

ARMIDALE DIOCESAN INVESTMENT GROUP

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

Armidale Diocesan Investment Group
Income Statement
FOR THE YEAR ENDED 31 JANUARY 2022

	Note	2022	2021
		\$	\$
Income from Loans & Investments	2	9,660,108	9,423,133
Interest Expense		(1,914,090)	(2,956,614)
Net Investment Income		7,746,018	6,466,519
Expenses from continuing operations		(2,158,774)	(2,071,626)
Profit from continuing operations	3	5,587,244	4,394,893
Revaluation of Investments		4,883,540	(2,328,254)
Add/(Less) - Transfers from/(to) Reserves		(6,647,782)	1,663,806
Surplus after revaluations and reserve transfers	4	3,823,002	3,730,445
Add - Accumulated Surpluses brought forward		14,544,070	14,702,186
Total available for appropriation		18,367,072	18,432,631
Less - Distributions	5	(3,768,373)	(3,888,561)
Accumulated Surpluses carried forward		14,598,699	14,544,070

The accompanying notes form part of these financial statements.

Armidale Diocesan Investment Group

Balance Sheet

AS AT 31 JANUARY 2022

	Note	2022 \$	2021 \$
Assets			
Cash and cash equivalents	6	131,447,923	129,564,762
Trade and other receivables	7	1,548,025	1,319,265
Investment securities	8	229,280,246	196,542,756
Investment properties	9	31,632,490	32,125,000
Loans and advances	10	12,841,455	12,611,273
Plant, equipment and vehicles	11	382,664	256,886
Total Assets		407,132,803	372,419,942
Liabilities			
Amounts owed to depositors	12	354,344,668	326,823,142
Trade and other payables	13	1,349,287	870,501
Provisions	14	104,971	94,833
Total Liabilities		355,798,926	327,788,476
Net Assets		51,333,877	44,631,466
Equity			
Reserves	15	36,735,178	30,087,396
Accumulated Surpluses		14,598,699	14,544,070
Total Equity		51,333,877	44,631,466

The accompanying notes form part of these financial statements.

Armidale Diocesan Investment Group
Cash Flow Statement
FOR THE YEAR ENDED 31 JANUARY 2022

	2022	2021
	\$	\$
Cash Flow From Operating Activities		
Interest & distributions received on investments	8,249,763	5,574,813
Interest received on loans	430,294	486,366
Net rentals/distributions received on property investments	899,265	947,416
Interest paid on deposits	(1,914,090)	(2,956,614)
Payments to suppliers and employees	(2,216,099)	(2,094,463)
Net cash provided by operating activities (note 16)	5,449,133	1,957,517
Cash Flow From Investing Activities		
Capital Expenditure	(286,854)	0
Net reduction/(increase) in loans	(236,314)	950,945
Net reduction/(increase) in investments	(26,827,457)	92,735,969
Net cash provided by (used in) investing activities	(27,350,626)	93,686,914
Cash Flow From Financing Activities		
Net increase in deposits	27,521,526	6,800,744
Distributions paid	(3,736,873)	(3,786,283)
Net cash provided by financing activities	23,784,653	3,014,461
Net increase in cash held	1,883,160	98,658,892
Cash at the beginning of the year	129,564,762	30,905,869
Cash at the end of the year (note 6)	131,447,923	129,564,762

The accompanying notes form part of these financial statements.

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2022

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a special purpose financial report, prepared in order to satisfy the financial statement preparation requirements of the Board of the Armidale Diocesan Investment Group (the Group) and the Trustees of the Catholic Diocese of Armidale (the Trustees).

The Board and Trustees have determined that the Group is a non-reporting entity and therefore there is no requirement to apply Accounting Standards and other mandatory professional reporting requirements in the preparation and presentation of these statements.

The statements have been prepared in accordance with the requirements of the Board and the Trustees and the following Australian Accounting Standards and other mandatory professional reporting requirements:

AASB 110: Events Occuring after Reporting Date

AASB 116: Property, Plant & Equipment

AASB 119: Employee Benefit Provisions

AASB 136: Impairment of Assets

AASB 137: Provisions, Contingent Liabilities and Contingent Assets

AASB 9: Financial Instruments - Except expected credit loss provision

No other Accounting Standards or other mandatory professional reporting requirements have been applied. The Group has considered the potential impact of AASB 1058 Income of Not-for-Profit Entities but deemed that it is not applicable or not expected to have any significant impact on the Financial Statements.

