

**THE TRUSTEES OF THE ROMAN CATHOLIC
CHURCH FOR THE DIOCESE OF LISMORE
(AFSL 503537) AS TRUSTEE FOR**

DIOCESAN INVESTMENT FUND

A.B.N. 32 991 362 517

CONCISE FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2023



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DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Information on Diocesan Investment Fund Concise Financial Report

The financial statements and disclosures in the concise financial report have been derived from the 2023 Financial Report of the Diocesan Investment Fund.

A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report.

Profit and Loss and Statement of Comprehensive Income

The Fund recorded a profit from ordinary activities after income tax for the year of \$5,362,140 (2022: \$1,536,843).

During the year the official cash interest rate as determined by the Reserve Bank of Australia rose from 0.10% to 3.60% which has contributed to a significant increase in interest earned. An increase in interest earned of \$7,585,184 was offset by an increase in interest paid to investors of \$5,277,901. The Fund redeemed \$10 million of its investment in Fixed Income Managed Funds during the year resulting in a realised loss of \$132,561. These managed funds returned \$403,031 (2022: \$105,942) in distribution income. The underlying unit values at year end improved on the prior year resulting in an unrealised profit of \$174,611 being recognised.

Statement of Financial Position

Debentures issued decreased by \$28,492,466 (2022: \$1,531,788 increase) whilst loans receivable decreased by \$30,294,855 (2022: \$12,505,415). Financial assets (bank term deposits) decreased by \$7,500,000 and Financial assets (managed funds) decreased by \$9,957,950. Cash and cash equivalents increased by \$19,220,817.

Total assets decreased by \$23,556,303 (2022: \$388,715 increase). Equity at 31 March 2023 totalled \$36,602,695 (2022: \$35,790,935).

Net Assets increased by \$811,760 (2022: \$1,301,033) with a provision being made at year end for a distribution to the Lismore Diocese of \$4,550,380 (2022: \$235,811).

Statement of Cash Flows

Cash held at the end of the year increased by \$19,220,817 (2022: \$67,646,263 decrease). Cash flows provided by operating activities totalled \$154,239 (2022: \$3,103,614).

Net cash flows provided by investing activities was \$41,091,785 whilst cash flows used in financing activities was \$22,025,207.

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REPORT BY THE DIOCESAN FINANCE COUNCIL

The Trustees of the Roman Catholic Church for the Diocese of Lismore (AFSL 503537) acting as Trustee of the Diocesan Investment Fund ("the Fund") submit their report for the year ended 31 March 2023.

Diocesan Finance Council

The names of the members of the Diocesan Finance Council in office during the financial year, and until the date of this report, unless otherwise stated are:

Mr Michael Shay (Chairman)
Mr Mark Dougherty
Rev Fr Peter Slack
Mr Peter Liddy
Rev Fr Paul Gooley
Mr Geoff Dwyer (Appointed 1 January 2023)

Principal Activities

The DIF has a charitable purpose of the advancement of religion. It achieves this by providing a stable source of long term finance at affordable rates of interest, for Catholic parishes and institutions of the Lismore Diocese. The Fund issues debentures to provide the proceeds for these loans and proceeds held in excess of loan requirements are invested at a margin to provide a distribution to the Diocese of Lismore to assist with the ongoing financial needs of the Diocese.

No significant change in the nature of these activities occurred during the year.

Fund Information

The Fund was established in 1964. The Trustees of the Roman Catholic Church for the Diocese of Lismore operate the Fund and obtained an Australian Financial Services Licence (AFSL) to allow it to continue to offer debentures to investors as retail, non-associated clients from 1 January 2018.

The principal place of business is 10 Orion Street Lismore NSW 2480.

Operating Results and Review of Operations for the year

The Fund made a profit of \$5,362,140 for the year ended 31 March 2023 (2022: \$1,536,843). There was a distribution to the Diocese of \$4,550,380 (2022: \$235,811). The increase in profit was due to a higher margin on invested funds and also an increase in the market value of managed funds. The investments of the Fund as at 31 March 2023 included loans to Catholic parishes and institutions of the Lismore Diocese (12%), investments in managed funds (6%) and cash plus bank term deposits (82%).

Significant Changes in State of Affairs

There has been no significant changes in the state of affairs of the Fund during the year ended 31 March 2023.

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Significant Events After Balance Date

There was significant flooding to the Lismore and surrounding region in March 2022. Buildings funded by the Diocesan Investment Fund Loans are fully insured and are in the process subsequent to year end to be repaired or replaced from the 2022 floods. No other matters have occurred since the end of the financial year which would require disclosure in this financial report.

