DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Year ended 30 June 2017	Year ended 30 June 2016
	$	$
Interest revenue		
Interest income from borrowers	8,170,937	9,562,622
Interest income from investments	14,645,315	14,069,864
	22,816,252	23,632,486
Interest expense	11,915,313	12,788,638
Net interest revenue	10,900,939	10,843,848
Other income	424,356	19,774
Net revenue	11,325,295	10,863,622
Less expenses		
Employee benefits expense	1,204,259	949,894
Occupancy	127,298	103,532
Other expenses from ordinary activities	489,507	496,919
Total expenses	1,821,064	1,550,345
Surplus for the year	9,504,231	9,313,277
Other comprehensive income - net gain on sale of investments held at fair value	595,779	-
Total comprehensive income	10,100,010	9,313,277

The accompanying notes form part of these financial reports

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017	30 June 2016
		$	$
ASSETS			
Cash and cash equivalents	2	13,759,775	9,998,186
Financial assets	3	82,822,441	-
Trade and other receivables	4	4,562,386	4,280,370
Loans and advances receivable	5	491,651,537	542,383,403
Property, plant and equipment	6	286,892	279,715
TOTAL ASSETS		593,083,031	556,941,674
LIABILITIES			
Deposits and short term borrowings	7	574,939,527	536,913,131
Trade and other payables	8	2,868,433	3,653,482
TOTAL LIABILITIES		577,807,960	540,566,613
NET ASSETS		15,275,071	16,375,061
EQUITY			
ACCUMULATED SURPLUS	9	15,275,071	16,375,061
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 2017

	Note	Accumulated surplus
Balance at 30 June 2015	9	14,161,784
Surplus for the year		9,313,277
Subtotal		23,475,061
Donation to Diocesan Projects		(7,100,000)
Balance at 30 June 2016		16,375,061
Surplus for the year		9,504,231
Other comprehensive income		595,779
Subtotal		26,475,071
Donation to Diocesan Projects		(11,200,000)
Balance at 30 June 2017		15,275,071

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 2017

	Note	Year ended 30 June 2017	Year ended 30 June 2016
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		22,542,616	24,166,505
Interest paid		(12,766,544)	(13,214,356)
Payments to suppliers and employees		(1,727,660)	(1,430,658)
Other receipts		423,631	12,500
Net cash generated by operating activities	11	8,472,043	9,533,991
CASH FLOWS FROM INVESTING ACTIVITIES			
Funds inflow from investments held at financial institutions		655,878,274	605,030,000
Funds outflow in acquiring investments at financial institutions		(687,373,070)	(647,010,701)
Payments for property, plant and equipment		(42,054)	(205,840)
Proceeds from sale of property, plant and equipment		-	7,273
Net cash used in investing activities		(31,536,850)	(42,179,268)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from depositors		38,026,396	40,418,244
Donations to Diocesan Projects		(11,200,000)	(7,100,000)
Net cash generated by financing activities		26,826,396	33,318,244
Net increase in cash and cash equivalents held		3,761,589	672,967
Cash at the beginning of the year		9,998,186	9,325,219
Cash at the end of the year		**13,759,775**	**9,998,186**

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 accordance with the Chart of the Diocesan Development Fund and to satisfy management's 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 *Australian Charities and Not-for-profit Commission Act 2012,* 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.

The 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 Inicome

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant & equipment (continued)

(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:

Class of property, plant and equipment	Useful lives
Computer equipment	3-4 yrs
Furniture and equipment	4-10 yrs
Motor vehicles	4 yrs

(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

(v) Leased assets
Operating lease payments are charged to the statement of profit or loss and other comprehensive income in the periods in which they are incurred.

(vi) Impairment of tangible assets
At the end of each reporting period, the fund 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 fund 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

(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. Fair value is determined as described above. 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.

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

A number of Australian Accounting Standards and Interpretations are in issue but are not yet effective for the current year end. The reported results and position of the Fund will not change materially on adoption of these pronouncements as they do not result in changes to the fund's existing accounting policies. Adoption will, however result in changes to the information currently disclosed in the financial statements. The fund does not intend to adopt any of these pronouncements before their effective date.