The statements are prepared on an accruals basis. Except as stated in the following specific accounting policies, the financial statements have been prepared on the basis of historic costs and do not take into account changing money values or, except where specifically stated, current valuations of assets.

Income tax

The Group is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997 as it is part of a religious institution.

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2022

Plant, Equipment & Vehicles

Plant, Equipment and Vehicles are included at cost and are depreciated on a diminishing value basis over five years. Office furniture and fittings are depreciated on a straight line basis over 10 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of plant and equipment for not-for-profit-entities is the current replacement cost discounted to current asset condition. Impairment losses are recognised in the income statement.

Leases

The Group does not use finance leases.

The Group has not adopted AASB 16 - Leases which applies for reporting periods commencing after 1 July 2019. This standard requires operating lease liabilities to be brought to account in the Balance Sheet and offset by an asset for right to use. Payments made under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. All rental payments made by the Group are to related parties.

Classes of Assets and Liabilities

Assets and liabilities have been grouped by their nature and listed on the Balance Sheet in the approximate order of their liquidity. These classes have not been allocated to their current and non-current portions.

Loans & Investment Securities

Loans and investments are included at cost except for publicly traded unit trusts and unit funds which are valued at their redemption value as at balance date. Direct property investments are included at fair market value as at balance date. Movements in fair market values are recognised as revenue items and included in the operating surplus in the income statement.

Under AASB 9: Financial Instruments, the Group has adopted the following classifications and asset recognition criteria for its financial instruments:

-Floating Rate Notes, Bank Bills & Deposits, Mortgage loans - are measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying value of the investment are recognised in profit & loss.

-Unit Trusts & Cash Plus Funds - these investments are carried at fair value with subsequent changes in value recognised in profit & loss.

-Fixed Income Trusts- these investments are carried at fair value with subsequent changes in value recognised in profit & loss.

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2022

-Investment Property - these investments are carried at fair value with subsequent changes in value recognised in profit & loss.

Unrealised gains or losses on Unit Trusts, Cash Plus Funds and Investment Property are recognised in income.

Employee Entitlements

Provision is made for the Group's liability for annual leave and long service leave arising from services rendered by employees to the balance date.

All liabilities for annual leave have been included at their nominal value, including allowance for applicable on-costs. Long service leave is provided on a pro-rata basis for all employees who have completed 1 full year of service adjusted by probability factors relevant to the number of years service and the likelihood that the employee will ultimately qualify for a relevant benefit. The provision is based on current pay rates plus applicable on-costs indexed to expected future entitlement dates and then discounted to current values.

Statutory contributions are made by the Armidale Diocesan Investment Group to employee superannuation funds and are charged as expenses when incurred.

Provision for Impairment of Loans

In accordance with the relevant Australian equivalent to International Financial Reporting Standards (AIFRS), provision has been made for the write down of loans due to the possibility of some loans not being recoverable.

The Group has not adopted the the expected credit loss models prescribed by AASB9: Financial Instruments in developing its impairment provision in the Financial Statements.

Cash and Cash Equivalent Assets

For the purpose of the statement of cash flows, cash includes cash on hand and in deposits with banks or financial institutions and investments in money market instruments maturing within one month, net of any bank overdrafts.

Revenue Recognition

Interest and rental revenue are recognised on an accrued proportional basis taking into account the interest rates and current rentals applicable to the financial assets. Lease and rental incentives received in cash on acquisition of investment property assets are treated as deferred income and amortised to income over the relevant future periods to which they relate. Dividend revenue is recognised when received.

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2022

Capital Adequacy

The Group has amended its reserving policy during the year to focus on the Capital Adequacy Ratio. Capital Adequacy Ratio (CAR) is defined as total capital (Reserves + Retained Earnings) divided by Risk Weighted Assets. ADIG applies the Risk weighted assets definition as prescribed in APS112 using the weightings to assets as outlined in APRA's prudential Standard. ADIG seeks to maintain a CAR of between 10-15%.

In determining the amount to reserve each year, ADIG seeks to maintain a minimum 9% of reserves divided by Risk weighted Assets. Under the policy, ADIG can dip below this level for a period not exceeding 12 months and must ensure plans are in place to lift reserves above 9% after the 12 month period. ADIG will either release reserves to Retained Profits or take up additional reserves in the event profit is below or above the target return of 10 year Bonds + 2.5% respectively.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except to the extent that GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as an item of expense.