Likely Developments and Expected Results

The Fund will continue to allow for the investment of funds from associated and non-associated retail clients and wholesale investors in order to continue its mission to assist with the ongoing financial needs of the Diocese of Lismore.

Environment Regulation and Performance

The operations of the Fund are now subject to the requirements of the ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 and APRA's Banking exemption No.1 of 2021. There have been no known significant breaches of any environmental requirements of the Fund.

Indemnification and Insurance of Directors and Officers

The Fund indemnifies its officers (not including auditors) for costs incurred in defending civil and legal proceedings in which judgement is given in that persons favour, or they are acquitted, or any other proceeding which the court grants relief to the person. During the year, the Fund paid an insurance premium in respect of a contract insuring each of the members of the Diocesan Finance Council and officers of the Fund. The amount of the premium for the insurance was \$17,353. The auditors are not included as part of this policy.

Auditors' Independence Declaration

An independence declaration has been provided to the Diocesan Finance Council by the auditor of the Diocesan Investment Fund, MF Partners Chartered Accountants and is attached to the Report by the Diocesan Finance Council.



Michael Shay
(Chairman)



Mark Dougherty
(Deputy Chairman)

Dated this 15th day of May 2023.

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE MEMBERS OF THE DIOCESAN FINANCE COUNCIL**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2023 there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to this audit; and
- b. No contraventions of any Code of Professional Conduct of Chartered Accountants Australia and New Zealand in relation to the audit.



MF PARTNERS

MARK CHARTER

(Partner)

Dated at Ballina this 15th day of May 2023.

Address: 95 Tamar Street Ballina NSW 2478

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**PROFIT AND LOSS AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 \$	2022 \$
Revenues from investing activities	2	13,761,204	5,878,931
Other revenue	2	-	-
Interest incurred		(7,749,530)	(2,471,629)
Employee benefits expense		-	(203,547)
Service fee		(213,000)	-
Depreciation and amortisation expenses		(1,059)	(1,059)
Other expenses from ordinary activities		(477,525)	(445,785)
Changes in fair value of financial assets at fair value		42,050	(1,220,068)
Profit/(loss) from ordinary activities before income tax expense		5,362,140	1,536,843
Income tax expense relating to ordinary activities		-	-
Net profit /(loss) for the year after income tax expense attributable to Trustees of the Fund		5,362,140	1,536,843
Other comprehensive income		-	-
Change in net assets attributable to Trustees of the Fund		5,362,140	1,536,843

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	2023	2022
	\$	\$
<u>ASSETS</u>		
Cash and cash equivalents	44,683,910	25,463,093
Financial assets – at amortised cost	443,000,000	450,500,000
Financial assets – at fair value through profit and loss	38,821,982	48,779,932
Loans and advances	71,674,576	101,969,431
Accrued interest	5,807,410	830,665
Property plant and equipment	1,065	2,124
TOTAL ASSETS	603,988,942	627,545,245
<u>LIABILITIES</u>		
Trade and other payables	4,672,764	515,395
Financial liabilities	562,713,483	591,205,949
Provisions	-	32,966
TOTAL LIABILITIES	567,386,248	591,754,311
<u>NET ASSETS</u>	36,602,695	35,790,935
<u>EQUITY</u>		
Accumulated Funds	36,602,695	35,790,935
<u>TOTAL EQUITY</u>	36,602,695	35,790,935

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Accumulated Funds	Total
Balance at 1 April 2021	34,489,902	34,489,902
Profit attributable to the entity	1,536,843	1,536,843
Sub-total	36,026,745	36,026,745
Distribution to Diocese paid or provided for	(235,811)	(235,811)
Balance at 31 March 2022	35,790,935	35,790,935
Profit (loss) attributable to the entity	5,362,140	5,362,140
Sub-total	41,153,075	41,153,075
Distribution to Diocese paid or provided for	(4,550,380)	(4,550,380)
Balance at 31 March 2023	36,602,695	36,602,695

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	\$	\$
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Interest received	8,381,428	5,950,380
Dividend received	403,031	87,032
Interest paid	(7,749,530)	(2,471,629)
Other receipts	-	-
Payments to suppliers and employees	(880,690)	(462,169)
Net cash provided by (used in) operating activities	154,239	3,103,614
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Movement in loans - loans advanced	(16,197,935)	(35,080,462)
- loans repaid	39,789,720	45,029,547
Movement in financial assets – at amortised cost		
Purchases	(487,000,000)	(501,960,000)
Proceeds on maturity	494,500,000	470,040,000
Movement in financial assets – at fair value through profit and loss		
Sales	10,000,000	
Purchases	-	(50,000,000)
Payment for plant and equipment	-	-
Net cash provided by (used in) investing activities	41,091,785	(71,970,915)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Investor debentures received	434,141,279	429,328,161
Investor debentures repaid	(455,930,675)	(425,240,043)
Grant paid	(235,811)	(2,867,081)
Net cash provided by (used in) financing activities	(22,025,207)	1,221,037
Net increase (decrease) in cash held	19,220,817	(67,646,263)
Cash at beginning of year	25,463,093	93,109,356
Cash at end of year	44,683,910	25,463,093

The accompanying notes form part of these financial statements.