	Year ended 30 June 2017	Year ended 30 June 2016
	$	$
2. CASH AND LIQUID ASSETS		
Cash at bank	13,722,575	9,960,321
Cash on hand	37,200	37,865
	13,759,775	9,998,186
3. FINANCIAL ASSETS		
Available for sale	67,654,467	-
Assets at fair value through profit & loss	15,167,974	-
	82,822,441	-
Available for sale		
Interest earning deposits	-	-
AFS Bonds	67,654,467	-
	67,654,467	-
Assets at fair value through profit or loss		
Externally Managed Funds	15,167,974	-
	15,167,974	-
4. RECEIVABLES		
Interest receivable deposits	4,008,476	3,741,109
Interest receivable bonds	545,530	539,261
Other	8,380	-
	4,562,386	4,280,370
5. LOANS AND ADVANCES RECEIVABLE		
Overdrawn accounts	26,050	24,683
Term loans	144,301,338	146,245,922
Interest earning deposits	268,000,000	298,000,000
Bonds	79,324,149	98,112,798
	491,651,537	542,383,403
Maturity analysis:		
Overdrawn accounts	26,050	24,683
Not longer than 1 year	249,211,001	305,983,702
Longer than 1 year	242,414,486	236,375,018
	491,651,537	542,383,403

5. LOANS AND ADVANCES RECEIVABLE (continued)

In accordance with the requirements of AASB 101 Presentation of Financial Statements, the financial statements for the year ended 30 June 2016 have been adjusted to reflect as loans and receivables term deposits and bonds not quoted in an active market amounting $396,112,758 that were previously classified as 'held to maturity' investments. The change in classification arises because the held to maturity classification requires the investments to be quoted. The change in classification does not however change the measurement of the investments which are still held at amortised cost.

	As previously reported	Reclassifications	Adjusted amount
	$	$	$
Statement of financial position			
Held to maturity investments	396,112,798	(396,112,798)	-
Loans and receivables	-	396,112,798	396,112,798

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

	Computers	Furniture and equipment	Motor vehicle	CBD Project	Total
Cost	$	$	$	$	$
As at 1 July 2015	**11,664**	**121,016**	**34,719**	**-**	**167,399**
Additions	36,518	-	28,961	140,362	205,841
Disposals	-	-	(34,719)	-	(34,719)
As at 30 June 2016	**48,182**	**121,016**	**28,961**	**140,362**	**338,521**
Additions	8,394	33,661	-	-	42,055
Disposals	-	-	-	-	-
As at 30 June 2017	**56,576**	**154,677**	**28,961**	**140,362**	**380,576**
Depreciation and Impairment					
As at 1 July 2015	**2,423**	**35,372**	**34,719**	**-**	**72,514**
Depreciation During the year	7,096	9,593	4,322	-	21,011
Disposals	-	-	(34,719)	-	(34,719)
As at 30 June 2016	**9,519**	**44,965**	**4,322**	**-**	**58,806**
Depreciation During the year	17,051	10,586	7,241	-	34,878
Disposals	-	-	-	-	-
As at 30 June 2017	**26,570**	**55,551**	**11,563**	**-**	**93,684**
Net book value					
As at 30 June 2016	38,663	76,051	24,639	140,362	279,715
As at 30 June 2017	**30,006**	**99,126**	**17,398**	**140,362**	**286,892**

	Year ended 30 June 2017	Year ended 30 June 2016
	$	$
7. DEPOSITS AND SHORT-TERM BORROWINGS		
Call deposits	219,016,696	210,960,797
Term deposits	355,922,831	325,952,334
	574,939,527	536,913,131
Maturity analysis:		
On call	219,016,696	210,960,797
Not longer than 3 Months	136,448,088	141,267,449
Longer than 3 month and not longer than 12 Months	219,474,743	184,684,885
	574,939,527	536,913,131
The balance invested by the Diocese of Parramatta at balance date is -	22,578,175	20,771,849

	Year ended 30 June 2017 $	Year ended 30 June 2016 $

8. PAYABLES AND OTHER LIABILITIES

Provision - Annual Leave	141,998	83,335
Provision - Long Service Leave	72,294	56,741
Provision - Audit Fees	19,000	10,000
Trade and Other Creditors	159,052	176,088
Accrued Interest Payable	2,476,089	3,327,318
	2,868,433	3,653,482

9. ACCUMULATED FUNDS

Accumulated funds at the beginning of the year	16,375,061	14,161,784
Net Income from ordinary activities	9,504,231	9,313,277
Total available for distribution	25,879,292	23,475,061
Donations to Diocesan Projects	(11,200,000)	(7,100,000)
Other comprehensive income	595,779	-
Accumulated funds at the end of the year	15,275,071	16,375,061

