COMMITTEE

The Investment Advisory 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 described in Note 1 to the financial statements.

The Investment Advisory Committee of the Fund also state that:

(i) The financial statements and notes present fairly the Fund's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*;

(ii) At the date of this statement, there are reasonable grounds to believe that the Diocese of Parramatta, Diocesan Development Fund will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Investment Advisory Committee and is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulations 2013* on behalf of the Investment Advisory Committee by:

Chairperson 6/9/18

Donna-Maree Vinci

General Manager ....

Royce Brennan

Dated: 6/9/18

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

Investment Advisory Committee
Diocesan Development Fund
10 Victoria Road
North Parramatta NSW 1750

Dear Committee Members,

Diocese of Parramatta – Diocesan Development Fund

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Investment Advisory Committe of the Diocese of Parramatta – Diocesan Development Fund.

As lead audit partner for the audit of the financial statements of the Diocese of Parramatta – Diocesan Development Fund for the financial year ended 30 June 2018; I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delaney

X Delaney
Partner
Chartered Accountants
Parramatta

Dated: 6 September 2018

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

Independent Auditor's Report to the Investment Advisory Committee of the Diocese of Parramatta Diocesan Development Fund

Opinion

We have audited the financial report, being a special purpose financial report, of the Diocese of Parramatta Diocesan Development Fund ("the Fund") which comprises the Statement of Financial Position as at 30 June 2018, 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 statements, including a summary of significant accounting policies and other explanatory information, and the statement by the Investment Advisory Committee of the Fund (the "Committee") as set out on pages 2 to 17.

In our opinion the financial report of the Diocese of Parramatta Diocesan Development Fund is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 (Cth) ('the ACNC Act'), including:

i. Giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its financial performance and cash flows for the year then ended; and
ii. Complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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 Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Fund to meet the financial reporting requirements of Australian Charities and Not-for-Profit Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Committee and should not be distributed or used by parties other than the Committee. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Report

Management of the Fund is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of *Australian Charities and Not for Profits Commission Act 2012* and is appropriate to meet the needs of the Committee. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Committee is responsible for overseeing the Fund's financial reporting process.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

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Xenia Delaney
Partner
Chartered Accountants
Parramatta, 10 September 2018