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NOTES TO THE CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1: BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of the Diocesan Investment Fund. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of the Diocesan Investment Fund as the full financial report. A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The Diocesan Investment Fund is a not-for-profit entity as any profits generated are distributed back to the Trustees of the Roman Catholic Church for the Diocese of Lismore.

The accounting policies have been consistently applied by the Fund and are consistent with those of the previous financial year except where otherwise stated.

The Diocesan Investment Fund has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS).

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NOTES TO THE CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023	2022
NOTE 2: REVENUE		\$	\$
Operating activities			
- Interest Earned	2a	13,358,173	5,772,989
- Other income		-	-
		13,803,254	5,772,989
Total revenue		13,803,254	5,772,989
a. Interest from			
— other persons		13,358,173	5,772,989

NOTE 3: SEGMENT REPORTING

The Fund operates predominantly in one business and geographical segment being the Finance sector principally in the Roman Catholic Church Diocese of Lismore. The fund produces monthly management reports based on this one segment and as such all significant operating decisions are based upon the fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

There was significant flooding to the Lismore and surrounding region in March 2022. Buildings funded by the Diocesan Investment Fund Loans are fully insured and are in the process subsequent to year end to be repaired or replaced from the 2022 floods. No other matters have occurred since the end of the financial year which would require disclosure in this financial report.

NOTE 5: DISTRIBUTIONS

There was a distribution accrued of \$4,550,380 (2022: \$235,811) to be paid to the Roman Catholic Diocese of Lismore. A distribution of \$ 235,811 (2022: \$2,867,081) was paid during the year.

NOTE 6: CHANGE IN OPERATIONS

There has been no change in operations during the financial year with the Banking Exemption No 1 of 2021 issued by APRA, and ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 last amended in the 2022 financial year.

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DECLARATION BY MEMBERS OF THE DIOCESAN FINANCE COUNCIL

In accordance with a resolution of the members of the Diocesan Finance Council:

1. The financial statements and notes, as set out in pages 5 to 10 :
 - a. complies with Accounting Standard AASB 1039: Concise Financial Reports; and
 - b. has been derived from and is consistent with the full financial report of the Diocesan Investment Fund.
2. In the members' of the Diocesan Finance Council opinion there are reasonable grounds to believe that the Fund 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 Diocesan Finance Council and is signed for and on behalf of the members by:

Chairman



Michael Shay

Deputy Chairman



Mark Dougherty

Dated this 15th day of May 2023.

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**INDEPENDENT AUDIT REPORT
TO THE BISHOP AND THE TRUSTEES OF THE ROMAN CATHOLIC
DIOCESE OF LISMORE**

Opinion

We have audited the concise financial report of the Diocesan Investment Fund for the financial year ended 31 March 2023 as set out on pages 5 to 10, in order to express an opinion on it to the Bishop and the Trustees of the Diocese of Lismore. The concise financial report does not contain all disclosures required by the Australian Accounting Standards.

In our opinion the concise financial report of the Diocesan Investment Fund complies with Accounting Standard AASB 1039: Concise Financial Reports.

Basis for Opinion

We have 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 Diocesan Investment Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration given to the Members of the Finance Council, would be in the same terms if given to the Members' as at the same time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The members of the Finance Council are responsible for the other information. The other information comprises the information included in the Diocesan Investment Fund's annual report for the year ended 31 March 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be misstated. If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Members of the Finance Council for the Financial Report

The members of the Diocesan Finance Council are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039: *Concise Financial Reports* (including the Australian Accounting Interpretations), statutory and other requirements. In preparing the financial report, the Members are responsible for assessing the Diocesan Investment Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the Diocesan Investment Fund for the year ended 31 March 2023. Our audit report on the financial report for the year was signed on 15th May 2023 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039: *Concise Financial Reports*.

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



MF PARTNERS

MARK CHARTER

(Partner)

Dated at Ballina this 15th day of May 2023.

Address: 95 Tamar Street Ballina NSW 2478