



**Diocese of Sandhurst Development Fund**

**Special Purpose Financial Report**

**For the year ended 30 June 2024**

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**Statement of Comprehensive Income**  
**For the year ended 30 June 2024**

	Note	2023-24 \$	2022-23 \$
<b>Revenue</b>			
Interest revenue	4(a)	12,467,648	8,974,279
Less Interest expense	4(b)	5,804,597	3,469,213
<b>Net interest revenue</b>		<b>6,663,051</b>	<b>5,505,066</b>
Other revenue	4(c)	4,517	-
<b>Total revenue</b>		<b>6,667,568</b>	<b>5,505,066</b>
<b>Expenses</b>			
Contracted services	4(d)	289,917	202,124
Other expenses from ordinary activities	4(e)	64,804	60,667
<b>Total Expenses</b>		<b>354,721</b>	<b>262,791</b>
<b>Operating profit for the year</b>		<b>6,312,847</b>	<b>5,242,275</b>
<b>Total comprehensive income for the year</b>		<b>6,312,847</b>	<b>5,242,275</b>

**Statement of Financial Position**  
**As at 30 June 2024**

	Note	2023-24 \$	2022-23 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and liquid assets	5	21,405,623	33,676,470
Receivables	6	1,271,135	1,514,832
Net loans and advances	7	12,624,723	12,194,052
Investments	8	46,248,083	49,596,854
Other assets	9	-	6,821
<b>Total current assets</b>		<b>81,549,564</b>	<b>96,989,029</b>
<b>Non-current assets</b>			
Net loans and advances	7	98,680,872	86,079,729
Property, plant and equipment	10	6,195	21,535
<b>Total non-current assets</b>		<b>98,687,067</b>	<b>86,101,264</b>
<b>Total assets</b>		<b>180,236,631</b>	<b>183,090,293</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Deposits	11	148,207,464	133,477,998
Other liabilities	12	1,898,310	1,468,082
<b>Total current liabilities</b>		<b>150,105,774</b>	<b>134,946,080</b>
<b>Non-current liabilities</b>			
Deposits	11	174,912	22,076,115
<b>Total non-current liabilities</b>		<b>174,912</b>	<b>22,076,115</b>
<b>Total liabilities</b>		<b>150,280,686</b>	<b>157,022,195</b>
<b>Net assets</b>		<b>29,955,945</b>	<b>26,068,098</b>
<b>Equity</b>			
Retained earnings	13	29,955,945	26,068,098
<b>Total equity</b>		<b>29,955,945</b>	<b>26,068,098</b>

**Statement of Changes in Equity  
for the Year Ended 30 June 2024**

	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2022</b>	24,733,903	24,733,903
Net profit for the year	5,242,275	5,242,275
Less appropriations	(3,908,080)	(3,908,080)
<b>Balance at 30 June 2023</b>	<b>26,068,098</b>	<b>26,068,098</b>
 <b>Balance at 1 July 2023</b>	 26,068,098	 26,068,098
Net profit for the year	6,312,847	6,312,847
Less appropriations	(2,425,000)	(2,425,000)
<b>Balance at 30 June 2024</b>	<b>29,955,945</b>	<b>29,955,945</b>

**Statement of Cash Flows**  
**For the year ended 30 June 2024**

	Note	2023-24 \$	2022-23 \$
<b>Cash flows from operating activities</b>			
Interest received from loans		6,638,491	3,624,687
Interest received from Investments		6,072,983	4,079,256
Other income		4,517	-
Interest paid on deposits		(5,372,167)	(2,156,355)
Payment to suppliers		(334,892)	(228,563)
<b>Net cash inflows from operating activities</b>	5(a)	<b>7,008,932</b>	<b>5,319,025</b>
<b>Cash flows from investing activities</b>			
Net movement in investments		3,348,771	37,010,893
Net movement in loans		(13,031,814)	(34,735,352)
Payment for property, plant and equipment		-	(12,464)
<b>Net cash (outflows)/inflows from investing activities</b>		<b>(9,683,043)</b>	<b>2,263,077</b>
<b>Cash flows from financing activities</b>			
Net movement in deposits		(7,171,736)	(9,100,847)
Distributions		(2,425,000)	(3,908,080)
<b>Net cash (outflows) from financing activities</b>		<b>(9,596,736)</b>	<b>(13,008,927)</b>
Net (decrease) in cash and cash equivalents		(12,270,847)	(5,426,825)
Cash and cash equivalents at the start of the year		33,676,470	39,103,295
<b>Cash and cash equivalents at the end of the year</b>	5	<b>21,405,623</b>	<b>33,676,470</b>

## 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 Regulations 2022**. The requirements of the Australian Accounting Standards do not have mandatory application to the DDF in relation to the year ended 30 June 2024 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.