Amounts owed to depositors

Diversified fund deposits are initially recognised at the amount received. After initial recognition, deposits are subsequently measured at amortised cost using a unit price.

The unit price is calculated and posted to the account monthly. The unit price is determined based on the performance of investments in the fund less a management fee.

All other amounts owed to depositors are initially recognised at the amount received. After initial recognition, deposits are subsequently measured at amortised cost using the effective interest method.

Interest is calculated on the daily balance and posted to the accounts periodically, or on maturity in the case of Term Deposits. Interest expense on Savings accounts is brought to account on an accruals basis. Interest is recognised on an effective interest basis.

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2022

	2022	2021
	\$	\$
Note 2: Income from Loans and Investments		
Interest Receivable	1,638,074	3,612,042
Interest receivable from loans	436,426	459,454
Distributions from Investments	6,197,881	4,545,540
Rental Income	899,265	947,416
Management Fees	304,687	0
Other Income	183,775	(141,319)
Total Income from Loans and Investments	9,660,108	9,423,133
Note 3: Profit from Continuing Operations		
Profit from ordinary activities has been determined after:		
Charging as Expenses:		
Administrative Expenses	2,060,172	2,014,314
Net movement in provision for employee entitlements	10,138	(76,134)
Depreciation of plant, equipment & vehicles	47,187	53,290
Provision for bad debts/(write back)	6,132	26,912
Auditors Remuneration	35,145	53,245
Expenses from Continuing Operations	2,158,774	2,071,626
Interest Expense	1,914,090	2,956,614
Total Expenses	4,072,864	5,028,240
Profit from continuing operations	5,587,244	4,394,893

Armidale Diocesan Investment Group
Notes to the Financial Statements
FOR THE YEAR ENDED 31 JANUARY 2022

	2022	2021
	\$	\$
Note 4: Transfer to/(from) Reserves		
Surplus after revaluations and reserve transfers		
Profit from continuing operations	5,587,244	4,394,893
Revaluation of Investments	4,883,540	(2,328,254)
Add/(Less) - Transfers from/(to) Reserves	(6,647,782)	1,663,806
Surplus after revaluations and reserve transfers	3,823,002	3,730,445
Note 5: Distributions		
Catholic Diocese of Armidale	2,200,000	1,473,000
Special Distribution - Wilcannia Forbes Diocese	636,873	565,561
Special Distribution - Parishes (COVID-19)	0	1,000,000
Grants to Parishes	681,500	650,000
Grants to Priests Retirement Foundation	250,000	200,000
	3,768,373	3,888,561
Note 6: Cash and Cash Equivalents		
Bank operating accounts	403,159	262,270
Cash on hand and in transit	9,966	5,772
Bank deposits with less than 1 month to maturity	131,034,797	129,296,720
	131,447,923	129,564,762

Armidale Diocesan Investment Group
Notes to the Financial Statements
FOR THE YEAR ENDED 31 JANUARY 2022

Note 7: Trade and other receivables

	2022	2021
	\$	\$
Debtors & prepayments	1,548,025	1,319,265
	1,548,025	1,319,265

Note 8: Investment Securities

Investments in Financial Assets held at amortised cost

- Deposits with Banks - at cost	151,034,798	139,132,847
- Floating Rate Notes - at amortised cost	66,656,355	89,499,563

Investment in Financial Assets designated at fair value through profit & loss

- Equity Investments	81,612,265	80,378,661
- Property Trusts	39,163,871	16,828,405
- Fixed Income Trusts	21,847,755	0

	360,315,044	325,839,476
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- Less - cash equivalent financial assets with less than 30 day maturities	(131,034,797)	(129,296,720)
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	229,280,246	196,542,756
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Note 9: Investment Properties

Opening balance 1 February 2020	32,125,000	35,837,911
Add - Additions/Disposals	(492,510)	0
Net gain/(loss) from fair value adjustment	0	(3,712,911)
Closing balance 31 January 2021	31,632,490	32,125,000

Investment properties are stated at fair value, which is determined based on valuations performed by independent valuers on a bi-annual basis. In the intervening years, fair value is determined using available property indices and other relevant market information. The last formal valuation obtained for the Tamworth property was 31 January 2021 and the Brisbane property revalued 31 January 2021.