10. CONTINGENT LIABILITIES

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

Guarantees issued by the Diocesan Development Fund	40,000	40,000
Commonwealth Bank Facilities - Various	2,500,000	2,500,000
	2,540,000	2,540,000

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

Surplus from Ordinary Activities after Income Tax	9,504,231	9,313,277
Non-Cash Flows in Profit from Ordinary Activities:		
Depreciation	34,878	21,011
Changes in Assets and Liabilities:		
Net gain on disposal of property plant and equipment	-	(7,273)
Decrease (Increase) in trade and other receivables	(8,380)	-
Decrease (Increase) in Interest receivable	(273,635)	534,019
(Decrease) Increase in trade and other payables	(8,036)	95,507
(Decrease) Increase in interest payable	(851,231)	(425,719)
(Decrease) Increase in provisions	74,216	3,169
Net cash flows from operating activities	8,472,043	9,533,991

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 $10.3 M Donation to the Bishop from the 2017 surplus of $9.5M.

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 board of directors and authorised for issue on 15 August 2017.

Diocesan Development Fund
Catholic Diocese of Parramatta

Diocesan Development Fund
Tel (02) 8839 4500
Suite 2, Ground Floor
10 Victoria Rd, Parramatta
PO Box 2605, North Parramatta, 1750

DIOCESE OF PARRAMATTA DIOCESAN DEVELOPMENT FUND

STATEMENT BY THE BOARD

The Board 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 Board of the Fund also state that:

(i) The financial statements and notes present fairly the Fund's financial position as at 30 June 2017 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 Board 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 Board by:

Chairman ....

Chief Executive ....

Dated: 15. 8. 17

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

The Board of the Diocese of Parramatta
Diocesan Development Fund
10 Victoria Road
North Parramatta NSW 1750

Dear Board 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 Board 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 2017; 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: 15 August 2017

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 Board 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 2017, 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 Board of the Fund as set out on pages 2 to 14.

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 2017 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 the *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 Board and should not be distributed or used by parties other than the Board. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Financial Report

Management 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 Board. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Deloitte.

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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delaney

X Delaney
Partner
Chartered Accountants
Parramatta, 24 August 2017

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
OPERATING EXPENSES STATEMENT (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
MARKETING AND BUSINESS DEVELOPMENT		
Promotional items	3,609	9,991
Advertising	20,014	7,920
Sponsorship	21,554	50,747
Entertainment	5,699	4,748
Legal Fees	62,407	62,246
Consultancy	25,912	10,386
Travel	8,465	4,938
	147,660	150,976
COMPUTER EXPENSES		
ICT Software	3,862	4,342
ICT Hardware	3,386	7,097
Service	33,038	29,211
ULTRACS support	79,107	72,497
ERP Consultancy	47,750	-
Chancery ICT Services	25,000	-
Depreciation Computers	17,052	7,095
	209,195	120,242
OCCUPANCY		
Rent	71,162	69,089
Cleaning	5,155	5,092
Utilities	4,805	4,524
Security	7,259	10,597
Repairs & maintenance	1,530	5,913
Chancery Security Service	19,560	-
Depreciation Furniture and Equipment	10,587	9,592
	120,058	104,807

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
OPERATING EXPENSES STATEMENT (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

		Year ended 30 June 2017 $	Year ended 30 June 2016 $
ADMINISTRATION			
Auditors' remuneration	- Auditing the accounts Current year	37,556	25,265
Board Expenses		26,548	22,650
Client chequeing costs		31,402	20,199
Conference expenses		16,318	9,120
Consultancy Fees		5,300	27,560
Capital Items		651	4,762
Fringe benefits tax		16,924	4,035
Insurance - General		(31,369)	70,276
Motor vehicle expenses		3,431	4,354
Depreciation Motor Vehicle		7,240	4,323
Postage and courier		9,748	9,339
Printing and stationery		19,764	11,280
Provision for annual leave		58,663	4,590
Provision for long service leave		15,553	5,579
Salaries		889,675	723,765
Casual Wages		113,953	101,207
Staff amenities		5,281	6,105
Staff development		15,279	30,916
Subscriptions		2,602	2,353
Superannuation		90,781	75,448
Telephone		8,851	11,194
		1,344,151	1,174,320
Total operating expenses		1,821,064	1,550,345