CATHOLIC
DEVELOPMENT FUND
Diocese of Wollongong
Building Church Communities

FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2018

CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 $	2017 $
Interest Revenue	2	10,242,215	9,922,361
Mark to Market Investment Gains	2	366,213	543,629
Other Revenue	2	3,682	5,205
Interest Expense		(4,979,480)	(5,078,542)
Employee Benefits Expense		(631,995)	(624,816)
Depreciation Expense		(32,164)	(46,258)
Net Impairment Loss on Financial Assets		(115,326)	(105,879)
Unrealised Loss on Financial Assets		(82,500)	-
Other Expenses	3	(426,750)	(399,236)
Surplus before income tax expense		**4,343,895**	**4,216,464**
Income Tax Expense		-	-
Distribution to the Bishop		(4,020,000)	(3,300,000)
Surplus after income tax expense and distribution		**323,895**	**916,464**
Other comprehensive income		-	-
Total comprehensive income for the year		**323,895**	**916,464**

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to and forming part of the financial statements.

CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	NOTE	2018 $	2017 $
ASSETS			
Cash and Cash Equivalents	**6**	6,974,134	9,469,911
Financial Assets at Amortised Cost	**5**	96,861,826	82,435,959
Financial Assets at Fair Value	**5**	7,300,220	6,934,007
Loans and Advances	**4**	129,256,038	120,783,325
Receivables	7	627,082	595,338
Other Current Assets		13,781	15,349
Plant and Equipment		76,093	76,201
TOTAL ASSETS		**241,109,174**	**220,310,090**
LIABILITIES			
Financial Liabilities	**8**	226,291,373	205,809,059
Payables		61,288	71,561
Provisions	**9**	163,817	160,669
TOTAL LIABILITIES		**226,516,478**	**206,041,289**
NET ASSETS		**14,592,696**	**14,268,801**
EQUITY			
Retained Profits		14,592,696	14,268,801
TOTAL EQUITY		**14,592,696**	**14,268,801**

The statement of financial position should be read in conjunction with the notes to and forming part of the financial statements.

CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		10,194,418	10,102,306
Other non-interest receipts		20,219	5,205
Interest paid		(4,973,727)	(5,283,793)
Payments to suppliers & employees		(1,261,809)	(1,135,378)
Net movement in loans		(8,472,713)	(9,376,013)
Net movement in financial liabilities		20,476,562	(39,637,775)
Net Cash from / (used in) Operating Activities	**10**	**15,982,950**	**(45,325,448)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net movement in investments		(14,425,867)	57,315,321
Payments for property, plant & equipment		(52,860)	(60,470)
Proceeds from sale of property, plant & equipment		20,000	40,000
Net Cash (used) / from Investing Activities		**(14,458,727)**	**57,294,851**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution to Bishop		(4,020,000)	(3,300,000)
Net cash used in financing activities		**(4,020,000)**	**(3,300,000)**
Net (decrease) / increase in cash held		**(2,495,777)**	**8,669,403**
Cash at the beginning of the reporting year		**9,469,911**	**800,508**
Cash at the end of the reporting year		**6,974,134**	**9,469,911**

The statement of cash flows should be read in conjunction with the notes to and forming part of the financial statements.

CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Retained Profits $
At 1 January 2017	13,352,337
Profit for the Year	4,216,464
Distribution to Bishop	(3,300,000)
Closing Balance at 31 December 2017	**14,268,801**
At 1 January 2018	14,268,801
Profit for the Year	4,343,895
Distribution to Bishop	(4,020,000)
Closing Balance at 31 December 2018	**14,592,696**

The statement of changes in equity should be read in conjunction with the notes to and forming part of the financial statements.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I Reporting fund

The Catholic Development Fund, Diocese of Wollongong (the "Fund") is a not for profit fund domiciled in Australia. The address of the Fund's registered office is 38 Harbour Street, Wollongong. The Fund is a financial co-operative of the Catholic Church in the Diocese of Wollongong, raising funds from all Diocesan agencies, other Catholic entities throughout the Diocese and anyone supportive of local Catholic communities.

These funds are made available to provide for the loan finance requirements of the Diocese for projects including the construction and/or renovation of Churches, presbyteries and schools and the acquisitions of items of plant & equipment.

