

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

**Financial Statements**  
For the Year Ended 30 June 2021

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

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For the Year Ended 30 June 2021

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# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866



## 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 2021, 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: 25 October 2021

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

|  |      | 2021           | 2020           |
|--|------|----------------|----------------|
|  | Note | \$             | \$             |
| Revenue  | 2    | 2,694,581      | 2,607,546      |
| Employee benefits expense                      |      | (1,162,701)    | (994,188)      |
| Interest expense                               |      | (640,334)      | (713,907)      |
| Office and administration expense              |      | (364,217)      | (282,431)      |
| Rental expense                                 |      | (43,219)       | (50,392)       |
| Motor vehicle expense                          |      | (16,915)       | (22,970)       |
| Legal and statutory expense                    |      | (74,564)       | (63,446)       |
| Consultants expense                            |      | -              | (104,417)      |
| Software and licensing fees                    |      | (185,718)      | (168,234)      |
| Depreciation and amortisation expense          |      | (49,407)       | (50,575)       |
| Bank fees and charges                          |      | (2,480)        | (1,862)        |
| Marketing and promotion                        |      | (9,918)        | (10,631)       |
| Distribution to CCVT                           |      | (150,000)      | (36,360)       |
| <b>Surplus/(Deficit) for the year</b>          |      | <b>(4,892)</b> | <b>108,131</b> |
| <b>Other comprehensive income:</b>             |      |                |                |
| Other comprehensive income                     |      | -              | -              |
| <b>Total comprehensive income for the year</b> |      | <b>(4,892)</b> | <b>108,131</b> |

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 2021

|                               | Note | 2021<br>\$ | 2020<br>\$ |
|-------------------------------|------|------------|------------|
| <b>ASSETS</b>                 |      |            |            |
| CURRENT ASSETS                |      |            |            |
| Cash and cash equivalents     | 3    | 14,445,371 | 8,487,022  |
| Trade and other receivables   | 4    | 2,141,462  | 2,338,875  |
| Other financial assets        | 5    | 4,503,610  | 12,331,355 |
| Other assets                  | 7    | 76,758     | 202,345    |
| TOTAL CURRENT ASSETS          |      | 21,167,201 | 23,359,597 |
| NON-CURRENT ASSETS            |      |            |            |
| Trade and other receivables   | 4    | 41,036,791 | 33,491,598 |
| Property, plant and equipment | 6    | 77,161     | 112,449    |
| TOTAL NON-CURRENT ASSETS      |      | 41,113,952 | 33,604,047 |
| TOTAL ASSETS                  |      | 62,281,153 | 56,963,644 |
| <b>LIABILITIES</b>            |      |            |            |
| CURRENT LIABILITIES           |      |            |            |
| Trade and other payables      | 8    | 609,828    | 179,413    |
| Borrowings                    | 9    | 56,609,272 | 52,554,032 |
| Other liabilities             | 10   | 17,088     | 15,727     |
| Employee benefits             | 11   | 261,499    | 216,579    |
| TOTAL CURRENT LIABILITIES     |      | 57,497,687 | 52,965,751 |
| NON-CURRENT LIABILITIES       |      |            |            |
| Borrowings                    | 9    | 1,803,062  | 992,912    |
| Employee benefits             | 11   | 12,014     | 31,699     |
| TOTAL NON-CURRENT LIABILITIES |      | 1,815,076  | 1,024,611  |
| TOTAL LIABILITIES             |      | 59,312,763 | 53,990,362 |
| NET ASSETS                    |      | 2,968,390  | 2,973,282  |
| <b>EQUITY</b>                 |      |            |            |
| Issued capital                |      | 3,000,000  | 3,000,000  |
| Retained earnings             |      | (31,610)   | (26,718)   |
| TOTAL EQUITY                  |      | 2,968,390  | 2,973,282  |

The accompanying notes form part of these financial statements.