### (c) Change to Financial Statement Presentation

The DDF has revised the presentation Statement of Financial Position to include a section for non-current liabilities. This reflects the introduction of new deposit at term products which have a term to maturity of greater than 12 months. This change more accurately reflects the DDF's settlement obligations for these new products. The comparative period has also been adjusted accordingly.

### **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. In September 2022, the AASB publishes a discussion paper called – Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities). The discussion paper included a third tier of reporting requirements (further form of general purpose financial statements) to be contained in a stand-alone accounting standard with accounting requirements relevant to transactions and other events and circumstances that are common to smaller not for-profit entities. In May 2023 and following a six month consultation period, the AASB decided to proceed with the development of an Exposure Draft on a Tier 3 Accounting Standard with simplified accounting requirements for smaller not for-profit entities and removing the ability of certain not-for-profit entities to prepare special purpose financial. The AASB developed a working draft of the Exposure Draft in March 2024, though the timeline for the release of the exposure draft has been extended due to further consultation required on topics not considered in the discussion paper. The release of the Exposure Draft for public consultation is scheduled for November 2024.

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.

**Diocese of Sandhurst Development Fund**  
**Notes to and forming part of the financial statements for the year ended 30 June 2024**

**4. Revenue and Expenses from continuing operations**

(a) Interest revenue	<b>2023-24</b>	<b>2022-23</b>
	\$	\$
Interest revenue from borrowers	6,548,985	3,714,194
Interest revenue from investments	5,918,663	5,260,085
	<b>12,467,648</b>	<b>8,974,279</b>

(b) Interest expense	<b>2023-24</b>	<b>2022-23</b>
	\$	\$
Interest expense from deposits at call	2,361,998	1,872,493
Interest expense from deposits at term	3,442,599	1,596,720
	<b>5,804,597</b>	<b>3,469,213</b>

(c) Other revenue	<b>2023-24</b>	<b>2022-23</b>
	\$	\$
Other revenue <sup>(i)</sup>	4,517	-
	<b>4,517</b>	<b>-</b>

Note:

- (i) Mainly relates to distributions received from the CDF Community Fund (auspiced by CDF Melbourne) of which the DDF is a participating member.

(d) Contracted services	<b>2023-24</b>	<b>2022-23</b>
	\$	\$
Secretarial fees	203,204	123,163
IT Support service	86,713	76,240
Legal costs	-	2,721
	<b>289,917</b>	<b>202,124</b>

(e) Other expenses from ordinary activities	<b>2023-24</b>	<b>2022-23</b>
	\$	\$
Insurance costs	8,102	8,097
Travel & accommodation costs	8,247	4,013
Audit fees	20,931	14,085
General expenses	12,184	12,210
Depreciation	15,340	22,262
	<b>64,804</b>	<b>60,667</b>

**5. Cash and Cash Equivalents**

	<b>2023-24</b>	<b>2022-23</b>
	\$	\$
Cash at bank and in hand	666,240	1,699,957
Deposits at call – CCIS <sup>(i)</sup>	20,739,383	31,976,513
	<b>21,405,623</b>	<b>33,676,470</b>

Note:

- (i) Relates 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.

**Diocese of Sandhurst Development Fund**  
**Notes to and forming part of the financial statements for the year ended 30 June 2024**

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

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
Comprehensive income for the period	6,312,847	5,242,275
<b>Adjustment for:</b>		
Depreciation	15,340	22,262
<b>Change in assets and liabilities:</b>		
Decrease/(Increase) in receivables	243,826	(1,270,336)
Decrease/(Increase) in prepayments	9,074	(2,613)
Increase/(decrease) in accrued expenses	(4,456)	14,409
Increase/(decrease) in other liabilities	432,430	1,312,858
(Increase)/decrease in GST Clearing	(129)	170
<b>Net cash flows from operating activities</b>	<b>7,008,932</b>	<b>5,319,025</b>

