



Baptist Churches  
of NSW & ACT

# Financial Statements 2020

for the  
2021 Annual General Meeting of  
the Baptist Association of NSW & ACT



Rev Jamie Long  
Chair – Assembly Council

Rev Dr Steve Bartlett  
Director of Ministries

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**Baptist Union of NSW  
(Baptist Association of NSW & ACT)**  
ABN 24 941 624 663

Special Purpose Financial Report  
for the financial year ended 31 December 2020



**Baptist Union of New South Wales**  
(trading as the Baptist Association of NSW and ACT)  
**ABN 24 941 624 663**  
**Special Purpose Financial Report**  
**for the financial year ended 31 December 2020**

**BAPTIST UNION OF NEW SOUTH WALES**  
**(trading as the Baptist Association of NSW and ACT)**  
ABN 24 941 624 663

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CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

## SHEDDEN & GREEN PARTNERS

ABN 43 723 342 276

### INDEPENDENT AUDIT REPORT

To: The Members of Baptist Union of New South Wales

#### **Report on the Audit of the Financial Report**

##### **Opinion**

We have audited the special purpose financial report of Baptist Union of New South Wales (trading as Baptist Association of NSW & ACT) for the year ended 31 December 2020 which comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of Cashflows and notes to the financial statements.

In our opinion the financial report of has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent required for special purpose financial reports, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*, and the requirements of the entity's Constitution and By-Laws.

##### **Basis for opinion**

We conducted the 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 registered entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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.

##### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the responsible entities' financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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## **Responsibility of Assembly Council for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation of the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a 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 responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

The audit 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 the 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 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' 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 registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the audit opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the registered entity 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 those charged with governance 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 the audit.



Shedden & Green Partners  
Lawrence R Green FCA – Partner

Dated: 13 April 2021

**BAPTIST UNION OF NEW SOUTH WALES**  
(trading as the Baptist Association of NSW and ACT)  
ABN 24 941 624 663

**ASSEMBLY COUNCIL'S DECLARATION**  
**31 December 2020**

As detailed in note 2 to the financial statements, the entity is not a reporting entity because in the opinion of the Assembly Council there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the Assembly Council's reporting requirements to the Assembly under the Australian Charities and Not-for-profits Commission Act 2012 and the Baptist Union Incorporation Act 1919.

The Assembly Council declares that:

- (a) in their opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable; and
- (b) in their opinion, the attached financial statements and notes thereto are in accordance with the accounting standards outlined in note 2, giving a true and fair view of the financial position as at 31 December 2020 and performance for the year ended on that date.

Signed in accordance with a resolution of the Assembly Council of the Baptist Union of New South Wales.

On behalf of the Assembly Council



Jamie Long  
Chair  
Sydney, 13 Apr 2021



David Slinn  
Council Member  
Sydney, 13 April 2021



**BAPTIST UNION OF NEW SOUTH WALES**  
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 31 December 2020

|   | Notes | 2020<br>\$          | 2019<br>\$         |
|---|-------|---------------------|--------------------|
| Contributions from:                                       |       |                     |                    |
| Church partnership contributions                          |       | 1,573,372           | 1,498,076          |
| Baptist Insurance Management Limited                      |       | -                   | 203,108            |
| Baptist Financial Services Australia Limited              |       | 1,032,175           | 1,025,642          |
| Government grants   | 21    | 1,859,614           | 237,259            |
| Camp site income  |       | 623,714             | 1,081,534          |
| Interest and investment income                            |       | 441,766             | 1,209,930          |
| Gain on disposal of assets                                |       | 20,343              | 77,345             |
| Rental and property income                                |       | 485,015             | 188,977            |
| GodSpace sale of goods                                    |       | 452,995             | 492,765            |
| Donations   |       | 545,225             | 12,738             |
| Insurance income  |       | 3,442,306           | 827,219            |
| Dividend income   |       | 694,274             | 1,000,719          |
| Conference and event income                               |       | 247,918             | 196,560            |
| Other income  |       | 1,163,191           | 450,731            |
| <b>Total revenue</b>                                      |       | <b>12,581,908</b>   | <b>8,502,603</b>   |
| Contributions to:   |       |                     |                    |
| Morling College   |       | (150,000)           | (150,000)          |
| National Ministry   |       | (92,057)            | (89,807)           |
| Ministry costs & stipend expenses                         |       | (2,888,060)         | (2,413,278)        |
| Salaries and wages expense                                |       | (1,510,560)         | (1,096,980)        |
| Insurance premium expense                                 |       | (3,205,766)         | (774,617)          |
| Travelling costs  |       | (67,516)            | (96,339)           |
| Program expenses  |       | (516,364)           | (237,259)          |
| Administration costs                                      |       | (442,444)           | (521,515)          |
| (Loss)/gain on revaluation of investments                 |       | (9,564)             | 241,282            |
| Rent and property expense                                 |       | (294,291)           | (558,467)          |
| Depreciation and amortisation expense                     |       | (237,465)           | (216,217)          |
| GWFC costs  |       | (186,610)           | (312,070)          |
| Camp site expenses  |       | (203,120)           | (279,280)          |
| GodSpace cost of sales                                    |       | (132,621)           | (98,879)           |
| Finance costs   |       | (1,405)             | (1,044)            |
| Provision for debts                                       |       | (63,889)            | (1,668)            |
| Other costs   |       | (3,034)             | (157,742)          |
| <b>Total expenses</b>                                     |       | <b>(10,004,766)</b> | <b>(7,005,162)</b> |
| <b>Operating surplus/(deficit)</b>                        |       | <b>2,577,142</b>    | <b>1,497,441</b>   |
| <b>Other comprehensive income</b>                         |       |                     |                    |
| Gain on transfer of assets                                |       | 18,520,312          | -                  |
| Provision for grants                                      |       | (18,520,312)        | -                  |
| <b>Other comprehensive (loss)/income for the year</b>     |       | <b>-</b>            | <b>241,282</b>     |
| <b>Total comprehensive surplus/(deficit) for the year</b> |       | <b>2,577,142</b>    | <b>1,738,723</b>   |

The above statement is to be read in conjunction with the accompanying notes.

**BAPTIST UNION OF NEW SOUTH WALES**  
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**STATEMENT OF FINANCIAL POSITION**  
at 31 December 2020

|                                | Note | 2020<br>\$        | 2019<br>\$        |
|--------------------------------|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>          |      |                   |                   |
| Cash and cash equivalents      | 6    | 11,658,003        | 23,070,042        |
| Inventory                      | 7    | 105,040           | 101,688           |
| Trade and other receivables    | 8    | 20,774,199        | 1,771,417         |
| Premiums in advance            | 9    | 2,570,046         | 2,323,852         |
| Investments                    | 12   | 1,501,161         | 1,552,725         |
| Total current assets           |      | <u>36,608,449</u> | <u>28,819,724</u> |
| <b>NON-CURRENT ASSET</b>       |      |                   |                   |
| Property, plant and equipment  | 10   | 17,410,569        | 11,736,400        |
| Right of use assets            | 11   | 48,334            | 65,677            |
| Investments                    | 12   | 16,717,000        | 8,000,000         |
| Loans receivable               | 13   | 1,215,611         | 1,511,639         |
| Total non-current assets       |      | <u>35,391,514</u> | <u>21,313,716</u> |
| <b>TOTAL ASSETS</b>            |      | <u>71,999,963</u> | <u>50,133,440</u> |
| <b>CURRENT LIABILITIES</b>     |      |                   |                   |
| Trade and other payables       | 14   | 22,770,845        | 3,899,248         |
| Lease liabilities              | 15   | 18,042            | 17,696            |
| Designated funds               | 16   | 4,070,647         | 3,723,640         |
| Provisions                     | 17   | 332,051           | 268,786           |
| Total current liabilities      |      | <u>27,191,585</u> | <u>7,909,370</u>  |
| <b>NON-CURRENT LIABILITIES</b> |      |                   |                   |
| Lease liabilities              | 15   | 30,991            | 48,333            |
| Loans payable                  | 13   | 90                | 86                |
| Provisions                     | 17   | 126,484           | 101,980           |
| Total non-current liabilities  |      | <u>157,565</u>    | <u>150,399</u>    |
| <b>TOTAL LIABILITIES</b>       |      | <u>27,349,150</u> | <u>8,059,769</u>  |
| <b>NET ASSETS</b>              |      | <u>44,650,813</u> | <u>42,073,671</u> |
| <b>EQUITY</b>                  |      |                   |                   |
| Accumulated funds              |      | 14,006,401        | 12,260,738        |
| Restricted funds               | 18   | 26,982,613        | 26,151,134        |
| Reserves                       | 19   | 3,661,799         | 3,661,799         |
| <b>TOTAL EQUITY</b>            |      | <u>44,650,813</u> | <u>42,073,671</u> |

The above statement is to be read in conjunction with the accompanying notes.

**BAPTIST UNION OF NEW SOUTH WALES**  
(trading as the Baptist Association of NSW and ACT)  
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**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2020

|   | Accumulated funds | Restricted funds  | Reserves         | Total             |
|---|-------------------|-------------------|------------------|-------------------|
| <b>Balance as at 1 January 2019</b>     | 10,695,434        | 25,975,902        | 3,663,612        | 40,334,948        |
| Transfer from reserves                  | 1,813             | -                 | (1,813)          | -                 |
| Transfer (to)/restricted funds          | 66,050            | (66,050)          | -                | -                 |
| Surplus/(deficit) for the year          | 1,497,441         | -                 | -                | 1,497,441         |
| Other comprehensive income for the year | -                 | 241,282           | -                | 241,282           |
| Total comprehensive income for the year | 1,565,304         | 175,232           | (1,813)          | 1,738,723         |
| <b>Balance as at 31 December 2019</b>   | <b>12,260,738</b> | <b>26,151,134</b> | <b>3,661,799</b> | <b>42,073,671</b> |
| Transfer to/from reserves               | -                 | -                 | -                | -                 |
| Transfer to/ from restricted funds      | (831,479)         | 831,479           | -                | -                 |
| Surplus/(deficit) for the year          | 2,577,142         | -                 | -                | 2,577,142         |
| Other comprehensive income for the year | -                 | -                 | -                | -                 |
| Total comprehensive income for the year | 1,745,663         | 831,479           | -                | 2,577,142         |
| <b>Balance as at 31 December 2020</b>   | <b>14,006,401</b> | <b>26,982,613</b> | <b>3,661,799</b> | <b>44,650,813</b> |

The above statement is to be read in conjunction with the accompanying notes.

**BAPTIST UNION OF NEW SOUTH WALES**  
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**STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2020

|  | Note | 2020<br>\$          | 2019<br>\$         |
|--|------|---------------------|--------------------|
| <b>Cash flows from operating activities</b>                    |      |                     |                    |
| Donations, bequests, contributions and receipts from customers |      | 11,406,020          | 16,122,794         |
| Payments to suppliers, employees and other parties             |      | (8,569,195)         | (2,723,228)        |
| Interest paid  |      | (1,405)             | (1,044)            |
| Net cash flows from operations                                 | 20   | <u>2,835,420</u>    | <u>13,398,522</u>  |
| <b>Cash flows from investing activities</b>                    |      |                     |                    |
| Amounts advanced (to)/ from related parties                    |      | 296,028             | 629,613            |
| Payments for property, plant and equipment                     |      | (5,983,785)         | (2,477,970)        |
| Proceeds from disposal of property, plant and equipment        |      | 105,728             | 549,415            |
| Proceeds from investments                                      |      | 51,565              | -                  |
| Purchase of investments  |      | (8,717,000)         | -                  |
| Net cash flow from investing activities                        |      | <u>(14,247,464)</u> | <u>(1,298,942)</u> |
| <b>Cash flows from financing activities</b>                    |      |                     |                    |
| Repayment of borrowings  |      | <u>4</u>            | (2,204)            |
| Net cash flow used in financing activities                     |      | <u>4</u>            | <u>(2,204)</u>     |
| Net (decrease)/ increase in cash                               |      | (11,412,040)        | 12,097,376         |
| Cash at the beginning of the year                              |      | <u>23,070,043</u>   | <u>10,972,667</u>  |
| <b>Cash at the end of the year</b>                             | 6    | <u>11,658,003</u>   | <u>23,070,043</u>  |

The above statement is to be read in conjunction with the accompanying notes.