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

**Statement of Changes in Equity**  
For the Year Ended 30 June 2021

**2021**

|                                | Retained<br>Earnings | Contributed<br>Equity | Total     |
|--------------------------------|----------------------|-----------------------|-----------|
|                                | \$                   | \$                    | \$        |
| Balance at 1 July 2020         | (26,718)             | 3,000,000             | 2,973,282 |
| Surplus/(deficit) for the year | (4,892)              | -                     | (4,892)   |
| Balance at 30 June 2021        | (31,610)             | 3,000,000             | 2,968,390 |

**2020**

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

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Statement of Cash Flows

For the Year Ended 30 June 2021

|   | Note | 2021<br>\$               | 2020<br>\$              |
|---|------|--------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>              |      |                          |                         |
| Payment to suppliers and employees                        |      | (1,480,511)              | (2,085,823)             |
| Interest received   |      | 1,742,379                | 1,866,825               |
| Managed funds income received                             |      | -                        | 361,487                 |
| Other income received                                     |      | 759,481                  | 786,688                 |
| Interest paid   |      | (640,334)                | (713,907)               |
| Net cash used in operating activities                     | 18   | <u>381,015</u>           | <u>215,270</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |      |                          |                         |
| Redemption (Placement) of term deposits                   |      | 7,827,745                | 12,231,055              |
| Proceeds from sales of investments                        |      | -                        | 29,929,947              |
| Loan to churches  |      | (7,101,682)              | (12,911,686)            |
| Payment for property, plant and equipment                 |      | (15,727)                 | (15,450)                |
| Proceeds from sale of property, plant and equipment       |      | 1,608                    | 8,122                   |
| Net cash used by investing activities                     |      | <u>711,944</u>           | <u>29,241,988</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |      |                          |                         |
| Borrowings procured/(repaid)                              |      | 810,150                  | (30,996,846)            |
| (Redemption)/placement of depositors                      |      | 4,055,240                | 7,517,485               |
| Net cash used by financing activities                     |      | <u>4,865,390</u>         | <u>(23,479,361)</u>     |
| Net increase/(decrease) in cash and cash equivalents held |      | 5,958,349                | 5,977,897               |
| Cash and cash equivalents at beginning of year            |      | 8,487,022                | 2,509,125               |
| Cash and cash equivalents at end of financial year        | 3    | <u><u>14,445,371</u></u> | <u><u>8,487,022</u></u> |

The accompanying notes form part of these financial statements.

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Notes to the Financial Statements

For the Year Ended 30 June 2021

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 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).



# Churches of Christ Financial Services Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 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.

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 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.

# Churches of Christ Financial Services Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2021

### Basis of preparation

#### c) Financial instruments

##### Derecognition

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

##### 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.

# Churches of Christ Financial Services Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 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 entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short-term employee benefits are measured at the amounts expected to be paid when the obligation is settled.

The entity classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur

#### 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.

# Churches of Christ Financial Services Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2021

### Basis of preparation

#### g) 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.

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.

#### h) 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.

#### i) 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.

#### j) 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.

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 2 Revenue

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | \$               | \$               |
| - Loan interest income                     | 1,542,836        | 1,431,340        |
| - Income from cash investments             | 187,243          | 419,739          |
| - Bank interest income                     | 12,300           | 15,746           |
| - Corporate and Management Services Income | 786,566          | 607,954          |
| - Other income                             | 165,636          | 132,767          |
| <b>Total Revenue</b>                       | <b>2,694,581</b> | <b>2,607,546</b> |

### 3 Cash and Cash Equivalents

|                          |                   |                  |
|--------------------------|-------------------|------------------|
| Cash at bank and in hand | 14,445,371        | 8,343,134        |
| Short-term deposits      | -                 | 143,888          |
|                          | <b>14,445,371</b> | <b>8,487,022</b> |

### 4 Trade and Other Receivables

#### CURRENT

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Trade receivables                    | 312,505          | 54,701           |
| Loans to churches and other entities | 1,807,871        | 2,251,382        |
| GST receivable                       | 19,589           | 28,664           |
| Other receivables                    | 1,497            | 4,128            |
|                                      | <b>2,141,462</b> | <b>2,338,875</b> |

#### NON-CURRENT

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Loan to churches and other entities | 41,036,791        | 33,491,598        |
|                                     | <b>41,036,791</b> | <b>33,491,598</b> |

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

|  |                  |                   |
|--|------------------|-------------------|
| Financial assets at fair value through profit and loss | 4,362,610        | 6,296,259         |
| Held to maturity - term deposits                       | 141,000          | 6,035,096         |
|  | <b>4,503,610</b> | <b>12,331,355</b> |

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 6 Plant and equipment

#### PLANT AND EQUIPMENT

|  | 2021<br>\$    | 2020<br>\$     |
|--|---------------|----------------|
| Motor vehicles                             |               |                |
| At cost                                    | 145,557       | 145,557        |
| Accumulated depreciation                   | (109,168)     | (85,294)       |
| Total motor vehicles                       | 36,389        | 60,263         |
| Office equipment                           |               |                |
| At cost                                    | 2,665         | 2,665          |
| Accumulated depreciation                   | (375)         | (109)          |
| Total office equipment                     | 2,290         | 2,556          |
| Computer equipment                         |               |                |
| At cost                                    | 270,209       | 266,886        |
| Accumulated depreciation                   | (231,727)     | (217,256)      |
| Total computer equipment                   | 38,482        | 49,630         |
| <b>Total property, plant and equipment</b> | <b>77,161</b> | <b>112,449</b> |

#### 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<br>Vehicles<br>\$ | Office<br>Equipment<br>\$ | Computer<br>Equipment<br>\$ | Total<br>\$   |
|---------------------------------------|-------------------------|---------------------------|-----------------------------|---------------|
| <b>Year ended 30 June 2021</b>        |                         |                           |                             |               |
| Balance at the beginning of year      | 60,263                  | 2,556                     | 49,630                      | 112,449       |
| Additions                             | -                       | -                         | 15,727                      | 15,727        |
| Disposals                             | -                       | -                         | (1,608)                     | (1,608)       |
| Depreciation expense                  | (23,874)                | (266)                     | (25,267)                    | (49,407)      |
| <b>Balance at the end of the year</b> | <b>36,389</b>           | <b>2,290</b>              | <b>38,482</b>               | <b>77,161</b> |

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 7 Other Assets

|   | 2021          | 2020           |
|---|---------------|----------------|
|   | \$            | \$             |
| CURRENT                                     |               |                |
| Prepayments                                 | 70,553        | 37,905         |
| Accrued income - managed funds and interest | 6,205         | 164,440        |
|   | <u>76,758</u> | <u>202,345</u> |

### 8 Trade and Other Payables

|   |                |                |
|---|----------------|----------------|
| CURRENT                                     |                |                |
| Trade payables                              | 40,834         | 19,157         |
| Sundry creditors and other accrued expenses | 214,138        | 60,949         |
| Other payables                              | 354,856        | 99,307         |
|   | <u>609,828</u> | <u>179,413</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          | 31,809,963        | 29,925,826        |
| Deposits at call       | 24,799,309        | 22,628,206        |
|                        | <u>56,609,272</u> | <u>52,554,032</u> |
| NON CURRENT            |                   |                   |
| Term deposits          | 1,803,062         | 992,912           |
|                        | <u>1,803,062</u>  | <u>992,912</u>    |
| Total borrowings       | <u>58,412,334</u> | <u>53,546,944</u> |



# Churches of Christ Financial Services Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 10 Other Liabilities

|                   | 2021   | 2020   |
|-------------------|--------|--------|
|                   | \$     | \$     |
| CURRENT           |        |        |
| Income in advance | 17,088 | 15,727 |