**6. Receivables**

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
Accrued interest revenue from term deposits	1,270,856	1,514,682
Goods and services tax	279	150
	<b>1,271,135</b>	<b>1,514,832</b>

**7. Net loans and advances**

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
<i>(a) Amounts due:</i>		
Loans to schools	93,944,349	81,372,476
Loans to healthcare provider	14,998,978	15,102,233
Loans to early learning provider	1,143,770	489,254
Loans to parishes	979,525	1,125,088
Loans other	238,973	184,730
	<b>111,305,595</b>	<b>98,273,781</b>
<i>(b) Maturity Analysis:</i>		
Less than 1 year	12,624,723	12,194,052
Greater than 1 year	98,680,872	86,079,729
	<b>111,305,595</b>	<b>98,273,781</b>

**Diocese of Sandhurst Development Fund**  
**Notes to and forming part of the financial statements for the year ended 30 June 2024**

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**8. Investments**

(a) Other financial assets at amortised cost	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
National Australia Bank	36,248,083	17,596,854
Bank Vic	5,000,000	12,000,000
AMP	5,000,000	5,000,000
Bendigo Bank	-	10,000,000
Great Southern Bank	-	5,000,000
	<b>46,248,083</b>	<b>49,596,854</b>

**9. Other current assets**

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
Prepayments	-	6,821
	<b>-</b>	<b>6,821</b>

**10. Property, plant & equipment**

**30 June 2024**

	<b>Plant &amp; Equipment \$</b>	<b>Total \$</b>
Opening WDV	21,535	21,535
Depreciation	(15,340)	(15,340)
<b>Closing WDV</b>	<b>6,195</b>	<b>6,195</b>

Cost	111,646	111,646
Depreciation	(105,451)	(105,451)
<b>Carrying Value</b>	<b>6,195</b>	<b>6,195</b>

**30 June 2023**

	<b>Plant &amp; Equipment \$</b>	<b>Total \$</b>
Opening WDV	40,807	40,807
Additions	2,990	2,990
Depreciation	(22,262)	(22,262)
<b>Closing WDV</b>	<b>21,535</b>	<b>21,535</b>

Cost	111,646	111,646
Depreciation	(90,111)	(90,111)
<b>Carrying Value</b>	<b>21,535</b>	<b>21,535</b>

**Diocese of Sandhurst Development Fund**  
**Notes to and forming part of the financial statements for the year ended 30 June 2024**

**11. Deposits**

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
(a) Deposits at call		
Deposits from schools	70,749,030	84,961,529
Deposits from non-parishioners	6,162,625	10,027,366
Deposits other	5,210,065	5,571,062
	<b>82,121,720</b>	<b>100,559,957</b>
(b) Deposits at term		
Deposits from schools	42,344,364	36,022,067
Deposits from non-parishioners	23,916,292	18,972,089
	<b>66,260,656</b>	<b>54,994,156</b>
<b>Total Deposits</b>	<b>148,382,376</b>	<b>155,554,113</b>
	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
(c) Maturity Analysis		
Less than 1 year	148,207,464	133,477,998
Greater than 1 year	174,912	22,076,115
	<b>148,382,376</b>	<b>155,554,113</b>

**12. Other liabilities**

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
Accrued interest on deposits	1,874,842	1,442,412
Client cheque clearing	2,253	-
Accrued expenses	21,215	25,670
	<b>1,898,310</b>	<b>1,468,082</b>

**13. Retained earnings**

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
Retained earnings at the beginning of the year	26,068,098	24,733,903
Surplus for the period	6,312,847	5,242,275
Ordinary appropriations	(2,425,000)	(2,000,000)
Extraordinary appropriations <sup>(i)</sup>	-	(1,908,080)
<b>Accumulated surplus at the end of the year</b>	<b>29,955,945</b>	<b>26,068,098</b>

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. In 2021-22 an amount of \$5,091,920 was withdrawn from the retained earnings of the DDF. The remaining balance of \$1,908,080 was withdrawn during the first quarter of 2022-23.