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2022

	2022	2021
	\$	\$
Note 10: Loans and advances to customers		
- Loans to Church Institutions	12,862,604	12,740,018
- Loans to Priest's Car Fund (net of credit balances)	(29,716)	(143,444)
- Mortgage Loans	400,000	400,000
	13,232,888	12,996,574
- Less: Provision for Impairment	(391,433)	(385,302)
Total Loans	12,841,455	12,611,273
Note 11: Plant, Equipment & Vehicles		
Plant and equipment:		
- At cost	370,104	367,923
- Less: Accumulated depreciation	(241,822)	(210,019)
	128,282	157,904
Office furniture & fittings:		
- At cost	352,886	222,293
- Less: Accumulated depreciation	(154,210)	(143,619)
	198,675	78,674
Motor vehicles:		
- At cost	75,895	57,774
- Less: Accumulated depreciation	(20,188)	(37,467)
	55,707	20,307
Total Plant, Equipment & Vehicles	382,664	256,886

Armidale Diocesan Investment Group
Notes to the Financial Statements
FOR THE YEAR ENDED 31 JANUARY 2022

	2022	2021
	\$	\$
Note 12: Amounts owed to depositors		
- Individuals	86,045,517	75,151,612
- Church Institutions	139,387,708	132,853,814
- Parish Growth Accounts	33,478,808	29,737,816
- Cheque Accounts	6,958,401	5,531,617
-Sub-total	265,870,434	243,274,860
- CSO Short term Deposits	88,474,234	83,548,282
- Total Deposits	354,344,668	326,823,142
Note 13: Trade and other payables		
- Trade Creditors	1,349,287	870,501
	1,349,287	870,501
Note 14: Provisions		
Provision for employee annual leave and long service leave	104,971	94,833
	104,971	94,833
Note 15: Reserve Funds		
Investment Fluctuation Reserve		
- Opening balance	30,087,396	31,751,202
- Add - transfers (from)/to reserve for year	6,647,782	(1,663,806)
- Closing balance	36,735,178	30,087,396

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2022

Note 16: Reconciliation of Net Cash Provided by/used in Operating Activities to Net Profit

Profit from continuing operations

Adjusted for

Depreciation

Increase/(reduction) in provision for employee entitlements

Increase/(reduction) in provision for bad debts

Increase/(reduction) in trade creditors

Increase/(reduction) in accrued interest on deposits

Decrease/(increase) in debtors & prepayments

Amortisation of gain on Floating Rate Notes

Net cash flow provided from operating activities

	2022	2021
	\$	\$
Profit from continuing operations	5,587,244	4,394,893
<i>Adjusted for</i>		
Depreciation	47,189	53,290
Increase/(reduction) in provision for employee entitlements	10,138	(76,134)
Increase/(reduction) in provision for bad debts	6,132	26,912
Increase/(reduction) in trade creditors	1,021,181	(2,124,522)
Increase/(reduction) in accrued interest on deposits	(963,511)	(873,380)
Decrease/(increase) in debtors & prepayments	(166,032)	693,016
Amortisation of gain on Floating Rate Notes	(93,208)	(136,558)
Net cash flow provided from operating activities	5,449,133	1,957,518

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2022

Note 17: Contingent Liabilities

The Group has arranged a master credit card facility with its bankers covering a number of Diocesan agencies. Each agency is responsible for the control and payment of its respective cards and no defaults are expected. However, in the event of a default by any of those agencies, the Group would be required to meet the liability. As at the end of the financial year, the total facility applicable to other Diocesan agencies was \$2,000,000.

Note 18: Events occurring after reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect the operations of ADIG, the results of its operations, or the state of affairs of ADIG in future years.

Armidale Diocesan Investment Group

Declaration by Members of the Board

The members of the Board of the Armidale Diocesan Investment Group, hereby declare that:

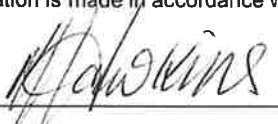
The financial report comprising the Income Statement, Balance Sheet, Statement of Cash Flows and the Notes to the Financial Statements:

(a) have been prepared in accordance with the accounting policies described in note 1 and the accounting policies are appropriate to the needs of the Board and the Trustees of the Roman Catholic Church for the Diocese of Armidale; and

(b) give a true and fair view of the financial position as at 31 January, 2022 and of the performance of the Group for the year ended on that date.

In the opinion of the Board members, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the members of the Board.


K Hawkins
Board Member


A Hamilton
Board Member

Dated: 28 April 2022