In the opinion of the Diocesan Finance Council, the Fund is not a reporting fund. The financial report of the Fund has been drawn up as a special purpose financial report for distribution to Bishop Brian Mascord, Bishop of Wollongong.

II Basis of Preparation

(a) Statement of Compliance

The special purpose financial report has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards ("AASBs") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ("AASB").

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

The financial report does not include the disclosure requirements of all AASBs except for the following minimum requirements:

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

(c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

(d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

* III(c) – Impairment; and
* III(d) – Employee Benefits.

III Significant Accounting Policies

(a) Financial Instruments

(i) Non-Derivative Financial Instruments

Cash & Cash Equivalents

Cash and cash equivalents comprise cash balances in the Fund's bank account and cash on hand. Any bank overdrafts that are repayable on demand and form an integral part of the Fund's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)
III Significant Accounting Policies (con't)
(a) Financial Instruments (con't)
(i) Non-Derivative Financial Instruments (con't)

Financial assets at amortised cost
If the Fund has the positive intent and ability to hold debt securities to maturity, then they are classified as financial assets at amortised cost. These assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially recorded at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method, after assessing required provisions for impairment as described in note III(c).

Term deposits with financial institutions are unsecured and have a carrying amount equal to their principal amount. Interest is paid on the daily balance at maturity. The accrual of interest receivable at balance date is calculated on a proportional basis of the expired period of the term of the investment.

Trade and Other Receivables
Trade and other receivables are stated at amortised cost.

Financial Liabilities
The Fund recognises financial liabilities, being client savings and term deposits, on the date they are originated. Financial liabilities are initially measured at fair value plus transaction costs, and are subsequently measured at their amortised cost using the effective interest method. Savings and term deposits are stated at the aggregate amount of monies owing to depositors. These are reported at the principal amount lodged.

The Fund derecognises financial liabilities when its contractual obligations are discharged or cancelled. Interest payable is recognised in profit or loss using the effective interest method. Interest on client savings and term deposits is calculated on the daily balance and is posted to the depositor's account quarterly or at maturity.

Such interest is accrued on the basis of the interest rate, the terms and conditions applicable to each savings and term deposit accounts which are varied from time to time.

Trade and Other Payables
Trade and other payables are stated at their fair value and are recognised for goods or services received, whether or not billed to the Fund.

Trade payables are non-interest bearing and are normally settled on 30 day terms.

(b) Property, Plant and Equipment
(i) Recognition and Measurement
Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)
III Significant Accounting Policies (con't)
(b) Property, Plant and Equipment (con't)

(ii) Subsequent Costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Fund and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.
The depreciation rates for each class of depreciable asset are as follows:

* Motor vehicles	25%
* Furniture & fittings	15%
* Office machines & equipment	20%
* Computers	33.33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(c) Impairment
(i) Financial Assets

All of the financial assets at amortised cost are considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected losses.

The instruments are considered to be low risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The financial assets at amortised cost include receivables, loans, advances and investment securities. Applying the expected credit risk model didn’t result in regonition of any loss allowance.

(ii) Non-Financial Assets
The carrying amounts of the Fund’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)
III Significant Accounting Policies (con't)

(d) Employee Benefits

(i) Short-Term Benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be wholly settled within twelve months of the reporting date are measured at their notional amounts based on remuneration rates which are expected to be paid when the liability is settled plus related on-costs. When it is expected that these employee benefits will be settled after twelve months from the reporting date, they are measured at present value.

(ii) Long-Term Employee Benefits

The Fund's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Fund's obligations.

(iii) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the Fund pays fixed contributions into a separate Fund and will have no legal or constructive obligations to pay further amounts.

Obligations for contributions to defined contribution superannuation plans are recognised as a personnel expense in the profit and loss when they are due.

(e) Revenue

(i) Revenue from Financial Assets

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit or loss on that the date that the Fund's right to receive income is established, which in the case of quoted securities is the ex-dividend rate.

(ii) Other Revenue

Other revenue is recognised when received.

(f) Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

(g) Income Taxes

The Catholic Development Fund is exempt from income tax under Division 50 - 5 of the Income Tax Assessment Act, 1997.