**BAPTIST UNION OF NEW SOUTH WALES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2020**

**1 General information**

The Baptist Union of New South Wales (the entity) is the incorporated association of Baptist Churches which are incorporated under an Act of the New South Wales Parliament known as the 'Baptist Union Incorporation Act 1919'.

The objects of the Association are to advance the Christian faith by:

- (a) promoting fellowship and cooperation among its members, affiliated churches and affiliated groups,
- (b) facilitating the provision of resources for healthy churches, pastors and other church leaders,
- (c) establishing and maintaining places of worship for effective ministry and mission,
- (d) educating, training and accrediting Baptist Ministers and;
- (e) fostering collaborative ministries, projects and missional activities in NSW, the ACT and globally.

Some property assets and liabilities are held in the name of the Baptist New South Wales Property Trust. The Baptist Union of New South Wales is entrusted with the stewardship of those assets and liabilities relating to the activities managed by the Baptist Union of New South Wales.

The financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB10 or AASB128)

Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**2 Statement of compliance and basis of preparation**

The entity is not a reporting entity because in the opinion of the Assembly Council there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the reporting requirements of the Australian Charities and Not For Profits Commission Act 2012 and to satisfy the Board Members' reporting requirements to the Assembly Council. The Baptist Union of New South Wales is not required to comply with all of the requirements specified by all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. The accounting policies used in the preparation of this report are in the opinion of the Assembly appropriate to meet the needs of the members, and are described in note 4. The Assembly Council members have, at the time of approving the financial statements, a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The financial report has been prepared in Accordance with the following applicable Accounting standards:

|           |   |
|-----------|---|
| AASB 101  | Presentation of financial statements                            |
| AASB 107  | Statement of Cash Flows   |
| AASB 108  | Accounting Policies, Changes in Accounting Estimates and Errors |
| AASB 1054 | Australian Additional disclosures                               |
| AASB 1031 | Materiality   |
| AASB 1048 | Interpretation of standards                                     |

For the purposes of preparing the financial statements, the entity is a not-for-profit entity.

**3 Application of new and revised accounting standards**

The entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

**4 Significant accounting policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**(a) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Contribution income and donations

Contribution income and donations are recognised as revenue when the entity gains control, economic benefits are probable and the amount can be reliably measured. This is on receipt of the contribution or donation amount.

Camp site income

Camp site income is recognised when the service has been provided.

Gain/loss on sales of properties

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2020**

**4 Significant accounting policies (continued)**

**(a) Revenue recognition (continued)**

Sale of goods

Revenue from the sale of goods comprises of revenue earned net of discounts and returns. Sales revenue is recognised when the control of goods passes to the customer.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment income

Investments are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of comprehensive income.

In-kind donations

The Baptist Union of New South Wales has a number of volunteers who freely give their time. Amounts are not included in the financial report for services donated by volunteers as they cannot be reliably measured.

**(b) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Short term employee benefits are amounts that are expected to be wholly settled within twelve months. Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

**(c) Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with the use of the resources.

**(d) Trade and other receivables**

Trade receivables, which comprises amounts due from sale of goods are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement are 30 days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debt. Bad debts are written off when identified.

**(e) Provisions**

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Refer to note 4(b) for details on employee benefit provisions.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2020**

**4 Significant accounting policies (continued)**

**(f) Leasing**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

The entity as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are recognised on a straight line basis over the lease term.

The entity as lessee

At the inception of a contract an entity is assessed whether a contract is or contains a lease.

A right-of-use asset and a corresponding lease liability are recognised with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the lease payments are recognised as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the incremental borrowing rate is used.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured (and corresponding adjustment made to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The entity did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects an expectation to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

AASB 136 Impairment of Assets is applied to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

**BAPTIST UNION OF NEW SOUTH WALES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2020**

**4 Significant accounting policies (continued)**

**(f) Leasing (continued)**

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. This practical expedient has not been used. For a contract that contains a lease component and one or more additional lease or non-lease components, the consideration in the contract is allocated to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

**(g) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

**(h) Inventories**

Inventories comprise of goods for resale as part of the entity's activities. These are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

**(i) Property, plant and equipment**

Basis of measurement and carrying amount

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the entity commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

|                        | 2020       | 2019       |
|------------------------|------------|------------|
| Computer equipment     | 3 years    | 3 years    |
| Motor vehicles         | 5 years    | 5 years    |
| Office equipment       | 5-10 years | 5-10 years |
| Fit out                | 10 years   | 10 years   |
| Furniture and fittings | 5-10 years | 5-10 years |
| Plant and equipment    | 5-10 years | 5-10 years |

Derecognition and disposal

An item of property, plant and equipment is derecognised when the item is no longer used in the operations of the entity. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

The Baptist Union of NSW is the registered land owner of the land and buildings on which Morling College Ltd's main campus is situated. During 2010, a long term lease was entered into at a nominal rate.

The value of the land as at 31 December 2019 as per the Valuer General was \$150.9m. The value of the improvements to the land are recorded by Morling College Ltd.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**4 Significant accounting policies (continued)**

**(j) Available for sale investments**

Available for sale investments are those financial assets that are designated as available for sale. When available for sale financial investments are recognised initially, they are measured at fair value.

After initial recognition, available for sale financial investments are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of comprehensive income.

The fair value of the investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

**(k) Trade and other payables**

Trade and other payables includes the following:

Trade payables and accruals

Trade payables and other payables represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

Deferred income

The liability for deferred income is unutilised amounts of grants received on the condition that specified services are delivered and also pre-paid camp income. The services or conditions in relation to the grants are provided or fulfilled within 12 months. Services in relation to the pre-paid camp income is also fulfilled within 12 months.

Redress liability

Redress liability represents the annual levy paid by Baptist churches in NSW and held by the Baptist Union of NSW under the National Redress Scheme for Survivors of Childhood Sexual Abuse in Institutional Settings. Amounts will be paid each year over the 10 years of the scheme and any unused amounts will be returned to the churches.

GST payable

Refer to note 4(l) for details on GST payable

**(l) Taxation**

Income tax

The entity is a not-for-profit charitable organisation for the purposes of Australian taxation legislation and is therefore exempt from income tax. Tax exemption has been confirmed by the Australian Taxation Office. The entity operates deductible gift recipient funds.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

**(m) Restricted funds**

From time to time amounts are received by way of donation through special appeal or unsolicited receipts which are designated for a particular purpose. These and other amounts received for the general purposes of the Baptist Union of NSW are included in the Statement of Profit or Loss as revenue while the designated amounts are transferred into restricted designated reserves.

Funds received and held by the Baptist Union of NSW for other purposes are trust monies held for a particular purpose and these are recognised as liabilities and carried at fair value.

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**NOTES TO THE FINANCIAL STATEMENTS**  
31 December 2020

**4 Significant accounting policies (continued)**

**(n) Reserves**

Reserves include the following:

Contingency reserve

This reserve has been set aside to be used for claims from the Redress Scheme and also for general claims.

Known offenders contingency reserve

This reserve has been set aside to provide financial assistance to eligible member churches who incur legal defence costs as a result of the actions of a known offender within their church.

**5 Critical judgements and key sources of estimation uncertainty**

The following are the critical judgements areas and key sources of estimation uncertainty:

Employee provisions

Refer to note 4(b).

Useful lives of property, plant and equipment

Refer to note 4(i).

Redress liabilities

Refer to note 4(k).

**6 Cash and cash equivalents**

Cash at bank and on hand

Short-term deposits

**7 Inventory**

Finished goods on hand

**8 Trade and other receivables**

Trade receivables

Less: Provision for doubtful debts

Net trade receivables

Other receivables

Prepayments

GST receivable

**9 Premiums in advance**

Premiums in advance

**10 Property, plant and equipment**

Land and buildings

At cost

Accumulated depreciation

Plant and equipment

At cost

Accumulated depreciation

**11 Right of use assets**

Non-current

Accumulated depreciation

|  | 2020<br>\$        | 2019<br>\$        |
|--|-------------------|-------------------|
|  | 6,609,793         | 15,331,768        |
|  | 5,048,209         | 7,738,273         |
|  | <u>11,658,003</u> | <u>23,070,041</u> |
|  | <u>105,040</u>    | <u>101,688</u>    |
|  | 303,734           | 863,679           |
|  | -                 | -                 |
|  | <u>303,734</u>    | <u>863,679</u>    |
|  | 19,972,505        | 696,145           |
|  | 128,691           | 132,210           |
|  | <u>369,269</u>    | <u>79,383</u>     |
|  | <u>20,774,199</u> | <u>1,771,417</u>  |
|  | <u>2,570,046</u>  | <u>2,323,852</u>  |
|  | <u>2,570,046</u>  | <u>2,323,852</u>  |
|  | 16,911,662        | 11,147,911        |
|  | <u>(135,163)</u>  | <u>(96,615)</u>   |
|  | <u>16,776,499</u> | <u>11,051,296</u> |
|  | 1,145,331         | 1,045,833         |
|  | <u>(511,261)</u>  | <u>(360,729)</u>  |
|  | <u>634,070</u>    | <u>685,104</u>    |
|  | <u>17,410,569</u> | <u>11,736,400</u> |
|  | 76,661            | 76,661            |
|  | <u>(28,327)</u>   | <u>(10,984)</u>   |
|  | <u>48,334</u>     | <u>65,677</u>     |

**BAPTIST UNION OF NEW SOUTH WALES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2020**

|   | 2020<br>\$        | 2019<br>\$        |
|---|-------------------|-------------------|
| <b>12 Investments</b>   |                   |                   |
| <u>Current</u>  |                   |                   |
| Marketable securities at fair value                               | 1,501,161         | 1,552,725         |
| <u>Non-current</u>  |                   |                   |
| Long term investment fund   | 8,717,000         | -                 |
| Capital contributions to Baptist Financial Services Australia Ltd | 8,000,000         | 8,000,000         |
|   | <u>16,717,000</u> | <u>8,000,000</u>  |
| <b>13 Loans receivable and loans payable</b>                      |                   |                   |
| Loans receivable from Baptist entities:                           |                   |                   |
| Baptist Insurance Management Limited                              | -                 | 95,563            |
| Loans receivable from other Baptist entities                      | 1,002,245         | 964,320           |
| Other loans   | 213,366           | 451,756           |
|   | <u>1,215,611</u>  | <u>1,511,639</u>  |
| Loans payable to related entities:                                |                   |                   |
| Baptist Financial Services Australia Limited                      | (90)              | (86)              |
| Other loans   | -                 | -                 |
|   | <u>(90)</u>       | <u>(86)</u>       |
| <b>14 Trade and other payables</b>                                |                   |                   |
| Trade payables and accruals                                       | 19,583,740        | 892,086           |
| Income in advance   | 2,838,485         | 2,481,656         |
| Redress liability   | 176,322           | 292,100           |
| Deferred income   | 172,298           | 233,406           |
|   | <u>22,770,845</u> | <u>3,899,248</u>  |
| <b>15 Lease liabilities</b>                                       |                   |                   |
| Current   | 18,042            | 17,696            |
| Non-current   | 30,991            | 48,333            |
|   | <u>49,033</u>     | <u>66,029</u>     |
| <b>16 Designated funds</b>  |                   |                   |
| Baptist Long Service Leave Scheme                                 | 3,862,016         | 3,723,640         |
| Other designated funds  | 208,631           | -                 |
|   | <u>4,070,647</u>  | <u>3,723,640</u>  |
| <b>17 Provisions</b>  |                   |                   |
| <u>Current</u>  |                   |                   |
| Employee benefit provision  | 332,051           | 268,786           |
|   | <u>332,051</u>    | <u>268,786</u>    |
| <u>Non-current</u>  |                   |                   |
| Employee benefit provision  | 126,484           | 101,980           |
|   | <u>126,484</u>    | <u>101,980</u>    |
| <b>18 Restricted funds</b>  |                   |                   |
| Arncliffe Fund  | 477,719           | 530,291           |
| Gen1K Fund  | 12,483,310        | 11,685,390        |
| TSS HBC Fund  | 12,246,421        | -                 |
| Gen1K - Southern Sydney   | 694,110           | 12,882,298        |
| Gen1K - Mosman  | (4,734)           | 203               |
| Tax deductible funds  | 583,874           | 621,580           |
| Narrandera Baptist  | 6,113             | 10,682            |
| Leeton Baptist  | 191,989           | 178,082           |
| David Brown Memorial Fund   | 36,782            | 36,728            |
| Central Coast Church Planting                                     | 81,000            | 81,000            |
| Others  | 186,029           | 124,880           |
|   | <u>26,982,613</u> | <u>26,151,134</u> |
| <b>19 Reserves</b>  |                   |                   |
| Contingency Reserve   | 3,137,637         | 3,137,637         |
| Known Offenders Reserve   | 524,162           | 524,162           |
|   | <u>3,661,799</u>  | <u>3,661,799</u>  |

**BAPTIST UNION OF NEW SOUTH WALES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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|  | 2020<br>\$   | 2019<br>\$ |
|--|--------------|------------|
| <b>20 Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities</b> |              |            |
| Reconciliation of surplus for the year to cash flows from operations is as follows:                    |              |            |
|  | 2020<br>\$   | 2019<br>\$ |
| Operating (deficit)/ surplus   | 2,577,142    | 1,497,441  |
| Add back non-cash items  |              |            |
| (Gain)/loss on disposal of assets  | (20,343)     | (77,345)   |
| Unrealised (gain)/ loss  | 9,564        | (241,282)  |
| Depreciation and amortisation expense  | 237,465      | 216,217    |
| Bad debts expense  | 63,889       | -          |
| (Increase)/decrease in assets  |              |            |
| Inventory  | (3,352)      | (95,342)   |
| Trade receivables and other receivables  | (19,072,128) | 8,830,124  |
| Premiums in advance  | (246,194)    | -          |
| Increase/(decrease) in liabilities   |              |            |
| Trade and other payables   | 18,854,601   | 3,178,666  |
| Designated funds   | 347,007      | 259,788    |
| Provisions   | 87,769       | (169,745)  |
| Net cash flows from operations   | 2,835,420    | 13,398,522 |

**21 Subsequent events**

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. In response to the announcement the operations of the Baptist Association were adapted using digital and online technology and initiatives to support churches and their communities impacted by COVID-19 were undertaken. As a result the financial impact on our operations and results has been significant, particularly for our camp site operations and our return on investments. However JobKeeper payments received of \$1,343,250 during the year has allowed us to continue to support our churches and their communities.

The Association is closely monitoring the ongoing impact of the COVID-19 pandemic, and notes that the economic and social impact is volatile and uncertain. However the Association is confident that there is sufficient capacity in its net assets and liquidity to manage and respond to this ongoing crisis. Also refer to note 2 where the going concern basis of accounting in preparing the financial statement has continued.

**22 Other comprehensive income**

Gain on transfer of assets/ Provision for Grants

During 2017, a portion of the land at Herring Road Macquarie Park owned by the Association and under long term lease to Morling College Limited was subdivided and transferred to a Trust wholly owned by the Association under a property development agreement whereby the Association participated in the gains or losses which emerged from the development of a mixed use residential development on this portion of the land. For this a wholly owned trust BU (NSW) Development Trust No 1 was established to hold the relevant parcel of land and the Union's interest until completion of the development. All the residential developments in the venture were settled during the year. As such, a grant of \$18,520,312 has been made from the Baptist Union of NSW to Morling Foundation Ltd from distributions from the BU (NSW) Development Trust No1 arising from the proceeds of the development venture which also has been recorded in trade receivables and trade payables. This is in addition to a grant made in 2017 of \$30.3m which was equal to the agreed value of the land.

**23 Deductible gift recipient funds**

The entity has deductible gift recipient funds under Rules set out by the Australian Tax Office, these as follows:

Baptist Union of NSW Benevolent Fund  
Baptist Union of NSW Relief Fund  
Baptist Union of NSW Library Fund  
Baptist Union of NSW Building & Maintenance Fund  
Baptist Union of NSW Religious Education In Schools  
Baptist Union of NSW Portable Building Fund  
Baptist Union of NSW Benevolent Fund

An overview of the movements of these funds and assets and liabilities of the fund are as follows:

|   | 2020<br>\$ | 2019<br>\$ |
|---|------------|------------|
| Donations received                      | 477,450    | 2,878      |
| Interest and rebates                    | 1,869      | 3,045      |
| Project expenditure                     | (362,045)  | -          |
| Administration and fundraising expenses | (51,823)   | (737)      |
| Net surplus/(deficit)                   | 65,451     | 5,186      |
| Assets                                  |            |            |
| Bank account                            | 596,505    | 549,134    |
| Payable/(recoverable)                   | 12,632     | 4,230      |
| Net Assets                              | 583,874    | 544,904    |

**BAPTIST UNION OF NEW SOUTH WALES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**24 Related Parties and Related Party Transactions**

(a) Related parties of the Baptist Association of NSW and ACT whose accounts are not included in these financial statements are as follows:

**Baptist Churches in NSW and ACT**

The Association provides resources and advice to its member churches, pastors and leaders. During the year, the Association received a total of \$1,573,372 in church partnership contributions from Baptist Churches in NSW and ACT.

**Affiliated Groups**

Morling College Limited  
Morling Foundation Limited  
Baptist Churches of NSW Property Trust  
Greater West for Christ Pty Ltd  
Greater West For Christ Discretionary Trust  
Baptist Business College Limited  
Baptist Foundation of NSW Limited  
Baptist Insurance Management limited  
Baptist Financial Services Australia Limited  
BU (NSW) Development Trust No 1  
Baptist Development (NSW) Pty Limited

The Baptist Union of NSW is affiliated with the Baptist Union of Australia Incorporated.

**Transactions with related entities**

|  | <b>Revenue from related parties</b> |             | <b>Payments to related parties</b>               |             |
|--|-------------------------------------|-------------|--|-------------|
|  | <b>2020</b>                         | <b>2019</b> | <b>2020</b>                                      | <b>2019</b> |
|  | <b>\$</b>                           | <b>\$</b>   | <b>\$</b>  | <b>\$</b>   |
| Morling College Limited                      | 41,813                              | 44,201      | 217,193  | 181,831     |
| Morling Foundation Limited                   |                                     |             | 18,520,312                                       |             |
| BU (NSW) Development Trust No 1              | (18,520,312)                        |             |  |             |
| Baptist Business College Limited             | 250                                 |             |  | 300         |
| Baptist Insurance Management Limited         |                                     |             |  | 1,076       |
| Baptist Financial Services Australia Limited | 1,311,456                           | 1,470,885   |  |             |
| Baptist Union of Australia Incorporated      | 71,595                              | 56,044      | 92,057   | 92,991      |
| Greater West For Christ Discretionary Trust  |                                     | 1,636,719   |  |             |
|  |                                     |             | <b>Amounts owing (to) / from related parties</b> |             |
|  |                                     |             | <b>2020</b>                                      | <b>2019</b> |
|  |                                     |             | <b>\$</b>  | <b>\$</b>   |
| Morling College Limited                      |                                     |             | 33,969   | 544         |
| Morling Foundation Limited                   |                                     |             | (18,520,312)                                     |             |
| BU (NSW) Development Trust No 1              |                                     |             | 18,520,312                                       |             |
| Baptist Business College Limited             |                                     |             |  | 95,563      |
| Baptist Insurance Management Limited         |                                     |             |  | 8,011,665   |
| Baptist Financial Services Australia Limited |                                     |             |  | 7,899       |
| Baptist Union of Australia Incorporated      |                                     |             | 179  | 200,000     |
| Greater West For Christ Discretionary Trust  |                                     |             |  |             |

On 2 September 2020, the Assembly Council agreed to forgive debts of \$63,889 owed by Baptist Insurance Management Limited. This has been reflected as a bad debts expense within the Statement of Profit or Loss and Other Comprehensive Income

**25 Auditor of the entity**

|                                   | <b>2020</b> | <b>2019</b> |
|-----------------------------------|-------------|-------------|
|                                   | <b>\$</b>   | <b>\$</b>   |
| Audit of the financial statements | 9,000       | 8,400       |

The auditor of Baptist Union Of New South Wales is Shedden and Green Partners Chartered Accountants.



**MORLING  
COLLEGE**  
EVANGELICAL | MISSIONAL | TRANSFORMATIONAL

**Morling College Limited**  
ABN 64 122 588 309  
A Company Limited by Guarantee

**Financial Report**  
for the year ended 31 December 2020





**MORLING**  
**COLLEGE**

**Morling College Limited**  
**A Company Limited by Guarantee**  
ABN 64 122 588 309

**Annual Financial Report**  
**For the Year ended 31 December 2020**

## DIRECTORS REPORT

Notwithstanding that there is no legal requirement for the directors to prepare this directors report, the Directors of Morling College Limited submit herewith the Annual Financial Report of the Company for the financial year ended 31 December 2020 and report as follows:

- (1) The names, of each Director in office at the date of this report are:

|                          |            |
|--------------------------|------------|
| Rev Kelvyn Willis        | Chair      |
| Rev Angelo Gratsounas    | Vice Chair |
| Mrs Helen Blanch         |            |
| Rev Neil Dawson          |            |
| Rev Ian Deane            |            |
| Dr Beverley Moore        |            |
| Ms Hashini Panditharatne |            |
| Mr William Peirson       |            |
| Rev Dr Brian Powell      |            |
| Prof Alan Rice           |            |
| Mr William Rusin         |            |
| Rev Richard Sindel       |            |

- (2) **Principal Activities**

The principal activity of the Company during the financial year was the conduct of a Tertiary College for Christian Ministry training and associated activities.  
There has been no significant change in those activities during the financial period.

- (3) **Result and Review of Operations**

|   |                |
|---|----------------|
| The operating surplus/(deficit) before depreciation and interest was:   | \$ 901,903     |
| The operating surplus/(deficit) of the Company before Comprehensive items was:                                  | \$ (1,206,263) |
| Comprehensive Income including amounts provided by Morling Foundation towards construction costs and totalling: | \$ 3,723,467   |
| The net increase in cash per the Statement of Cash Flows was  | \$ 443,403     |

- 4 **Objectives and Strategies**

Morling College objective is committed to equipping and shaping Christ-Centred followers to impact the world. We are passionate about living out three values:

1. Christ is Central
2. People Matter
3. Education is transformative

Morling College aims to achieve this objective and live out these values through strategies which:

- Mobilise people for ministry, mission, and the workplace.
- Cultivate personal and whole-of-life formation
- Pursue excellence and innovation in Education and Research
- Foster community among our staff and students
- Facilitate worldview engagement among our students
- Provide ongoing training to pastors, churches, professionals (including educators, counsellors and chaplains) and others
- Support and partner with congregations and likeminded organisations
- Steward our resources wisely to effectively develop leaders for the church and beyond



**(5) Resourcing the Morling Vision**

- a. At the April 2006 Assembly, in principle support was given to the Morling College
- (i) enhance theological education;
  - (ii) nurture and grow courses for laity;
  - (iii) determine the viability of establishing a Residential College; and
  - (iv) resourcing the vision through the property assets known as "Morling College."
- This Morling college Vision was reaffirmed by Assembly in 2008.
- b. In 2010, the Baptist Union of N.S.W. and Morling College agreed to convert Morling College's interest in the Herring Road property from a beneficial interest into a 99-year lease. Morling College has a right to use the Herring Road property under the 99-year lease. These accounts, however, do not reflect the net present value of the leasehold interest enjoyed by the Company over the Herring Road property.
- c. By December 2020:
- (i) theological education at Morling College continues to be enhanced;
  - (ii) the number and diversity of courses for laity at Morling College has grown;
  - (iii) the Residential College has been built and is fully operational; and
  - (iv) The Ministry and Learning Centre (MALC) has been built (debt-free) and BFS, along with the Baptist Ministry Centre and associated ministries have been able to base onsite.
  - (v) approximately one third of the Morling College land has been sold and the net proceeds of sale are being managed by the Morling Foundation in line with its objects
- d. To date the land sale proceeds have enabled the new MALC, Residential College and townhouses to be constructed onsite to replace all the accommodation lost with that land, and retain a multimillion dollar fund in the Morling Foundation which is essential to provide income which will partly cover the future operational costs of Morling College. Further measures will be required to accomplish this aim.
- e. Rather than seeking annual endowments or grants exceeding \$1 million p.a, our denomination has agreed to the development outlined above in order to ensure the ongoing theological education provided by Morling College

**(6) Directors' benefits**

No director has during or since the end of the reporting period received, or has become entitled to receive by reason of any contract made with the Company, any benefit from holding office as a director of the Company, with the exception of benefits that may be deemed to have arisen in relation to the normal course of activity.

This statement excludes a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors shown in the company's financial accounts for the reporting period or the fixed salary of a full-time employee of the company.

**Morling College Limited**  
**Directors Report (Continued)**

**(7) Auditor's Independence Declaration**

The auditors have given to the board a written declaration concerning their independence.

**(8) Membership**

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 31 December 2020, the number of members was one and accordingly the total amount that members of the company are liable to contribute if the company is wound up is \$20 (2019:\$20).

Signed for and on behalf of the Board

A handwritten signature in black ink, appearing to read 'R. Russell', is written over a horizontal line.

Director  
20 March 2021  
Macquarie Park NSW

## DECLARATION BY BOARD OF DIRECTORS

The directors of the entity declare that:

- 1 The financial statements and notes satisfy the requirements of the Australian Charities and Not for Profits Commission Act 2012 including:
  - a. complying with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. giving a true and fair view of the financial position as at 31 December 2020 and of the performance and cashflows for the year ended on that date of the entity.
- 2 In the directors' opinion there are reasonable grounds to believe that the 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.

Director



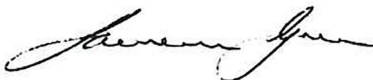
20 March 2021

## AUDITORS INDEPENDENCE DECLARATION

To the Directors

We declare that, to the best of our knowledge and belief, during the year ended 31 December 2020 there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Shedden & Green Partners



Lawrence R Green FCA  
Partner

20 March 2021  
Level 3, 19-21 Central Road, Miranda NSW 2228

**Morling College Limited**  
**Statement of Income**  
**For the Year ended 31 December 2020**

|   | <b>2020</b>        | <b>2019</b>        |
|---|--------------------|--------------------|
|   | <b>\$</b>          | <b>\$</b>          |
| <b>Income</b>   |                    |                    |
| Tuition revenue   | 3,699,714          | 4,004,200          |
| Residential revenue   | 1,886,696          | 2,267,963          |
| Denominational recurrent grants                                       | 150,000            | 150,000            |
| Morling College Tinsley Bequest donations                             | 150,000            | 150,000            |
| Morling Foundation grants   | 618,817            | 503,500            |
| Other donations   | 139,342            | 101,293            |
| Interest - other  | 22,733             | 19,395             |
| JobKeeper and Cash Boost  | 2,011,000          | -                  |
| Other income  | 214,251            | 207,510            |
| <b>Total income</b>   | <b>8,892,552</b>   | <b>7,403,861</b>   |
| <b>Less Expenses</b>  |                    |                    |
| Employee benefits   | 5,158,669          | 4,888,945          |
| Job Keeper Topup  | 276,241            | -                  |
| Loss on sale or writeoff of assets                                    | 263,670            | 13,418             |
| Bad & Doubtful debts  | 6,991              | 23,037             |
| Property  | 556,835            | 443,876            |
| Other administration costs  | 595,527            | 888,642            |
| Catering  | 289,380            | 358,537            |
| Tuition   | 716,191            | 1,114,807          |
| Library   | 127,144            | 113,675            |
| <b>Total</b>  | <b>7,990,649</b>   | <b>7,844,936</b>   |
| <b>Earnings Before Interest Taxes Depreciation &amp; Amortisation</b> | <b>901,903</b>     | <b>(441,075)</b>   |
| Interest Paid   | (28,715)           | (34,514)           |
| Depreciation and amortisation   | (2,079,452)        | (1,241,689)        |
| <b>Surplus (Deficit) on operations</b>                                | <b>(1,206,263)</b> | <b>(1,717,278)</b> |

The above Statement is to be read with the accompanying notes

**Morling College Limited**  
**Statement of Other Comprehensive Income**  
**For the Year ended 31 December 2020**

|   | 2020<br>\$              | 2019<br>\$               |
|---|-------------------------|--------------------------|
| <b>Surplus (Deficit) on operations</b>                                  | <b>(1,206,263)</b>      | <b>(1,717,278)</b>       |
| <b>Other Items of Comprehensive Income</b>                              |                         |                          |
| Reimbursement of Property Development costs                             |                         |                          |
| Current year  | <b>3,552,622</b>        | 18,979,671               |
| Proceeds from Compulsory Acquisition of Property                        | -                       | 1,404,667                |
| Transfer from Development Contribution Reserve to income account MRC    | <b>505,892</b>          | 516,851                  |
| Transfer from Development Contribution Reserve to income account - MALC | <b>830,444</b>          | 210,866                  |
| Prior year adjustments  | <b>40,772</b>           | 103,951                  |
| Bequests Received   | -                       | -                        |
| <b>Total Other Income</b>   | <b><u>4,929,730</u></b> | <b><u>21,216,006</u></b> |
| <b>Comprehensive Income</b>   | <b><u>3,723,467</u></b> | <b><u>19,498,729</u></b> |

The above Statement is to be read with the accompanying notes

**Morling College Limited**  
**Balance Sheet**  
**As at 31 December 2020**

|                                       | Note     | 2020<br>\$        | 2019<br>\$        |
|---------------------------------------|----------|-------------------|-------------------|
| <b>Current Assets</b>                 |          |                   |                   |
| Cash and cash equivalents             | 3        | 2,674,573         | 2,231,170         |
| Inventories                           |          | 16,948            | 17,038            |
| Receivables                           | 4        | 257,400           | 89,789            |
| Prepayments                           |          | 151,000           | 146,087           |
| Vose Acquisition Costs in advance     |          | 278,300           | -                 |
| Other Receivables                     | 5        | 293,519           | 509,261           |
|                                       |          | <u>3,671,740</u>  | <u>2,993,346</u>  |
| <b>Non-current assets</b>             |          |                   |                   |
| Property Plant and Equipment          | 6        | 55,167,178        | 54,520,038        |
| Intangibles                           | 7        | 66,183            | 105,305           |
|                                       |          | <u>55,233,361</u> | <u>54,625,343</u> |
| <b>Total Assets</b>                   |          | <u>58,905,101</u> | <u>57,618,689</u> |
| <b>Current Liabilities</b>            |          |                   |                   |
| Payables                              |          | 671,102           | 731,533           |
| Deferred Income                       |          | 190,423           | 418,480           |
| Other payables                        |          | 457,470           | 1,643,932         |
| Staff Entitlement Provisions          |          | 531,400           | 457,984           |
|                                       |          | <u>1,850,395</u>  | <u>3,251,929</u>  |
| <b>Non-current liabilities</b>        |          |                   |                   |
| Staff Entitlement Provisions          |          | 447,147           | 412,252           |
| Morling Foundation loans              | 11       | 1,766,760         | 1,200,000         |
| Mortgage Loans - interest bearing     | 11, 1(m) | -                 | 300,841           |
|                                       |          | <u>2,213,907</u>  | <u>1,913,093</u>  |
| <b>Total Liabilities</b>              |          | <u>4,064,302</u>  | <u>5,165,021</u>  |
| <b>Net Assets</b>                     |          | <u>54,840,799</u> | <u>52,453,667</u> |
| <b>Accumulated Funds and Reserves</b> |          |                   |                   |
| Accumulated funds                     |          | 9,017,084         | 8,901,809         |
| Unrestricted Designated Funds         |          | 650,608           | 581,411           |
| Restricted Funds                      |          | 45,173,107        | 42,970,447        |
| <b>Total Funds and Reserves</b>       |          | <u>54,840,799</u> | <u>52,453,667</u> |

Represented by:

The above Statement is to be read with the accompanying notes

**Morling College Limited**  
**Statement of Changes in Equity and Funds**  
**For the Year ended 31 December 2020**

|   | 2020<br>\$               | 2019<br>\$               |
|---|--------------------------|--------------------------|
| <b><u>Unrestricted Funds</u></b>  |                          |                          |
| <b>Accumulated Funds</b>  |                          |                          |
| Balance at the beginning of the year                                    | 8,901,809                | 9,747,894                |
| Transfers from/(to) Designated Funds                                    | (3,608,192)              | (20,344,813)             |
| Surplus/(Deficit) for the year  | 3,723,467                | 19,498,729               |
| <b><i>Total Accumulated Funds</i></b>                                   | <b><u>9,017,084</u></b>  | <b><u>8,901,809</u></b>  |
| <b><u>Restricted Funds (Note 1(f))</u></b>                              |                          |                          |
| <b>Scholarship Reserve</b>  |                          |                          |
| Balance at beginning of the year  | 39,063                   | 9,059                    |
| Transfer from/(to) Operations   | (13,627)                 | 30,005                   |
| Balance at the end of the year  | <u>25,437</u>            | <u>39,063</u>            |
| <b>Library Reserve</b>  |                          |                          |
| Balance at beginning of the year  | -                        | 44,736                   |
| Transfer from/(to) Accumulated Funds                                    | -                        | (44,736)                 |
| Balance at the end of the year  | <u>-</u>                 | <u>-</u>                 |
| <b>Morling Foundation Construction Development Contribution Reserve</b> |                          |                          |
| Balance at beginning of the year  | 42,931,383               | 23,274,762               |
| Transfer to Income account  | (1,336,336)              | (727,717)                |
| Transfer from/(to) Accumulated Funds                                    | 3,552,622                | 20,384,338               |
| Balance at the end of the year  | <u>45,147,670</u>        | <u>42,931,383</u>        |
| <b><u>Other Unrestricted Funds (Note 1(f))</u></b>                      |                          |                          |
| <b>Special Projects Reserve</b>   |                          |                          |
| Balance at beginning of the year  | 183,070                  | 184,492                  |
| Transfer from/(to) Operations   | (2,227)                  | (1,421)                  |
| Balance at the end of the year  | <u>180,843</u>           | <u>183,070</u>           |
| <b>Capital Works Reserve</b>  |                          |                          |
| Balance at beginning of the year  | 248,575                  | 162,994                  |
| Transfer from/(to) Accumulated Funds                                    | 71,424                   | 85,581                   |
| Balance at the end of the year  | <u>319,999</u>           | <u>248,575</u>           |
| <b>Anniversary Reserve</b>  |                          |                          |
| Balance at beginning of the year  | 149,766                  | 258,719                  |
| Transfer from/(to) Operations   | -                        | (108,953)                |
| Balance at the end of the year  | <u>149,766</u>           | <u>149,766</u>           |
| <b><i>Total Funds and Reserves</i></b>                                  | <b><u>45,823,715</u></b> | <b><u>43,551,858</u></b> |
| <b>Total of Accumulated Funds and Reserves</b>                          | <b><u>54,840,799</u></b> | <b><u>52,453,668</u></b> |

The above Statement is to be read with the accompanying notes

**Morling College Limited**  
**Statement of Cashflows**  
**For the Year ended 31 December 2020**

|   | 2020                    | 2019                    |
|---|-------------------------|-------------------------|
|   | \$                      | \$                      |
| <b>Funds from/(used in) Operations</b>                            |                         |                         |
| Tuition Income  | 3,304,046               | 3,901,933               |
| Residential Income  | 1,886,696               | 2,267,963               |
| Other Income  | 7,075,665               | 28,331,450              |
| Payments to suppliers and staff                                   | (7,712,636)             | (7,587,622)             |
| Net funds from/(used in) operations - Note 12                     | <u>4,553,772</u>        | <u>26,913,724</u>       |
| <b>Funds from/(used in) investing activities</b>                  |                         |                         |
| Expenditure on property plant and equipment                       | (2,951,140)             | (20,646,998)            |
| Vose Acquisition Costs in advance                                 | (278,300)               | -                       |
| Prior year adjustments  | 40,772                  | 103,951                 |
| (Increase)/Decrease in other receivables                          | (1,159)                 | (44,895)                |
| Net funds from/(used in) investing activities                     | <u>(3,189,827)</u>      | <u>(20,587,941)</u>     |
| <b>Funds from/(used in) financing activities</b>                  |                         |                         |
| Increase/(Decrease) in borrowings                                 | 265,918                 | 571,423                 |
| Increase/(Decrease) in Construction Loan                          | -                       | (7,032,315)             |
| Increase/(Decrease) in other payables                             | (1,186,461)             | 829,110                 |
| Net Funds from/(used in) borrowing activities                     | <u>(920,543)</u>        | <u>(5,631,782)</u>      |
| <b>Increase/(Decrease) in cash during the year</b>                | <b>443,403</b>          | <b>694,000</b>          |
| <b>Cash and cash equivalents at the beginning of the year</b>     | <b>2,231,170</b>        | <b>1,537,170</b>        |
| <b>Cash and cash equivalents at the end of the year</b>           | <b><u>2,674,573</u></b> | <b><u>2,231,170</u></b> |
| <b>Note: Cash is represented by:</b>                              |                         |                         |
| Cash on hand  | 1,326                   | 2,370                   |
| Deposits with Banks and Baptist Financial Services Aust           | 2,673,248               | 2,228,800               |
|   | <u>2,674,573</u>        | <u>2,231,170</u>        |
| <b>Cash is held for the following purposes:</b>                   |                         |                         |
| a) <i>Funds which may only be used for the designated purpose</i> |                         |                         |
| Scholarship Fund  | 25,437                  | 39,063                  |
| Staff Entitlement Provisions                                      | 978,547                 | 870,236                 |
|   | <u>1,003,984</u>        | <u>909,300</u>          |
| b) <i>Other Funds which are at the discretion of the College</i>  |                         |                         |
| Anniversary Reserve   | 149,766                 | 149,766                 |
| Special Projects Reserve  | 180,843                 | 183,070                 |
| c) <i>General working funds</i>                                   | 1,339,980               | 989,034                 |
| <b>Total cash at the end of the year</b>                          | <b><u>2,674,573</u></b> | <b><u>2,231,170</u></b> |



**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

**1 Significant Accounting Methods and Policies**

The financial statements are general purpose financial statements that have been prepared to satisfy the requirements of the Australian Charities and Not for Profits Commission Act 2012 and in accordance with Australian Accounting Standards — Reduced Disclosure Requirements of the Australian Accounting Standards Board and the entities Constitution. The College is a not for profit entity for financial reporting purposes.

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 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.

**a) Recognition of revenue**

Tuition revenues and related fees received are brought to account in the year to which they relate. Uncollected fees at balance date are reviewed and a provision for impairment is raised if recovery is doubtful. Donations and bequests are brought to account when received. Baptist Union of NSW & ACT and Morling Foundation grants and donations are brought to account on an accrued basis. All revenue is stated net of any GST.

**b) Depreciation**

Property plant and equipment are brought to account at cost less subsequent depreciation on the balance sheet. Plant and equipment is carried at cost less depreciation and impairment provisions. Depreciation is charged on all fixed assets including leasehold improvements (primarily buildings that are subject to long term lease).

Depreciation rates used for each class of depreciable assets applied using the prime cost method are:

|  |            |
|--|------------|
| Buildings  | 2.0%       |
| Plant and equipment  | 10.0-15.0% |
| Motor Vehicles   | 20.0%      |
| Computer equipment   | 15.0-50.0% |
| Lease improvements - the term of the lease or expected useful life |            |

The assets residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. The carrying amounts of assets are written down immediately to the recoverable amount whenever the carrying amount exceeds the estimated recoverable amount.

During the 2017 year the College library collection was recognised as an asset by means of an Other Comprehensive Income item and is now included as an item of property plant and equipment.

An amount equivalent to depreciation on the new development assets fully funded by contributions from Morling Foundation is transferred to Other Comprehensive Income to effectively offset the cost of depreciation and consequent reduction in accumulated funds.

**c) Income Tax**

The College is registered with the Australian Charities and Not for Profits Commission as a charity and is exempt from income tax as a religious educational institution.

**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

**d) Staff Benefits**

The College recognises a liability for benefits accruing to employees in respect of their remuneration including annual and long service leave when it is probable that settlement will be required and it is practical to be reliably measured.

Liabilities recognised in respect of short term staff benefits are measured at nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities in respect of long term staff benefits are measured at the present value of the estimated future cash outflows to be made in respect of services provided by the staff up to reporting date. Study and sabbatical leave costs are expensed in the year in which taken.

**e) Superannuation**

Contributions are made by the College to employee superannuation funds and are charged as expense when incurred.

**f) Restricted Funds and Reserves**

From time to time amounts are received by way of donation through special appeal or unsolicited receipts which are designated for a particular purpose. These amounts are set aside directly to a fund designated for that purpose. Other amounts received for the general purposes of the College are included in the Income Statement of the College as revenue. The College also designates amounts out of general funds for particular purposes, for example for refurbishment of buildings, introduction of technology etc. These are classified as reserves. These funds are transferred to the College general funds at times that best assist the College's overall cash flow requirements and may occur in a period after the expense was incurred. For the Morling Residential facility the College sets aside to Capital Works Reserve an amount for future major refurbishment, the amount being based on income of the facility.

**g) Impairment of Non-Financial Assets**

No less frequently than at each reporting date the Board assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the assets's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs. Bad debts are written off when identified. If an allowance for impairment has been recognised in relation to a loan, write offs for bad debts are made against the allowance. If no allowance for impairment has previously been recognised, write offs for bad debts are recognised as expenses directly in the Income Statement.

**h) Legal Structure**

The company is incorporated as a company limited by guarantee. Liability of the members is limited to \$20 in the event of a winding up. At 31 December there was one member.

**i) Compliance with Reporting**

The Australian Equivalents to the International Financial Reporting Standards applicable to not for profit entities have been complied with.

**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

**j) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities**

This new standard first applied to the Group for the year ended 31 December 2019. AASB15 outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and replaces AASB 111. AASB 118 and Interpretations 13,15,18 and 131. The core principle is that an entity recognises revenue so as to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**AASB 1058 Income of Not-for-Profit Entities** also applied to the entity for the first time for the year ended 31 December 2019 clarifying the income recognition requirements applying to not-for-profit entities in conjunction with AASB 15 establishing principles applying to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a no-for-profit entity to further its objectives and the receipt of volunteer services. A deferral of adoption of this standard has been implemented by the entity for peppercorn arrangements as permitted under AASB 2018-8 regarding Right of Use Assets of Not-for-Profit entities..

Adoption of these new standards has not had any significant impact on the assets liabilities or income statement.

**k) Economic Dependence**

Morling College Limited received an annual grant of \$150K from the Baptist Union of New South Wales & ACT, \$617,601 (last year \$501,999) from the Morling Foundation and \$150K from the Tinsley Bequest (last year \$120K). At the date of this report the Directors have no reason to believe that recurrent grants similar to these will not continue.

**l) Secured Loan - interest bearing**

The loan provided by Baptist Financial Services Australia Ltd was retired in 2020.

**m) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and deposits held at-call or on 31 day notice with Baptist Financial Services Australia Ltd.

**n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

**o) Critical Judgements and key sources of Estimation Uncertainty**

Critical judgements areas and key sources of estimation uncertainty are the useful lives of property plant and equipment.

Morling College is a participant in the National Redress Scheme for Institutional Child Sexual Abuse. Whilst no claims have been made with respect to the College and no potential claimants have been identified at the date of this report, it is possible for a presently unidentified and unknown claim to be received. In the event that any such claim is accepted by the Redress Scheme administrators then the College is committed to provide compensation under the terms of the Redress Scheme. The existence amount and timing of any such claim or claims cannot be ascertained at this time.

**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

**(p) AASB 16 Leases**

It is noted that the new accounting standard on Leases AASB 16, which first applied to the Group for the year ended 31 December 2019, has not resulted in any significant additional asset and liability changes or income statement changes arising from any leases as the quantum of leases entered into is not significant.

**(q) AASB 9 Financial Instruments**

AASB 9 Financial Instruments replaced AASB 139 Financial Instruments: Recognition and Measurement. AASB9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The new standard makes potentially major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the College applied transitional relief and opted not to restate prior years. The Group assessed there to be no significant impact on its balance sheet or equity on applying the classification, measurement and impairment requirements of AASB 9.

**(i) Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs on trade date.

**(ii) Classification and subsequent measurement of financial assets**

Subsequent to initial recognition

The purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- \* financial assets at fair value (FVTPL)
- \* loans and receivables
- \* held-to-maturity investments (HTM)
- \* available-for-sale financial assets (AFS)

The category determines subsequent measurement and whether any resulting income and expense is recognised in the profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial asset, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

**(iii) Financial assets held at fair value**

A financial asset is classified in this category if acquired principally for selling in the short term or that meet certain conditions and are designated at FVTPL upon initial recognition. Realised and unrealised gains and losses arising from changes in the fair value of these assets are recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

We may use derivative financial instruments such as forward exchange contracts and cross currency swaps to hedge risks associated with foreign currency fluctuations.

Any gains or losses on remeasuring forward exchange contracts to fair value that are not in a designated hedging relationship are recognised directly in the income statement in the period in which they occur within other expenses or other income.



**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

**(iv) 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 stated at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed in groups. The impairment loss estimate is then based on historical default rates for each identified group.

**(v) Held to maturity investments**

These investments are non-derivative financial assets, have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held to maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

**(vi) Available for sale financial assets**

Available for sale financial assets include any non-derivative financial assets not included in the above categories.

Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and reported within equity.

**(vii) Financial liabilities**

Non-derivative financial liabilities are subsequently recognised at amortised cost, comprising original debt less principal payments and amortisation. The entity's financial liabilities include trade and other payables.

**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

|  | Note | 2020<br>\$        | 2019<br>\$        |
|--|------|-------------------|-------------------|
| <b>2 Operating Result for the year is after:</b>   |      |                   |                   |
| Crediting as income:                               |      |                   |                   |
| Interest Received                                  |      | 22,733            | 19,395            |
| Charging as expenses                               |      |                   |                   |
| Depreciation expense                               |      | 2,079,452         | 1,241,689         |
| Interest paid - Baptist Financial Services Aust    |      | 28,715            | 34,514            |
| (Decrease)/Increase in staff leave entitlements    |      | 108,311           | (18,845)          |
| Auditors Remuneration - Audit Services             |      | 8,400             | 5,500             |
| <b>3 Cash and cash equivalents</b>                 |      |                   |                   |
| Cash on hand                                       |      | 1,326             | 2,370             |
| Cash at bank - operating and at call accounts      |      | 2,673,248         | 2,228,800         |
|  |      | <u>2,674,573</u>  | <u>2,231,170</u>  |
| <b>4 Receivables</b>                               |      |                   |                   |
| Amounts Receivable from Students and Residents     |      | 261,642           | 94,031            |
| Less Provision for Impairment                      |      | (4,242)           | (4,242)           |
|  |      | <u>257,400</u>    | <u>89,789</u>     |
| <b>5 Other Receivables</b>                         |      |                   |                   |
| Related Parties - Morling Foundation               |      | 48,653            | 279,936           |
| Related Parties - Morling Foundation re MALC grant |      | -                 | 216,901           |
| Other  |      | 244,866           | 12,425            |
|  |      | <u>293,519</u>    | <u>509,261</u>    |
| <b>6 Property Plant and Equipment</b>              |      |                   |                   |
| Construction in Progress                           |      | 3,821,331         | 1,253,016         |
| Freehold Property - at Cost                        |      | 2,470,316         | 2,469,499         |
|  |      | <u>6,291,647</u>  | <u>3,722,516</u>  |
| Leasehold Improvements at cost                     |      | 51,632,540        | 51,936,366        |
| Less Provision for Depreciation                    |      | (5,325,852)       | (4,021,280)       |
|  |      | <u>46,306,688</u> | <u>47,915,086</u> |
| Motor Vehicles                                     |      | 73,128            | 73,128            |
| Less Provision for Depreciation                    |      | (64,523)          | (54,391)          |
|  |      | <u>8,605</u>      | <u>18,737</u>     |
| Plant & Equipment - at cost                        |      | 660,160           | 603,335           |
| Less Provision for Depreciation                    |      | (384,005)         | (310,137)         |
|  |      | <u>276,155</u>    | <u>293,198</u>    |
| Library Collection - at directors valuation 2017   |      | <u>1,137,100</u>  | <u>1,137,100</u>  |
| Furniture & Fittings - at cost                     |      | 1,049,344         | 1,077,458         |
| Less Provision for Depreciation                    |      | (262,602)         | (81,021)          |
|  |      | <u>786,742</u>    | <u>996,437</u>    |
| Computer Equipment - at cost                       |      | 868,710           | 786,894           |
| Less Provision for Depreciation                    |      | (508,468)         | (349,929)         |
|  |      | <u>360,241</u>    | <u>436,964</u>    |
|  |      | <u>55,167,178</u> | <u>54,520,038</u> |

**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

|  | 2020              | 2019               |
|--|-------------------|--------------------|
|  | \$                | \$                 |
| <b>7 Intangibles</b>                     |                   |                    |
| Software - at cost                       | 87,717            | 76,463             |
| Less accumulated amortisation            | <u>(46,886)</u>   | <u>(25,220)</u>    |
|  | <u>40,831</u>     | <u>51,243</u>      |
| <br>Website Development - at cost        | <br>49,127        | <br>49,127         |
| Less accumulated amortisation            | <u>(35,011)</u>   | <u>(22,799)</u>    |
|  | <u>14,116</u>     | <u>26,328</u>      |
| <br>Online Content Development - at cost | <br>68,594        | <br>68,594         |
| Less accumulated amortisation            | <u>(57,358)</u>   | <u>(40,860)</u>    |
|  | <u>11,236</u>     | <u>27,734</u>      |
|  | <br><u>66,183</u> | <br><u>105,305</u> |

**8 Key Management Personnel Remuneration**

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any Director of the company. Key management personnel (KMP) in 2020 comprised the 12 (2019: 12) directors of the Company, the College Principal, Chief Academic Officer, Chief Community Life Officer and Chief Operating Officer. The aggregate compensation of the KMP during the year comprising amounts payable or provided for by the College or related entities, but excluding out of pocket expense reimbursements, was as follows:

|                                       |            |            |
|---------------------------------------|------------|------------|
| Key Management Personnel Remuneration | \$ 529,750 | \$ 517,882 |
|---------------------------------------|------------|------------|

**9 Company Details**

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

122 Herring Road  
Macquarie Park NSW 2113

**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

**10 Segment Information**

Morling College is a tertiary Christian College conducted for the Baptist denomination of the Christian Church in New South Wales.  
It is located at Macquarie Park, Sydney NSW

**11 Related Parties**

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

The following sets out transactions and relationships with parties related to the College.

**The Baptist Union of New South Wales & ACT** ("The Association") provides certain funding from its Ministry Budget and provides guidance and Counsel to the College. The Association also provides limited administrative assistance.

The Association is the registered owner of the land and buildings on which the main campus is situated and during the 2010 year the company entered into a long term lease of the property at nominal rental. Morling College has a right of use asset under a 99 year lease in respect of the property however these accounts do not recognise the Net present value for the future rental expense or future income. The Association is also the land title holder of 2 strata units held on behalf of MCL and carried in MCL balance sheet at \$1,405,556.

During the 2018 year construction of a ministry and learning centre on land occupied by Morling College was commenced and this was completed in late 2019. The Association obtained rights to occupy a section of the building and the Baptist Ministry Centre operations relocated to that building at the end of 2019. The costs of construction were met from the net surplus on the joint venture development referred to above and no net sum was contributed by the Association or Morling to the building works.

The property on which the Ministry and Learning Centre is constructed continues in its previous ownership structure with the building asset reflected on the balance sheet of Morling College Limited. The Association has a reciprocal agreement providing Morling College Limited with long term rights as to ownership of the building and the Association is provided with partial occupancy rights.

**Baptist Financial Services Limited** is a controlled entity of the Baptist Union of Australia. Certain designated funds and reserves are deposited with BFS from time to time at arms length rates of interest. BFS continued to provide mortgage finance facilities at rates normally charged by it to denominational entities.

**Morling College (Tinsley Bequest) Limited** is the custodian of funds bequested for the establishment and operation of a Centre for Evangelism and Global Mission. The Centre was opened in March 1999. It operates as a separate activity ("Tinsley Institute") within Morling College. The Trust contributed \$150,000 (last year \$150,000) for College operations.

**Morling Foundation Limited** is a separately incorporated company limited by guarantee whose objects are advancing, promoting and encouraging the purposes of Morling College and to act as trustee for trusts which may be established for the benefit of the College. Morling Foundation operates a Public Ancillary Fund for the ultimate benefit of Morling College Limited activities and donations to this public fund are tax deductible to the donor. At year end the Foundation held \$17,846,008 (last year \$17,448,223) in net assets, predominantly in financial assets. During the year the Foundation contributed \$618,817 (prior year \$503,400) to the operations of the College and provided a zero-interest loan of \$600,000 payable in five years. The Foundation continued to provide an interest only loan of \$600,000 (last year \$600,000) related to property purchases by MCL. In addition, from property proceeds, the Foundation made capital contributions totalling \$3,552,622 (last year \$26,011,986) towards the construction of buildings for College purposes.

The names of persons who held the office of Director at any time during the financial year are as follows:

Mr Peter Adcock  
Mrs Helen Blanch  
Rev Angelo Gratsounas  
Rev Neil Dawson  
Rev Ian Deane  
Dr Beverley Moore

Ms Hashini Panditharatne  
Mr William Peirson  
Rev Dr Brian Powell  
Prof Alan Rice  
Mr William Rusin  
Rev Richard Sindel  
Rev Kelvin Willis

No director received Directors Fees.



**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

| <b>12 Note to the Statement of Cash Flows</b>                          | <b>2020</b>      | <b>2019</b>       |
|--|------------------|-------------------|
|  | <b>\$</b>        | <b>\$</b>         |
| Reconciliation of Funds from/(used in) operations to Surplus/(Deficit) |                  |                   |
| Comprehensive Income   | 3,723,467        | 19,498,729        |
| Depreciation and amortisation charged for the year                     | 2,079,452        | 1,241,689         |
| (Surplus)/Deficit on disposal of Assets                                | 263,670          | 13,418            |
| Decrease/(Increase) in Inventories                                     | 90               | 9,368             |
| Decrease/(Increase) in receivables                                     | (167,610)        | (13,901)          |
| Decrease/(Increase) in grant receivable                                | 216,901          | 6,815,414         |
| (Increase)/Decrease in Prepayments                                     | (4,913)          | 30,483            |
| Increase/(Decrease) in deferred income                                 | (228,057)        | (88,366)          |
| Transfer from Development Contribution Reserve to income account MRC   | (1,336,336)      | (727,717)         |
| Payments from Library Reserve  | -                | -                 |
| Prior period adjustment  | (40,772)         | (103,951)         |
| Increase/(Decrease) in Payables  | (60,431)         | 257,403           |
| (Decrease)/Increase in Staff Entitlement Provisions                    | 108,311          | (18,845)          |
| Net funds from/(used in) operations                                    | <u>4,553,772</u> | <u>26,913,724</u> |

**13 Financial Instruments and Risk**

The following note addresses the company's exposure to varying types of financial instruments and financial risk.

*Market risk*

The company has no exposure to currency risk.

The College has no exposure to currency risk or price risk.

The College's exposure to interest rate risk is the risk that a financial instruments's value will fluctuate as a result of changes in market interest rates.

*Interest Rate Risk*

Financial Assets at Balance Date comprised:

|  |                  |                  |
|--|------------------|------------------|
| Non-Bank Financial Institutions - subject to voluntary code of conduct | 2,673,248        | 2,228,800        |
| Sundry Receivables & Accruals - unsecured                              | 550,919          | 599,051          |
|  | <u>3,224,166</u> | <u>2,827,851</u> |

Financial Liabilities comprised:

|  |                  |                  |
|--|------------------|------------------|
| Payables                               | 1,128,572        | 2,375,464        |
| Loans Payable - interest only          | 600,000          | 600,000          |
| Loans Payable - interest free          | 1,166,760        | 600,000          |
| Loans Payable - principal and interest | -                | 300,841          |
|  | <u>2,295,332</u> | <u>2,975,464</u> |

*Interest Rate Sensitivity*

The effect on the result and on accumulated funds of changes in interest rates is as follows:

|   |          |          |
|---|----------|----------|
| For a 1% increase in interest rates -             |          |          |
| - The annual surplus would increase/(decrease) by | 26,732   | 19,280   |
| For a 1% decrease in interest rates -             |          |          |
| - The annual surplus would increase/(decrease) by | (26,732) | (19,280) |

*Credit Risk Exposures*

The credit risk on financial assets which have been recognised in the statement of financial position is generally the carrying amount, net of any provisions for impairment.

**Morling College Limited**  
**Notes to and Forming Part of the Accounts**  
**For the Year ended 31 December 2020**

**14 Significant and Subsequent Events**

COVID NOTE \_ Income fell in 2020 as international students were not able to come to campus. This mostly affected the residential income, with smaller falls in tuition income. This income loss was more than compensated by the government jobkeeper payments in 2020. The jobkeeper topup amounts also led to an additional expense in 2020, as these were passed on to staff who would otherwise have earned a lower amount (due to their part-time work basis). Operationally, all classes were moved online for a period of lockdown. Online or streamed classes have been maintained as an alternative to on-campus classes for any students (through 2020 and into 2021). Staff were also enabled to work from home where this was suitable. On campus, covid-safe measures were introduced at an early stage and maintained in line with government health guidelines.

VOSE COLLEGE - At 1 January 2021 Morling College took over the Perth based staff and operations of Vose College (the Baptist Theological College of WA). In February 2021, the net assets of Vose College were transferred to Morling College by the Baptist Churches of WA.

The property referred to below is zoned "Special Use - Residential and Special Facilities". Title is conditional on continued use for "Theological College, Administration Centre and Tertiary Level Studies"

**Acquisition of Vose College**

|                                  |           |                                |
|----------------------------------|-----------|--------------------------------|
| Assets acquired - fair value     |           | <b>3,199,480</b>               |
| Property - valued at 21-Apr-2020 | 3,000,000 |                                |
| Plant and Equipment              | 71,342    |                                |
| Library Books                    | 128,138   |                                |
| Other Assets                     | <u>0</u>  |                                |
| Liabilities Assumed              |           | <b>435,227</b>                 |
| Staff Leave Liabilities          | 435,227   |                                |
| Other Liabilities                | <u>0</u>  |                                |
| <b>Excess of Assets Acquired</b> |           | <b><u><u>2,764,253</u></u></b> |



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

## SHEDDEN & GREEN PARTNERS

ABN 43 723 342 276

### INDEPENDENT AUDIT REPORT

To: The Members of Morling College Limited

#### **Report on the Audit of the Financial Report**

We have audited the financial report of Morling College Limited, which comprises the Balance Sheet as at 31 December 2020, Statement of Income and Comprehensive Income, Statement of Changes in Equity and Funds, Statement of Cash Flows, accompanying notes and the directors declaration for the year then ended.

In our opinion the financial report of Morling College Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Standards, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### **Basis for opinion**

We conducted the 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 registered entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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.

#### **Responsibility of Those Charged with Governance for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation of the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of

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MIRANDA 1490

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a 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 responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

The audit 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 the 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 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' 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 registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the audit opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the registered entity 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 those charged with governance 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 the audit.



Shedden & Green Partners  
Lawrence R Green FCA – Partner

Dated: 16 March 2021  
Miranda NSW



**MORLING**  
**COLLEGE**  
EVANGELICAL | MISSIONAL | TRANSFORMATIONAL

**Morling Foundation Limited**

**ABN 22 1404 797 739**

**Financial Report**  
**for the year ended 31 December 2020**



**MORLING FOUNDATION LIMITED**  
ABN 22 1404 797 739

**SPECIAL PURPOSE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

**MORLING FOUNDATION LIMITED**

ABN 22 104 797 739

**DIRECTORS REPORT**

Notwithstanding that there is no formal requirement to report on the Accounts, the directors present this report concerning the Foundation for the financial year ended 31 December 2020.

**Directors**

The names of each person who is a director during the year at the date of this report are:

Rev Dr Ross Clifford  
Mr Brian McSweeney  
Mr Desmond Ong  
Mr David Slinn  
Rev Kelvyn Willis  
Mr Peter McCrindle  
Mr Geoffrey Moore

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Principal Activities**

The principal activity of the entity during the financial year was the promotion and resourcing of theological education through the activities of Morling College.

**Operating Result**

Activities for the year resulted in a surplus of \$397,785 after distributions to Morling College Ltd totalling \$4,203,523 for development and operations (2019: surplus of \$15,224,438 after distributions of \$20,923,638).

**Objectives and strategies**

The Foundation's short and long term objectives are to facilitate the activities of Morling College in accordance with the Constitution of the company.

The strategies to achieve this comprise:

- The holding of fundraising and awareness events
- The promotion of the objects and activities of Morling College
- The raising of funds for the long term benefit of the College
- Support for and encouragement of the College

The entity 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 \$50 each towards meeting any outstanding obligations. At 31 December 2020, the total amount that members of the company are liable to contribute if the company is wound up was \$350 (2019: \$350).

### **Auditor's Independence Declaration**

The auditor's independence declaration for the financial year has been received and an extract thereof is included with the financial report.

Signed in accordance with a resolution of the Board of Directors.



Director

Dated this 8th day of March 2021



**MORLING FOUNDATION LIMITED**

ABN 22 104 797 739

**DIRECTORS' DECLARATION**

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes satisfy the requirements of the Australian Not for Profits Commission Act 2012 including:
  - a) complying with relevant Australian Accounting Standards; and
  - b) giving a true and fair view of the financial position as at 31 December 2020 and of the financial performance and cashflows for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



.....  
Director

Dated at Sydney, 8th March, 2021

**AUDITORS INDEPENDENCE DECLARATION**

To the Directors

We declare that, to the best of our knowledge and belief, during the year ended 31 December 2020 there have been no contraventions of any applicable code of professional conduct in relation to the audit:

Shedden & Green Partners  
Chartered Accountants



Lawrence R Green FCA  
Partner

8th March, 2021  
Level 3, 19-21 Central Road, Miranda NSW 2228

**MORLING FOUNDATION LIMITED**

ABN 22 104 797 739

**BALANCE SHEET  
AS AT 31 DECEMBER 2020**

|   | 2020<br>\$               | 2019<br>\$               |
|---|--------------------------|--------------------------|
| <b>CURRENT ASSETS</b>                           |                          |                          |
| Cash and Cash Equivalents                       | 13,089,365               | 16,631,199               |
| Receivables                                     | 154,468                  | 253,860                  |
| Receivables – grant from Joint Venture (Note 7) | 2,866,500                | 0                        |
| Accrued Interest                                | 0                        | 0                        |
| <b>TOTAL CURRENT ASSETS</b>                     | <b><u>16,110,333</u></b> | <b><u>16,885,059</u></b> |
| <b>NON-CURRENT ASSETS</b>                       |                          |                          |
| Loans to Morling College Ltd                    | <u>1,766,760</u>         | <u>1,200,000</u>         |
| <b>TOTAL ASSETS</b>                             | <b><u>17,877,093</u></b> | <b><u>18,085,059</u></b> |
| <b>CURRENT LIABILITIES</b>                      |                          |                          |
| Other Payables                                  | <u>31,085</u>            | <u>636,836</u>           |
| <b>NET ASSETS</b>                               | <b><u>17,846,008</u></b> | <b><u>17,448,223</u></b> |

**STATEMENT OF CHANGES IN EQUITY**

|   |                          |                          |
|---|--------------------------|--------------------------|
| Balance of Accumulated Funds<br>at the beginning of the year      | 17,448,223               | 2,223,785                |
| Comprehensive Income  | <u>397,785</u>           | <u>15,224,438</u>        |
| Balance of Accumulated Funds<br>at the end of the end of the year | <b><u>17,846,008</u></b> | <b><u>17,448,223</u></b> |

The accompanying notes form part of these accounts.

**MORLING FOUNDATION LIMITED**

ABN 22 104 797 739

**INCOME STATEMENT & STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|  | 2020<br>\$            | 2019<br>\$               |
|--|-----------------------|--------------------------|
| <b>INCOME</b>  |                       |                          |
| Interest Received and Receivable   | 255,956               | 220,501                  |
| Donations – Deductible   | 1,650                 | 1,500                    |
| – Other – Fellowships  | 0                     | 0                        |
| Other Income   | <u>0</u>              | <u>0</u>                 |
|  | <b>257,606</b>        | <b>222,001</b>           |
| <b>EXPENSES</b>  |                       |                          |
| Operating Expenses   | <u>1,263</u>          | <u>1,514</u>             |
| <b>Operating Surplus/ (Deficit)</b>  | <b>256,343</b>        | <b>220,487</b>           |
| <b>Income Tax attributable to operating Surplus</b>                            | <u>Nil</u>            | <u>Nil</u>               |
| <b>Operating Surplus/ (Deficit)</b>  | <b>256,343</b>        | <b>220,487</b>           |
| <b>OTHER COMPREHENSIVE INCOME ITEMS</b>  |                       |                          |
| Joint venture Funding (Note 7)   | 4,345,949             | 34,577,339               |
| Proceeds from compulsory acquisition<br>by RMS                                 | 0                     | 1,404,666                |
| Distributions to Morling College Ltd   |                       |                          |
| Grants for MCL Capital Works, etc  | (369,120)             | (1,779,435)              |
| Development Eldridge (net of GST)  | (2,200,973)           | 0                        |
| Development MALC (net of GST)  | (980,478)             | (18,566,776)             |
| Fellowship & Scholarships  | (33,300)              | (37,500)                 |
| Operational  | <u>(619,652)</u>      | <u>(539,927)</u>         |
| <b>Net Other Comprehensive Income</b>  | <b>398,766</b>        | <b>15,278,854</b>        |
| <b>Prior period adjustment</b>   |                       |                          |
| Interest on development loan prior year<br>to be reimbursed to Morling College | <u>(981)</u>          | <u>(54,416)</u>          |
| <b>Total Income &amp; Comprehensive Income</b>                                 | <b><u>397,785</u></b> | <b><u>15,224,438</u></b> |

The accompanying notes form part of these accounts.

**MORLING FOUNDATION LIMITED**

ABN 22 104 797 739

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   | 2020<br>\$               | 2019<br>\$               |
|---|--------------------------|--------------------------|
| <b>Cash Flows from/ (used in) Operating Activities:</b>             |                          |                          |
| Net Cash provided/ (used in) by Operating Activities (Note B below) | (2,468,715)              | 15,224,438               |
| <b>Cash Flows from Financing Activities:</b>                        |                          |                          |
| Net cash provided by Financing Activities                           |                          |                          |
| Decrease (Increase) in Receivables                                  | (467,368)                | 6,790,689                |
| Increase (Decrease) in Payables                                     | <u>(605,751)</u>         | <u>(6,628,665)</u>       |
| Net increase (decrease) in cash held                                | (3,541,834)              | 15,386,462               |
| Cash at beginning of financial year                                 | <u>16,631,199</u>        | <u>1,244,736</u>         |
| <b>Cash at end of financial year (Note A below)</b>                 | <u><b>13,089,365</b></u> | <u><b>16,631,199</b></u> |

**NOTES TO THE STATEMENT OF CASH FLOWS****Note A: Reconciliation of Cash:**

|  |                          |                          |
|--|--------------------------|--------------------------|
| Cheque Account – Baptist Financial Services  | 15,091                   | 19,556                   |
| Cheque Account – National Australia Bank     | 2,114                    | 2,114                    |
| Investments – Baptist Financial Services     | 13,072,160               | 16,609,529               |
| Term Deposits – Baptist Financial Services   | 0                        | 0                        |
| Term Deposits – Other Financial Institutions | <u>0</u>                 | <u>0</u>                 |
| <b>Cash and Cash Equivalents</b>             | <u><b>13,089,365</b></u> | <u><b>16,631,199</b></u> |

**Note B: Reconciliation of Operating result to Cash from Operations:**

|   |                           |                          |
|---|---------------------------|--------------------------|
| Operating surplus/(deficit)                                 | 397,785                   | 15,224,438               |
| Adjusted by:  |                           |                          |
| Grant receivable  | (2,866,500)               | 0                        |
| Change in Accrued Interest                                  | <u>0</u>                  | <u>0</u>                 |
| <b>Net Cash provided by/ (used in) Operating activities</b> | <u><b>(2,468,715)</b></u> | <u><b>15,224,438</b></u> |

The accompanying notes form part of these accounts.

**MORLING FOUNDATION LIMITED**

ABN 22 104 797 739

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Note 1: Statement of Accounting Policies**

These special purpose accounts of the Foundation have been drawn up so as to satisfy the requirements of the Australian Charities and Not for Profits Commission Act 2012 and in accordance with applicable Australian Accounting Standards. The Directors have determined that the Foundation is not a reporting entity.

The accounts have been prepared on the basis of historical cost and do not take into account changing money values of non-current assets. The accounting policies adopted are consistent with those of previous years.

The Foundation is a not for profit entity for financial reporting purposes.

The financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB10 or AASB128).

**Note 2: Income Tax**

The Foundation is exempt from income tax under the provisions of Section 50-5 of the Income Tax Act 1997. It is registered with the Australian Charities and Not for Profits Commission as a charity.

**Note 3: Auditor's Remuneration**

The audit fee for auditing these financial statements has been borne by Morling College Limited.

**Note 4: Nature of the Foundation**

The Foundation is incorporated under the Corporations Law as a non-profit public company limited by guarantee. On a winding up members are required to contribute an amount of \$50.00 in accordance with the Constitution should there be a shortfall of funds at that time.

The Constitution of the Foundation prohibits any distribution of the Foundation's income or assets to members. The Foundation is registered with the Australian Charities and Not for Profits Commission as a charity. The Australian Taxation Office has confirmed that the Foundation is exempt from income tax. The Foundation operates two Deductible Gift Funds, "Morling Foundation Public Fund" (ABN 19 339 473 114) and "Morling Foundation Building Fund" (ABN 22 104 797 739), donations to either of which are tax deductible to the donor.

**MORLING FOUNDATION LIMITED**

ABN 22 104 797 739

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Note 5: Movements in Deductible Gift Funds**

|   | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| <b>Morling Foundation Building Fund</b> |             |             |
| Balance at the beginning of the year    | 0           | 0           |
| Donations Received                      | 0           | 0           |
| Interest Received                       | 0           | 0           |
| Available Funds                         | 0           | 0           |
| Expended during the year                | 0           | 0           |
| Balance at the end of the year          | 0           | 0           |
| <b>Morling Foundation Public Fund</b>   |             |             |
| Balance at the beginning of the year    | 9           | 4           |
| Donations Received                      | 1,250       | 1,500       |
| Interest Received                       | 5           | 7           |
| Available Funds                         | 1,264       | 1,511       |
| Expended during the year                | (1,255)     | (1,502)     |
| Balance at the end of the year          | 9           | 9           |

**MORLING FOUNDATION LIMITED**

ABN 22 104 797 739

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Note 6: Related Party Disclosure**

The Directors during the financial year were:

Mr Brian McSweeney  
Mr Desmond Ong  
Rev Dr Ross Clifford  
Mr Geoffrey Moore

Mr David Slinn  
Rev Kel Willis  
Mr Peter McCrindle

Rev Dr Ross Clifford and Mr Peter McCrindle received remuneration from Morling College Limited, a related party, in the normal course of their engagement by the College as College Principal and as Chief Operations Officer respectively. With this exception the Directors are of the opinion that there are no related party transactions with Directors requiring disclosure.

The Directors received no remuneration from their role as Directors

Morling College Limited and The Baptist Union of New South Wales & ACT ("The Association") are considered to be related parties to the Foundation by virtue of the ability of these entities to significantly influence or control decisions at Board meetings in accordance with the Constitution. The Foundation made grants totalling \$4,203,523 (2019: \$20,923,639) to Morling College Limited during the year predominantly for the purposes of building developments.

In addition Morling Foundation provided the College with no interest unsecured loans totalling \$1,166,760 and an interest bearing loan of \$600,000 shown on the Foundation's balance sheet as non-current assets.

With these exceptions there have been no significant transactions between the Foundation and the College during the year.

**Note 7: Provision for grants receivable and payable**

During the 2017 year, a portion of the land at Herring Road Macquarie Park owned by the Baptist Association and under long term lease to Morling College Limited was subdivided and transferred to a Trust wholly owned by the Association under a property development agreement with a third party developer whereby the Association participated in the gains or losses which emerged from the development of a mixed use residential development on this portion of the land. The Assembly Council initially resolved that a grant equal to the agreed value of the land viz. \$30.3m be made to Morling Foundation Ltd to be allocated out of the final proceeds of the redevelopment. This amount was largely received during the 2019 financial year with the balance in 2020 financial year.

For this a wholly owned trust BU (NSW) Development Trust No 1 was established to hold the relevant parcel of land and the Association's interest until completion of the development. Until completion the amount of the grant was raised as a provision and offset against the same amount attributable to the Association via its equity in the Development Trust.

The financial return has been brought to account progressively on completion of the development in the form of cash payments and including transfer (in progress at 31 December 2020) of three residential units within the development. This transfer has been accrued as at 31 December 2020 with the transfer of title in progress at the date of this report.

#### **Note 8: Segment Information**

The Foundation is a not-for-profit organisation operating wholly within Australia. The Foundation's principal activity is the promotion and resourcing of theological education through the activities of Morling College.

#### **Note 9: Financial Instruments and Risk**

The Foundation holds funds in Baptist Financial Services Australia Limited, a financial institution not subject to Federal Government guarantee but subject to a voluntary code of conduct. BFS is associated with the Company by virtue of it being considered a related party to the Baptist Union of New South Wales.

The Foundation is not exposed to any currency, price or other market risk. The financial performance of invested funds is affected by interest rate changes. The effect on the result and on accumulated funds of changes in interest rates is as follows:

For a 1% increase in interest rates

|                                      |                             |
|--------------------------------------|-----------------------------|
| The annual surplus would increase by | \$130,894 (2019: \$166,312) |
|--------------------------------------|-----------------------------|

For a 1% decrease in interest rates

|                                      |                             |
|--------------------------------------|-----------------------------|
| The annual surplus would decrease by | \$130,894 (2019: \$166,312) |
|--------------------------------------|-----------------------------|

#### **Note 10: Company Details**

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

122 Herring Road  
MACQUARIE PARK NSW 2113





CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

## SHEDDEN & GREEN PARTNERS

ABN 43 723 342 276

### INDEPENDENT AUDIT REPORT

To: The Members of Morling Foundation Limited

#### **Report on the Audit of the Financial Report**

We have audited the special purpose financial report of Morling Foundation Limited, which comprises the Balance Sheet as at 31 December 2020, Statement of Changes in Equity and the Income Statement & Statement of Other Comprehensive Income, and Statement of Cash Flows accompanying notes and the directors declaration for the year then ended.

In our opinion the financial report of Morling Foundation Limited has been prepared in accordance with the requirements of the Constitution and of Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent required for special purpose financial reports, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### **Basis for opinion**

We conducted the 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 registered entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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.

#### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the responsible entities' financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### **Responsibility of Those Charged with Governance for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation of the financial report is appropriate to meet the requirements of the ACNC Act

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19-21 Central Road  
MIRANDA NSW 2228

PO Box 142  
MIRANDA 1490

Email: [reception@sheddenandgreen.com.au](mailto:reception@sheddenandgreen.com.au)

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and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a 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 responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

The audit 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 the 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 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' 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 registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the audit opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the registered entity 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 those charged with governance 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 the audit.



Shedden & Green Partners  
Lawrence R Green FCA – Partner

Dated: 8 March 2021  
Miranda NSW



Baptist Business  
College Limited  
(Bedford College)

ABN 99 000 049 187

A Company Limited by Guarantee

Financial Report  
for the year ended 31 December 2020



**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.B.N. 99 000 049 187**  
**(A Company Limited by Guarantee)**



**FINANCIAL REPORT**

**For the year ended**

**31st December 2020**

## DIRECTOR'S REPORT

Your directors present their report on the company for the financial year ended 31 December 2020.

### **DIRECTORS**

|                      |  |
|----------------------|--|
| Mr Graham Jones      | Resigned 21/04/2020                      |
| Mrs Yvette Karwaj    |  |
| Mrs Cathy Monro      |  |
| Mr Peter Smith       |  |
| Rev. Jamie Long      |  |
| Mr Allen Sibley      |  |
| Mr Geoffrey Moore    | Resigned 11/02/2020                      |
| Mrs Judith Carpenter | Appointed 18/02/2020 Resigned 20/07/2020 |
| Mr David Slinn       | Appointed 18/02/2020                     |
| Ms Adele Ezzy        | Appointed 07/04/2020 Resigned 15/12/2020 |
| Ms Meighan Heard     | Appointed 16/06/2020                     |
| Mr Phillip Nash      | Appointed 27/01/2021                     |

Directors have been in office since the start of the financial year unless otherwise stated.

### **PRINCIPAL ACTIVITIES**

Bedford College is a Baptist ministry and a Registered Training Organisation. We operate with a Christian worldview and prepare people with the essential skills for life — providing skill-based training in childcare, aged care, disability support, home care, business and management, education support, and community services. The students are generally school leavers, unemployed, retired, socially disadvantaged, restless, and those seeking new skills to enhance their employment opportunities.

#### **Bedford's mission is:**

- to be an innovative provider of quality training that meets society's current and emerging needs, and to strive for excellence in all we do.
- to provide students with a caring, Christian environment which enhances their ability to succeed — and to assist individuals of
- all backgrounds and cultures to work and learn in harmony.

#### **Bedford's values mean that with a Christian heart, we are:**

- *inclusive* - an inviting, friendly and safe place of learning
- *purpose-driven* - pursuing God's transformative agenda
- *empowering* - seeking to bring out the best in our team and students
- *excellence* - world-class education delivered to the highest standards
- *caring* - compassionate and making time to help those in need
- *innovative* - seeking new and entrepreneurial ways to do things

#### **Bedford College measures performance through these strategic indicators as we:**

- deliver courses that are meeting current and emerging social needs.
- are recognised as a key contributor to the Baptist movement and wider Christian community.
- ensure the ministry is growing and sustainable.
- collaborate and partner with others to achieve our objectives.
- are recognised as a leader in vocational education.
- develop dedicated, highly skilled, educators who want to make a real difference in the world.
- develop graduates who are equipped for work and enriched for life.

## INFORMATION ON DIRECTORS

|                             |  |
|-----------------------------|--|
| <b>Mr Graham Jones</b>      | Director, appointed 05/06/2012<br>Resigned 21/04/2020  |
| Qualifications:             | B.Comm & Law; Member Law Society of NSW  |
| Experience:                 | Board Member, Scripture Union of NSW; Principal, Graham Jones Lawyers since 1998; practising solicitor, various law firms 1983-98  |
| <b>Mrs Yvette Karwaj</b>    | Director, appointed 31/01/2012   |
| Qualifications:             | B.Education Early Childhood; Diploma of Teaching Early Childhood   |
| Experience:                 | Director and Teacher, St Stephen's Preschool   |
| <b>Mrs Cathy Monro</b>      | Chair, appointed 10/12/2019, Director, appointed 18/10/2016  |
| Qualifications:             | B.International & