



Churches of Christ Financial Services Ltd
ABN: 86 165 535 866

Financial Statements
For the Year Ended 30 June 2020

Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

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For the Year Ended 30 June 2020

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Churches of Christ Financial Services Ltd

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Auditor's Independence Declaration to the Directors of Churches of Christ Financial Services Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out under Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Saward Dawson

Jeffrey Tulk
Partner

Blackburn, VIC

Dated: 28 October 2020

Churches of Christ Financial Services Ltd

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	2	2,607,546	6,821,778
Distribution to Investors	1(j)	-	(2,249,130)
Insurance premium expense	1(j)	-	(1,764,079)
Employee benefits expense		(994,188)	(916,022)
Interest expense		(713,907)	(813,414)
Office and administration expense		(282,431)	(269,127)
Rental expense		(50,392)	(77,434)
Grants & Sponsorship		-	(4,535)
Motor vehicle expense		(22,970)	(26,230)
Legal and statutory expense		(63,446)	(71,809)
Consultants expense		(104,417)	(114,077)
Software and licensing fees		(168,234)	(182,023)
Depreciation and amortisation expense		(50,575)	(114,160)
Bank fees and charges		(1,862)	(3,368)
Marketing and promotion		(10,631)	(34,665)
Distribution to CCVT		(36,360)	(44,100)
Surplus/(Deficit) for the period		108,131	137,605
Other comprehensive income:			
Other comprehensive income		-	-
Total comprehensive income for the period		108,131	137,605

The accompanying notes form part of these financial statements.

Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	8,487,022	2,509,125
Trade and other receivables	4	2,338,875	2,725,950
Other financial assets	5	12,331,355	54,492,357
Other assets	7	202,345	868,291
TOTAL CURRENT ASSETS		<u>23,359,597</u>	<u>60,595,723</u>
NON-CURRENT ASSETS			
Trade and other receivables	4	33,491,598	20,547,002
Property, plant and equipment	6	112,449	155,696
TOTAL NON-CURRENT ASSETS		<u>33,604,047</u>	<u>20,702,698</u>
TOTAL ASSETS		<u><u>56,963,644</u></u>	<u><u>81,298,421</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	179,413	1,192,282
Borrowings	9	52,554,032	45,036,547
Other liabilities	10	15,727	11,691
Employee benefits	11	216,579	172,356
TOTAL CURRENT LIABILITIES		<u>52,965,751</u>	<u>46,412,876</u>
NON-CURRENT LIABILITIES			
Borrowings	9	992,912	438,284
Other liabilities	10	-	31,551,474
Employee benefits	11	31,699	30,636
TOTAL NON-CURRENT LIABILITIES		<u>1,024,611</u>	<u>32,020,394</u>
TOTAL LIABILITIES		<u>53,990,362</u>	<u>78,433,270</u>
NET ASSETS		<u><u>2,973,282</u></u>	<u><u>2,865,151</u></u>
EQUITY			
Issued capital		3,000,000	3,000,000
Retained earnings		(26,718)	(134,849)
TOTAL EQUITY		<u><u>2,973,282</u></u>	<u><u>2,865,151</u></u>

The accompanying notes form part of these financial statements.

Churches of Christ Financial Services Ltd
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Statement of Changes in Equity
For the Year Ended 30 June 2020

2020

	Retained Earnings	Contributed Equity	Insurance Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2019	(134,849)	3,000,000	-	2,865,151
Surplus/(deficit) for the period	108,131	-	-	108,131
Balance at 30 June 2020	(26,718)	3,000,000	-	2,973,282

2019

	Retained Earnings	Contributed Equity	Insurance Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2018	(272,452)	3,000,000	155,619	2,883,167
Surplus/(deficit) for the period	137,603	-	-	137,603
Transfer to Church Mission Enterprises Ltd	-	-	(155,619)	(155,619)
Balance at 30 June 2019	(134,849)	3,000,000	-	2,865,151

Churches of Christ Financial Services Ltd

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Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payment to suppliers and employees		(2,085,823)	(2,726,609)
Insurance income received		-	976,867
Interest received		1,866,825	1,824,461
Managed funds income received		361,487	2,662,247
Other income received		786,688	7,843
Interest paid		(713,907)	(813,414)
Distribution to Investors		-	(2,249,130)
Net cash used in operating activities	18	<u>215,270</u>	<u>(317,735)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Redemption (Placement) of term deposits		12,231,055	(6,883,202)
Redemption/(Placement) of investments		-	(7,487,050)
Proceeds from sales of investments		29,929,947	5,442,609
Loan to churches		(12,911,686)	(1,535,454)
Payment for property, plant and equipment		(15,450)	(9,539)
Proceeds from sale of property, plant and equipment		8,122	11,578
Net cash used by investing activities		<u>29,241,988</u>	<u>(10,461,058)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings procured/(repaid)		(30,996,846)	3,019,091
(Redemption)/placement of depositors		7,515,485	8,537,258
Transfer to Church Mission Enterprises Ltd		-	(680,133)
Net cash used by financing activities		<u>(23,481,361)</u>	<u>10,876,216</u>
Net increase/(decrease) in cash and cash equivalents held		5,975,897	97,423
Cash and cash equivalents at beginning of period		<u>2,509,125</u>	<u>2,411,702</u>
Cash and cash equivalents at end of financial year	3	<u><u>8,485,022</u></u>	<u><u>2,509,125</u></u>

The accompanying notes form part of these financial statements.

Churches of Christ Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2020

The financial report covers Churches of Christ Financial Services Ltd as an individual not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Churches of Christ Financial Services Ltd is Australian dollars.

1 Summary of Significant Accounting Policies

Basis of preparation

Churches of Christ Financial Services Ltd applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

a) Revenue

The Company has adopted AASB 15: Revenue from Contracts with Customers in 2020.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the College expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer.
2. Identify the performance obligations.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue as and when control of the performance obligation is transferred.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

All revenue is stated net of the amount of goods and services tax (GST).

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Notes to the Financial Statements

For the Year Ended 30 June 2020

Basis of preparation

a) Revenue

Corporate and Management Services Income

The Company receives income for services provided to related entities. Revenue is recognised as the Company becomes entitled to the income.

Interest and other investment revenue

Interest and other investment revenues are recognised on a proportional basis taking into account the investment rates applicable to the financial assets.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

b) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Computer Equipment	20%
Motor Vehicles	25%
Office Equipment	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

Basis of preparation

c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when Churches of Christ Financial Services Ltd becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

Loans and receivables

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently 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 amount of the investment are recognised in profit or loss.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

Basis of preparation

c) Financial instruments

Derecognition

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

Basis of preparation

c) Financial instruments

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

d) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

e) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

Basis of preparation

g) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in income and expenditure if the carrying amount of the right-of-use asset has been reduced to zero.

Leases with a term of 12 months or less or leases of low value underlying assets will be exempted from the accounting treatment above. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

h) Goods and services tax (GST)

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). Receivables and payable are stated inclusive of GST.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

Basis of preparation

h) Goods and services tax (GST)

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

i) Income taxes

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Churches of Christ Financial Services Ltd are registered as a Charity with the Australian Charities and Not-for-profits Commission.

j) Transfer of operations

In the 2019 financial year, the Company transferred its insurance operation into Church Mission Enterprises Ltd.

During the 2020 financial year, the Company transferred its investments and related liabilities to Church Mission Enterprises Ltd.

k) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

l) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

The organisation assesses impairment at each reporting date by evaluating conditions specific to the organisation that may lead to impairment of assets. Where an impairment exists, the recoverable amount of the asset is determined.

The directors have reviewed the debtor's ability to settle their debts. Credit losses are determined as the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

Basis of preparation

m) Adoption of new Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods.

Initial application of AASB 15: Revenue from Contracts with Customers

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The accounting policies were changed to comply with AASB 15 and AASB 1058. This replaces the policies that the company used to be reporting under, AASB 118 and AASB 1004 that relates to the recognition of revenue.

No retrospective restatements are required as the Company's revenue streams are in accordance with the new application of this standard.

Initial application of AASB 16: Leases

The Company has adopted AASB 16 *Leases* *Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The accounting policies were changed to comply with AASB 16.

No retrospective restatements are required as the Company only has short-term leases.

Churches of Christ Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Revenue

	2020	2019
	\$	\$
1(j) - Insurance fees	-	2,293,103
- Loan interest income	1,431,340	1,313,728
- Income from cash investments	419,739	489,937
1(j) - Managed fund income	-	2,325,081
- Bank interest income	15,746	137,302
- Corporate and Management Services Income	607,954	233,196
- Other income	132,767	29,430
Total Revenue	2,607,546	6,821,777

3 Cash and Cash Equivalents

Cash at bank and in hand	8,343,134	2,366,893
Short-term deposits	143,888	142,232
	8,487,022	2,509,125

4 Trade and Other Receivables

CURRENT

Trade receivables	54,701	68,387
Loans to churches and other entities	2,251,382	2,284,292
GST receivable	28,664	11,784
Other receivables	4,128	361,487
	2,338,875	2,725,950

NON-CURRENT

Loan to churches and other entities	33,491,598	20,547,002
	33,491,598	20,547,002

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

5 Other Financial Assets

CURRENT

Held to maturity investments - Term deposits	12,331,355	24,562,410
Fair value - Managed fund investments	-	29,929,947
	12,331,355	54,492,357

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Notes to the Financial Statements

For the Year Ended 30 June 2020

6 Plant and equipment

PLANT AND EQUIPMENT

	2020 \$	2019 \$
Motor vehicles		
At cost	145,557	145,557
Accumulated depreciation	(85,294)	(58,675)
Total motor vehicles	60,263	86,882
Office equipment		
At cost	2,665	-
Accumulated depreciation	(109)	-
Total office equipment	2,556	-
Computer equipment		
At cost	266,886	266,496
Accumulated depreciation	(217,256)	(197,682)
Total computer equipment	49,630	68,814
Total property, plant and equipment	112,449	155,696

a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Motor Vehicles \$	Office Equipment \$	Computer Equipment \$	Total \$
Year ended 30 June 2020				
Balance at the beginning of year	86,882	-	68,814	155,696
Additions	-	2,665	8,349	11,014
Disposals	-	-	(3,686)	(3,686)
Depreciation expense	(26,619)	(109)	(23,847)	(50,575)
Balance at the end of the year	60,263	2,556	49,630	112,449

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Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	37,905	32,261
Accrued income - managed funds and interest	164,440	836,030
	<u>202,345</u>	<u>868,291</u>

8 Trade and Other Payables

CURRENT		
Trade payables	19,157	84,667
Sundry creditors and other accrued expenses	60,949	1,045,233
Other payables	99,307	62,382
	<u>179,413</u>	<u>1,192,282</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

9 Borrowings

CURRENT		
Unsecured liabilities:		
Term deposits	29,925,826	25,293,218
Deposits at call	22,628,206	19,743,329
	<u>52,554,032</u>	<u>45,036,547</u>
NON CURRENT		
Term deposits	992,912	438,284
	<u>992,912</u>	<u>438,284</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Other Liabilities

	2020	2019
	\$	\$
CURRENT		
Income in advance	15,727	11,691
NON CURRENT		
Loan from The Properties Corporation of the Churches of Christ (including managed funds)	-	31,551,474

11 Employee Benefits

CURRENT		
Annual leave	123,095	94,995
Long service leave	93,484	77,361
	216,579	172,356
NON CURRENT		
Long service leave	31,699	30,636

12 Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstandings and obligations of the Company. At 30 June 2020 the number of members was 1 (2019: 1).

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Notes to the Financial Statements

For the Year Ended 30 June 2020

13 Financial Risk Management

		2020	2019
	Note	\$	\$
Financial Assets			
Cash and cash equivalents	3	8,487,022	2,509,125
Loans to churches	4	35,163,347	22,251,661
Fair value - managed assets	5	-	29,929,947
Held-to-maturity financial assets	5	12,331,355	24,562,410
Total financial assets		55,981,724	79,253,143
Financial Liabilities			
Trade and other payables	8	179,412	1,192,282
Borrowings	9	52,554,032	45,036,547
Loan from The Properties Corporation of the Churches of Christ	10	-	31,890,376
		52,374,620	75,734,641

14 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company for the period is \$ 825,290 (2019: \$801,441). Directors of the company are not remunerated.

15 Contingencies

In the opinion of the Directors, the Company did not have any contingent liabilities at 30 June 2020.

16 Related Parties

a) The Company's main related parties are as follows:

The Properties Corporation of the Churches of Christ is the founder and sole member of Churches of Christ Financial Services.

The Churches of Christ in Victoria & Tasmania Incorporated is the denominational body for the Churches of Christ in Victoria and Tasmania and is a related party of The Properties Corporation of the Churches of Christ and Churches of Christ Financial Services.

Churches of Christ Financial Services transferred its managed funds and insurance operations to Church Mission Enterprises on 1 April 2019. This included managed funds, debtors balances, creditors, income and expenditure in relation to the managed funds.

Key management personnel - refer to Note 14.

Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Related Parties

b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions and balances at year end with related parties:

1. Churches of Christ in Victoria & Tasmania Incorporated - transactions and balances at year end

	Profit or (loss) impact	Owed to the company at 30 June 2020	Owed by the company at 30 June 2020	Profit or (loss) impact	Owed to company at 30 June 2019	Owed by the company at 30 June 2019
	\$	\$	\$	\$	\$	\$
Trade debtors	-	-	-	-	266	-
Trade payables	-	385	-	-	-	40
Term deposit and deposits at call	-	-	1,737,155	-	-	1,293,912
Rental and management fees income	116,984	-	-	139,183	-	-
Management fees and other expenses	(104,916)	-	-	(115,460)	-	-

Churches of Christ in Victoria & Tasmania Incorporated guarantee three church loan with Churches of Christ Financial Services for a total loan value of \$6,520,436 at 30 June 2020.

Churches of Christ Financial Services Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Related Parties

2. The Properties Corporation of the Churches of Christ - transactions and balances at year end

	Profit or (loss) impact	Owed to the company at 30 June 2020	Owed by the company at 30 June 2020	Profit or (loss) impact	Owed to company at 30 June 2019	Owed by the company at 30 June 2019
	\$	\$	\$	\$	\$	\$
Trade debtors	-	2,871	-	-	6,405	-
Trade creditors	-	-	2,788	-	-	341
Loan payable (managed funds)	-	-	-	-	-	31,551,474
Term deposits and deposits at call	-	-	6,110,814	-	-	6,498,696
Other payables	-	-	-	-	-	996,287
Management fees and other income	114,037	-	-	370,206	-	-
Distribution (managed fund)	-	-	-	2,249,131	-	-
Reimbursement of expenses	(56,440)	-	-	(130,674)	-	-

The loan from The Properties Corporation of the Churches of Christ is unsecured and repayable in cash.

The Properties Corporation of the Churches of Christ, via the Capital Development Fund (on behalf of Churches of Christ in Victoria & Tasmania Incorporated), has made grants to pay the interest on the loans of four churches, totalling \$345,705.

3. Church Mission Enterprises Ltd - transactions and balances at year end

	Profit or (loss) impact	Owed to the company at 30 June 2020	Owed by the company at 30 June 2020	Profit or (loss) impact	Owed to company at 30 June 2019	Owed by the company at 30 June 2019
	\$	\$	\$	\$	\$	\$
Trade debtors	-	51,564	-	-	49,903	-
Loan receivable	-	579,633	-	-	579,633	-
Trade payables	-	-	-	-	-	40,046
Term deposit and deposits at call	-	-	775,517	-	-	381,353
Management fees and other income	407,583	-	-	96,477	-	-
Insurance expenses	(113)	-	-	(39,810)	-	-

During the year, Churches of Christ Financial Services transferred its managed funds and related liabilities to Church Mission Enterprises Ltd.

Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Related Parties

4. Churches of Christ Community Childcare - transactions and balances at year end

	Profit or (loss) impact	Owed to the company at 30 June 2020	Owed by the company at 30 June 2020	Profit or (loss) impact	Owed to company at 30 June 2019	Owed by company at 30 June 2019
	\$	\$	\$	\$	\$	\$
Trade debtors	-	255	-	-	-	-
Loan receivable	-	112,776	-	-	-	-
Term deposits and deposits at call	-	-	353,828	-	-	-
Income	3,377	-	-	-	-	-

17 Events after the end of the Reporting Period

Due to the COVID-19 pandemic in 2020, the Company was required to make some changes to its operations. Although the Company is unable to determine the full extent of the financial impact of this crisis on the Company at the time of signing, the Directors have not observed any material increase in the credit risk of its loans receivable and accordingly do not expect a significant decline in income during the year ended 30 June 2021. On this basis, the Directors are currently satisfied that the short term implications will not adversely affect the Company's ability to continue to operate as a going concern.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

18 Cash Flow Information

a) Reconciliation of result for the period to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020 \$	2019 \$
Surplus/(deficit) for the period	108,131	137,605
Non-cash flows in surplus/(deficit):		
- depreciation	50,575	114,160
- non-cash managed fund income	-	(577,758)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	354,165	854,269
- (increase)/decrease in other assets	665,946	1,573,069
- increase/(decrease) in trade and other payables	(1,012,869)	(152,537)
- increase/(decrease) in other liabilities	4,036	(2,267,347)
- increase/(decrease) in employee benefits	45,286	804
Cashflows from operations	215,270	(317,735)

Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

Notes to the Financial Statements

For the Year Ended 30 June 2020

19 Entity Information

The registered office of and principal place of business of the company is:

Churches of Christ Financial Services Ltd

582 Heidelberg Rd

FAIRFIELD VIC 3078

Churches of Christ Financial Services Ltd

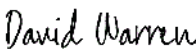
ABN: 86 165 535 866

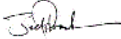
Directors' Declaration

The directors declare that, in the directors' opinion:

1. The financial statements and notes, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a) comply with the Australian Accounting Standards - Reduced Disclosures Requirements; and
 - b) give a true and fair view of the financial position of the company as at 30 June 2020 and of its performance for the period ended on that date.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

DocuSigned by:

Director CD2E92C13D584B35...

DocuSigned by:

Director 26318183A01B113...

Dated this28..... day ofOctober..... 2020

Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

Independent Audit Report to the members of Churches of Christ Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Churches of Christ Financial Services Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, 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 directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with Div 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of Div 60 of the Australian Charities and Not-for-profits Commission Act 2012 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and Those Charged with Governance

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Div 60 of the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine 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 directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

Independent Audit Report to the members of Churches of Christ Financial Services Ltd

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 the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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 directors 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.



Saward Dawson



Jeffrey Tulk

Partner

Blackburn

Dated: 28 October 2020

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