### 11 Employee Benefits

|                    |                |                |
|--------------------|----------------|----------------|
| CURRENT            |                |                |
| Annual leave       | 130,855        | 123,095        |
| Long service leave | 130,644        | 93,484         |
|                    | <u>261,499</u> | <u>216,579</u> |
| NON CURRENT        |                |                |
| Long service leave | 12,014         | 31,699         |
|                    | <u>12,014</u>  | <u>31,699</u>  |

### 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 2021 the number of members was 1 (2020: 1).

### 13 Financial Risk Management

#### Financial Assets

|                               |   |                   |                   |
|-------------------------------|---|-------------------|-------------------|
| Cash and cash equivalents     | 3 | 14,445,371        | 8,487,022         |
| Loans to churches             | 4 | 42,844,662        | 35,742,980        |
| Financial assets              | 5 | 4,503,610         | 12,331,355        |
| <b>Total financial assets</b> |   | <u>61,793,643</u> | <u>56,561,357</u> |

#### Financial Liabilities

|                          |    |                   |                   |
|--------------------------|----|-------------------|-------------------|
| Trade and other payables | 8  | 609,828           | 179,413           |
| Current Borrowings       | 9  | 56,609,272        | 52,554,032        |
| Non-current borrowings   | 10 | 1,803,062         | 992,912           |
|                          |    | <u>59,022,162</u> | <u>53,726,357</u> |

### 14 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company for the period is \$ 843,952 (2020: \$825,290). 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 2021.

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 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.

Key management personnel - refer to Note 14.

#### 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<br>(loss)<br>impact | Owed to the<br>company at<br>30 June 2021 | Owed by the<br>company at<br>30 June 2021 | Profit or<br>(loss)<br>impact | Owed to<br>company at<br>30 June 2020 | Owed by the<br>company at<br>30 June 2020 |
|---------------------------------------|-------------------------------|---|---|-------------------------------|---------------------------------------|---|
|                                       | \$                            | \$  | \$  | \$                            | \$                                    | \$  |
| Trade debtors                         | -                             | 7,857                                     | -   | -                             | -                                     | -   |
| Trade payables                        | -                             | 358                                       | -   | -                             | 385                                   | -   |
| Term deposit and deposits at call     | -                             | -   | 1,469,031                                 | -                             | -                                     | 1,737,155                                 |
| Rental and management fees<br>income  | 222,008                       | -   | -   | 116,984                       | -                                     | -   |
| Management fees and other<br>expenses | (94,771)                      | -   | -   | (104,916)                     | -                                     | -   |
| Grant                                 | (150,000)                     | -   | -   | -                             | -                                     | -   |

Churches of Christ in Victoria & Tasmania Incorporated guarantee thirty-one church loans with Churches of Christ Financial Services for a total loan value of \$19,578,746 at 30 June 2021.

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 16 Related Parties

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

|                                    | Profit or<br>(loss)<br>impact | Owed to the<br>company at<br>30 June 2021 | Owed by the<br>company at<br>30 June 2021 | Profit or<br>(loss)<br>impact | Owed to<br>company at<br>30 June 2020 | Owed by the<br>company at<br>30 June 2020 |
|------------------------------------|-------------------------------|---|---|-------------------------------|---------------------------------------|---|
|                                    | \$                            | \$  | \$  | \$                            | \$                                    | \$  |
| Trade debtors                      | -                             | 75,149                                    | -   | -                             | 2,871                                 | -   |
| Trade creditors                    | -                             | 273                                       | -   | -                             | -                                     | 2,788                                     |
| Term deposits and deposits at call | -                             | -   | 4,286,522                                 | -                             | -                                     | 6,110,814                                 |
| Management fees and other income   | 211,509                       | -   | -   | 114,037                       | -                                     | -   |
| Management fees and other expenses | (81,845)                      | -   | -   | (56,440)                      | -                                     | -   |

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 \$167,079.

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

|                                   | Profit or<br>(loss)<br>impact | Owed to the<br>company at<br>30 June 2021 | Owed by the<br>company at<br>30 June 2021 | Profit or<br>(loss)<br>impact | Owed to<br>company at<br>30 June 2020 | Owed by the<br>company at<br>30 June 2020 |
|-----------------------------------|-------------------------------|---|---|-------------------------------|---------------------------------------|---|
|                                   | \$                            | \$  | \$  | \$                            | \$                                    | \$  |
| Trade debtors                     | -                             | 1,299                                     | -   | -                             | 51,564                                | -   |
| Loan receivable                   | -                             | 574,123                                   | -   | -                             | 579,633                               | -   |
| Trade payables                    | -                             | 3,065                                     | -   | -                             | -                                     | -   |
| Term deposit and deposits at call | -                             | -   | 978,101                                   | -                             | -                                     | 775,517                                   |
| Management fees and other income  | 431,445                       | -   | -   | 407,583                       | -                                     | -   |
| Insurance expenses                | -                             | -   | -   | (113)                         | -                                     | -   |

# Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 16 Related Parties

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

|                                    | Profit or<br>(loss)<br>impact | Owed to the<br>company at<br>30 June 2021 | Owed by the<br>company at<br>30 June 2021 | Profit or<br>(loss)<br>impact | Owed to<br>company at<br>30 June 2020 | Owed by<br>company at<br>30 June 2020 |
|------------------------------------|-------------------------------|---|---|-------------------------------|---------------------------------------|---------------------------------------|
|                                    | \$                            | \$  | \$  | \$                            | \$                                    | \$                                    |
| Trade debtors                      | -                             | -   | 228,239                                   | -                             | 255                                   | -                                     |
| Loan receivable                    | -                             | 3,886,885                                 | -   | -                             | 112,776                               | -                                     |
| Term deposits and deposits at call | -                             | -   | 35,291                                    | -                             | -                                     | 353,828                               |
| Management fees and other income   | 362,797                       | -   | -   | 3,377                         | -                                     | -                                     |

5. Churches of Christ Tasmania - transactions and balances at year end

Churches of Christ Tasmania guarantee three church loans with Churches of Christ Financial Services for a total loan value of \$6,255,132 at 30 June 2021.

### 17 Events after the end of the Reporting Period

No 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

#### Reconciliation of result for the period to cashflows from operating activities

|  | 2021<br>\$ | 2020<br>\$  |
|--|------------|-------------|
| Surplus/(deficit) for the period                     | (4,892)    | 108,131     |
| Non-cash flows in surplus/(deficit):                 |            |             |
| - depreciation                                       | 49,407     | 50,575      |
| Changes in assets and liabilities:                   |            |             |
| - (increase)/decrease in trade and other receivables | (246,098)  | 354,165     |
| - (increase)/decrease in other assets                | 125,587    | 665,946     |
| - increase/(decrease) in trade and other payables    | 430,415    | (1,012,869) |
| - increase/(decrease) in other liabilities           | 25,235     | 4,036       |
| - increase/(decrease) in employee benefits           | 1,361      | 45,286      |
| Cashflows from operations                            | 381,015    | 215,270     |

# **Churches of Christ Financial Services Ltd**

ABN: 86 165 535 866

## **Notes to the Financial Statements**

For the Year Ended 30 June 2021

### **19 Entity Information**

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

Churches of Christ Financial Services Ltd

Level 5, 111 Cecil Street

SOUTH MELBOURNE VIC 3205

# 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 2021 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 . 26318183A01B413.....

DocuSigned by:  
  
Director . CD2E92C13D584B5.....

Dated this 22nd day of October 2021

## 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 2021, 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 2021 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.



## Churches of Christ Financial Services Ltd

ABN: 86 165 535 866

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

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: 25 October 2021