## 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:

	<b>2023-24</b>	<b>2022-23</b>
	\$	\$
<b>Financial Assets (at amortised cost)</b>		
Cash and cash equivalents	21,405,623	33,676,470
Investments	46,248,083	49,596,854
loans and advances	111,305,594	98,273,781
Other receivables	1,271,135	1,514,832
<b>Total</b>	<b>180,230,435</b>	<b>183,061,937</b>
<b>Financial Liabilities (at amortised cost)</b>		
Deposits	148,382,377	155,554,113
Other payables	1,898,310	1,468,082
<b>Total</b>	<b>150,280,686</b>	<b>157,022,195</b>

## 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:

#### Loans and advances

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.

**Diocese of Sandhurst Development Fund**  
**Notes to and forming part of the financial statements for the year ended 30 June 2024**

The loan portfolio comprises of loans predominantly to Catholic schools operating within the Catholic Diocese of Sandhurst. The weighted average term to maturity was 8.9 years as at 30 June 2024 (2022-23 9.6 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.

**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.

		<b>2023-24</b>			<b>Past due and/or impaired</b>	<b>Total</b>
		<b>Current and not impaired</b>				
<b>Unrated</b>	<b>Rated (Short Term)</b>					
<b>\$</b>	<b>A1+</b>	<b>A1</b>	<b>A2</b>	<b>\$</b>	<b>\$</b>	
<b>Financial Assets</b>						
Cash and cash equivalents	20,739,383	666,240	-	-	-	<b>21,405,623</b>
Investments	-	36,248,083	-	10,000,000	-	<b>46,248,083</b>
Loans and advances	111,305,595	-	-	-	-	<b>111,305,595</b>
<b>Total</b>	<b>132,044,978</b>	<b>36,914,323</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>	<b>178,959,301</b>

		<b>2022-23</b>			<b>Past due and/or impaired</b>	<b>Total</b>
		<b>Current and not impaired</b>				
<b>Unrated</b>	<b>Rated (Short Term)</b>					
<b>\$</b>	<b>A1+</b>	<b>A1</b>	<b>A2</b>	<b>\$</b>	<b>\$</b>	
<b>Financial Assets</b>						
Cash and cash equivalents	31,976,513	1,699,957	-	-	-	<b>33,676,470</b>
Investments	-	17,596,854	-	32,000,000	-	<b>49,596,854</b>
Loans and advances	98,273,781	-	-	-	-	<b>98,273,781</b>
<b>Total</b>	<b>130,250,294</b>	<b>19,296,811</b>	<b>-</b>	<b>32,000,000</b>	<b>-</b>	<b>181,547,105</b>

**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.

**Diocese of Sandhurst Development Fund**  
**Notes to and forming part of the financial statements for the year ended 30 June 2024**

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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.

	2023-24 \$	2022-23 \$	1% +/- Variance	
			2023-24 \$	2022-23 \$
<b>Financial Assets</b>				
Cash and cash equivalents	21,405,623	33,676,470	214,056	336,765
Term deposits	46,248,083	49,596,854	462,481	495,969
Loans and advances	111,305,595	98,273,781	1,113,056	982,738
<b>Total</b>	<b>178,959,301</b>	<b>181,547,105</b>	<b>1,789,593</b>	<b>1,815,472</b>
<b>Financial liabilities</b>				
Accrued interest on deposits	1,874,842	1,442,412	18,748	14,424
Client deposits	148,382,376	155,554,113	1,483,824	1,555,541
<b>Total</b>	<b>150,257,218</b>	<b>156,996,525</b>	<b>1,502,572</b>	<b>1,569,965</b>
<b>Net Change</b>			<b>287,021</b>	<b>245,507</b>

**Diocese of Sandhurst Development Fund**  
**Notes to and forming part of the financial statements for the year ended 30 June 2024**

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 9% and a trigger level of 15% with a required course of action should there be a continued downward trend. The liquidity holding ratio as at 30 June 2024 was 15.9% (2022-23 18.9%).