(h) Goods and Services Tax

Revenue, 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 the expense.

Receivables and payables are stated with the amount of GST excluded.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating expenses.

(i) Initial application of AASB 9: Financial Instruments

The Fund has adopted AASB 9: Financial Instruments with a date of initial application of 1 January 2018. As a result, the Fund has changed its financial instruments accounting policies as detailed in Note 1 (III). The changes in the Fund's accounting policy has no impact on amounts reported in the current period or prior periods.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)
III Significant Accounting Policies (con't)

(j) New Accounting Standards and Interpretations Not Yet Adopted

A number of new accounting standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Fund has not early adopted any new or amended standards in preparing these financial statements.

(i) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for the Fund's annual reporting period beginning on 1 January 2019, with early adoption permitted. The Fund has assessed the potential impact on its financial statements resulting from the application of AASB 15, and considers that it will have no material impact on future financial statements.

(ii) AASB 1058 Income for Not-for-Profit entities

AASB 1058 establishes principles for not-for-profit entities that apply specifically to transactions where the not-for-profit Fund acquires assets principally to enable it to further its objectives and the consideration is significantly less than fair value; and to volunteer services received.

AASB 1058 is effective for the Fund's annual reporting periods beginning on 1 January 2019, with early adoption permitted where AASB 15 Revenue from contracts with Customers is adopted at the same time.

The Fund has assessed the potential impact on its financial statements resulting from the application of AASB 1058, and considers that it will have no material impact on future financial statements.

(iii) AASB 16 Leases

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases.

AASB 16 is effective for the Fund's annual reporting periods beginning on 1 January 2019, with early adoption permitted where AASB 15 Revenue from contracts with Customers is adopted at the same time.

The Fund has assessed the potential impact on its financial statements resulting from the application of AASB 16, and considers that at 1 January 2019 the fund had no leases.

4 Determination of Fair Value

A number of the Fund's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Fund uses market observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability,
either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Fund recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Significant valuation issues are reported to the Bishop.

	2018 $	2017 $

NOTE 2 - REVENUE

	2018 $	2017 $
Interest Revenue		
Loans	6,977,043	6,468,706
Investment securities	3,265,172	3,453,655
Total Interest Revenue	**10,242,215**	**9,922,361**
Other Income		
Mark to market investment gains	366,213	543,629
Profit on sale of asset	-	4,654
Discount on investment acquisition	-	551
Other	3,682	-
Total Other Income	**369,895**	**548,834**
Total Revenue	**10,612,110**	**10,471,195**

NOTE 3 - SURPLUS FROM ORDINARY ACTIVITIES

Surplus from ordinary activities before income tax has been arrived at after charging the following items:

	2018 $	2017 $
Operating lease rental expense	47,124	46,200
Property related expenses excl rental expense	11,605	6,653
Computer system related expenses	100,863	87,215
Marketing expenses	100,694	79,724
Investment expenses	28,935	37,565
Insurance expenses	20,674	18,369
Remuneration to auditor	34,176	30,526
Other	82,679	92,984
Total other expenses from ordinary activities	**426,750**	**399,236**

NOTE 4 - LOANS AND ADVANCES

	2018 $	2017 $
Schools	117,317,803	110,150,780
Parishes	7,362,812	6,799,400
Office of the Bishop	4,548,323	3,803,557
Clergy Car	27,100	29,588
	129,256,038	**120,783,325**
Loans approved but not advanced	**14,249,111**	**16,402,786**

NOTE 5 - FINANCIAL ASSETS

	2018 $	2017 $
Financial assets at fair value		
Pooled Managed Investment	7,300,220	6,934,007
	7,300,220	**6,934,007**
Financial assets at amortised cost		
Current Account Investment	13,444,326	11,935,959
Floating Rate Note Investment	19,000,000	11,000,000
Mortgage Backed Securities Investment	417,500	2,000,000
Perpetual FRN Investment	1,000,000	500,000
Subordinated Debt Investment	2,000,000	1,000,000
Term Investment	59,000,000	52,000,000
Zero Coupon Bond	2,000,000	4,000,000
	96,861,826	**82,435,959**
Less: Impairment Provision	-	-
	96,861,826	**82,435,959**
TOTAL FINANCIAL ASSETS	**104,162,046**	**89,369,966**