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

2023-24	WAIR	< 1 Month	1-3 Months	3 Months to 1 Year	1-5 years	> 5 Years	Total
		\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash and cash equivalents	4.58%	21,405,623	-	-	-	-	21,405,623
Investments	5.23%	25,748,083	-	20,500,000	-	-	46,248,083
Loans and advances	6.40%	-	-	117,553	6,729,592	104,458,450	111,305,595
<b>Total</b>		<b>47,153,706</b>	<b>-</b>	<b>20,617,553</b>	<b>6,729,592</b>	<b>104,458,450</b>	<b>178,959,301</b>
<b>Financial Liabilities</b>							
Deposits at call	1.90%	82,121,720	-	-	-	-	82,121,720
Deposits at term	5.20%	14,121,215	9,476,348	42,488,181	174,912	-	66,260,656
<b>Total</b>		<b>96,242,935</b>	<b>9,476,348</b>	<b>42,488,181</b>	<b>174,912</b>	<b>-</b>	<b>148,382,376</b>
<b>2022-23</b>							
2022-23	WAIR	< 1 Month	1-3 Months	3 Months to 1 Year	1-5 years	> 5 Years	Total
		\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>							
Cash and cash equivalents	3.98%	33,676,470	-	-	-	-	33,676,470
Investments	4.49%	9,323,142	34,500,000	5,773,712	-	-	49,596,854
Loans and advances	5.88%	-	10,504	219,937	7,610,394	90,432,946	98,273,781
<b>Total</b>		<b>42,999,612</b>	<b>34,510,504</b>	<b>5,993,649</b>	<b>7,610,394</b>	<b>90,432,946</b>	<b>181,547,105</b>
<b>Financial Liabilities</b>							
Deposits at call	1.82%	100,559,957	-	-	-	-	100,559,957
Deposits at term	3.80%	7,023,041	9,473,528	16,421,473	22,076,114	-	54,994,156
<b>Total</b>		<b>107,582,998</b>	<b>9,473,528</b>	<b>16,421,473</b>	<b>22,076,114</b>	<b>-</b>	<b>155,554,113</b>

## 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 10% (Capital Adequacy Ratio) with a trigger ratio of 20%. The DDF's Capital Adequacy Ratio is as follows:

	<b>2023-24</b>	<b>2022-23</b>
Tier 1 – Capital Adequacy Ratio	42.7%	38.9%

## 16. Commitments

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
Loans approved but not disbursed	16,065,684	21,016,684
	<b>16,065,684</b>	<b>21,016,684</b>

## 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 2023-24 was \$203,204 (2022-23 \$123,163).

## 18. Auditor's remuneration

	<b>2023-24</b>	<b>2022-23</b>
	<b>\$</b>	<b>\$</b>
Audit and review of financial statements	14,648	14,085
	<b>14,648</b>	<b>14,085</b>

## 19. Events occurring after the reporting period

The economic picture for 2023-24 is of a domestic economy in a state of transition following the tail winds of government related COVID stimulus, resilient household demand and geopolitical infractions. The Reserve Bank of Australia (RBA) has maintained a steadfast focus on bringing down inflation though has juggled the degree of monetary policy intervention against preserving the employment gains of past years. This restraint is evident with only one increment to the cash rate during 2023-24 versus ten increments in the previous financial year. Inflation for the most part has eased progressively from its peak of 7.8% in December, though has been stickier around services where domestic demand and cost of labour and inputs (i.e. rents, utilities and insurances) has been strong. Employment conditions continue to be at historical levels with unemployment at below 4%, though higher than expected population growth (net migration) has contributed to some easing in job vacancies. This has helped support household spending in the face of higher interest rates and cost of living pressures. However, cost of living pressures are weighing heavily on households with consumer sentiment in an extended period of deep pessimism. The outlook ahead is likely to form around

**Diocese of Sandhurst Development Fund**  
**Notes to and forming part of the financial statements for the year ended 30 June 2024**

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the timing of a change to monetary policy. Some central banks have recently made the decision to lower their cash rates, though we expect the RBA to take more of a measured approach, mindful of the inflation outlook and the general state of our economy.

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 20 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 2024 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 Regulations 2022**; 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 *9<sup>th</sup>* day of *October* 2024

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**

## **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 2024, 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 2024 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**

A handwritten signature in blue ink, appearing to read 'Kathie Teasdale'.

**Kathie Teasdale**

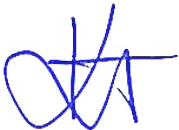
Dated: 10 October 2024

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 2024 there has been no contraventions of any applicable code of professional conduct in relation to the audit.

**RSD Audit**

A handwritten signature in blue ink, appearing to read 'Kathie Teasdale', is written over the printed name.

**Kathie Teasdale**

**Partner**

**Dated: 10 October 2024**