NOTE 6 - CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Current Accounts	6,970,236	9,465,373
On Hand	3,898	4,538
	6,974,134	**9,469,911**

NOTE 7 - RECEIVABLES

	2018 $	2017 $
Interest Receivable	583,480	535,683
General	43,602	59,655
	627,082	**595,338**

NOTE 8 - FINANCIAL LIABILITIES

	2018 $	2017 $
Individuals		
Savings	3,484,531	3,448,712
Term Deposits	3,099,825	3,595,359
Non Diocesan		
Savings	11,382,479	16,904,731
Term Deposits	34,732,497	25,318,470
Diocesan		
Savings	93,658,324	76,103,978
Term Deposits	79,237,483	79,747,329
Interest Accrued		
Savings	5,041	5,319
Term Deposits	691,193	685,161
	226,291,373	**205,809,059**

NOTE 9 - PROVISIONS

	2018 $	2017 $
Staff Leave		
Annual Leave	54,010	54,080
Long Service Leave - Current	106,980	104,749
Long Service Leave - Non-Current	2,827	1,840
	163,817	**160,669**

NOTE 10 - NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF PROFIT / (LOSS) WITH NET CASH PROVIDED BY OPERATING ACTIVITIES		
Surplus from ordinary activities	4,343,895	4,216,464
Add / (less) non-cash items		
Profit on sale of non-current assets	802	(4,654)
Movements on investments	(366,213)	(543,629)
Depreciation	32,164	46,258
Discounts on investment acquisition	-	(551)
Change in assets and liabilities		
(Increase) in loans funded	(8,472,713)	(9,376,013)
Increase/(decrease) in financial liabilities	20,476,562	(39,637,775)
(Increase)/decrease in other assets	17,622	(66,216)
Increase in employee provisions	3,148	11,767
Increase/(decrease) in creditors & accruals	(10,272)	54,207
(Increase)/decrease in interest receivable	(47,797)	179,945
Increase/(decrease) in interest payable	5,752	(205,251)
	11,972,302	(49,039,336)
Net Cash provided / (used in) Operating Activities	**15,982,950**	**(45,325,448)**

NOTE 11 – FINANCIAL INSTRUMENTS

(a) INTEREST RATE RISK EXPOSURES

The Fund's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

As at 31 December 2018

	Balance Sheet Total	Floating Interest Rate	Fixed Interest Rate				Non-Interest Bearing	Weighted Average Rate
			0 to 3 months	3 to 12 months	1 to 5 years	> 5 years		
	$	$	$	$	$	$	$	
Assets								
Cash and Liquid Assets	6,974,134	6,970,236	-	-	-	-	3,898	0.25%
Financial assets at amortised cost	96,861,826	13,444,326	55,417,500	28,000,000	-	-	-	2.75%
Financial assets at fair value	7,300,220	-	-	-	-	-	7,300,220	-
Loans and Advances	129,256,038	129,256,038	-	-	-	-	-	5.53%
Receivables	627,082	22,156	425,747	135,578	-	-	43,601	-
Total monetary assets	**241,019,300**	**149,692,756**	**55,843,247**	**28,135,578**	**-**	**-**	**7,347,719**	**4.08%**
Liabilities								
Financial Liabilities	226,291,373	108,530,376	72,408,870	45,072,942	279,185	-	-	1.98%
Payables	61,288	-	-	-	-	-	61,288	-
Total monetary liabilities	**226,352,661**	**108,530,376**	**72,408,870**	**45,072,942**	**279,185**	**-**	**61,288**	**1.98%**

As at 31 December 2017

	Balance Sheet Total	Floating Interest Rate	Fixed Interest Rate				Non-Interest Bearing	Weighted Average Rate
			0 to 3 months	3 to 12 months	1 to 5 years	> 5 years		
	$	$	$	$	$	$	$	
Assets								
Cash and Liquid Assets	9,469,911	9,465,373	-	-	-	-	4,538	0.25%
Financial assets at amortised cost	82,435,959	11,935,959	43,500,000	27,000,000	-	-	-	2.57%
Financial assets at fair value	6,934,007	-	-	-	-	-	6,934,007	-
Loans and Advances	120,783,325	120,783,325	-	-	-	-	-	5.56%
Receivables	595,338	17,326	379,975	138,382	-	-	59,655	-
Total monetary assets	**220,218,540**	**142,201,983**	**43,879,975**	**27,138,382**	**-**	**-**	**6,998,200**	**4.02%**
Liabilities								
Financial Liabilities	205,809,059	96,462,740	61,145,894	48,024,568	175,857	-	-	1.99%
Payables	71,561	-	-	-	-	-	71,561	-
Total monetary liabilities	**205,880,620**	**96,462,740**	**61,145,894**	**48,024,568**	**175,857**	**-**	**71,561**	**1.98%**

NOTE 11 – FINANCIAL INSTRUMENTS (con't)

(b) NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists or by discounting expected future cash flows by the current interest rates for assets and liabilities with similar risk properties.

The carrying amounts and net fair values of financial assets and liabilities at balance date are as follows:

	Carrying Amount 2018	Carrying Amount 2017	Net Fair Value 2018	Net Fair Value 2017
On-Balance Sheet Financial Assets				
Cash and Liquid Assets	6,974,134	9,469,911	6,974,134	9,469,911
Financial assets at amortised cost	96,861,826	82,435,959	96,861,826	82,435,959
Financial assets at fair value	7,300,220	6,934,007	7,300,220	6,934,007
Loans and Advances	129,256,038	120,783,325	129,256,038	120,783,325
Receivables	627,082	595,338	627,082	595,338
	241,019,300	**220,218,540**	**241,019,300**	**220,218,540**
Financial Liabilities				
Financial Liabilities	226,291,373	205,809,059	226,291,373	205,809,059
Payables and other Liabilities	61,288	71,561	61,288	71,561
	226,352,661	**205,880,620**	**226,352,661**	**205,880,620**

NOTE 12 – RELATED PARTY TRANSACTIONS

The Fund's core business is to lend funds to parishes, schools and diocesan groups. These groups within the diocese are considered related parties and make up a significant portion of both assets and liabilities of the Fund.

During the 2018 year various transactions were conducted between the fund and its related parties, all of which have been considered to be arms length transactions.

NOTE 13 – SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on the Fund's financial report at 31 December 2018.

CATHOLIC DEVELOPMENT FUND
DIOCESE OF WOLLONGONG

Statement by the General Manager and Diocesan Financial Controller

1 In the opinion of the General Manager and Diocesan Financial Controller, the Catholic Development Fund Diocese of Wollongong

(a) is not a reporting Fund;
(b) the financial statements and notes thereto, set out on pages 2 to 16, are drawn up, in accordance with the basis of accounting described in Note 1, so as to present fairly the financial position of the Catholic Development Fund as at 31 December 2018 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

(c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
(d) kept such accounting records as to correctly record and explain its transactions and financial position; and
(e) kept its accounting records so that a true and fair financial report of the Catholic Development Fund can be prepared.

Dated at Wollongong this fifteenth day of April 2019.

Tony Sanderson
General Manager

Nicholas Dyball
Diocesan Financial Controller

Independent Auditor's Report to the Members of Catholic Development Fund

Opinion

We have audited the financial report of Catholic Development Fund – Diocese of Wollongong ("the Fund") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by management.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Fund as at 31 December 2018, and its financial performance and its cash flow for the year then ended in accordance with the accounting policies described in Note 1 of 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 Fund 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 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Fund to meet the requirements of Note 1. 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 Management and the Advisory Council for the Financial Report

Management is responsible for the preparation and fair presentation of the special purpose financial report in accordance with the accounting policies described in Note 1 of the financial statements and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Advisory Council are responsible for overseeing the Fund's financial reporting process.

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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 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 the management.
- Conclude on the appropriateness of the 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 the Advisory Council 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.

HLB Mann Judd

HLB Mann Judd Assurance (NSW) Pty Ltd	**D K Swindells**
Chartered Accountants	**Director**

Sydney, NSW
18 April 2019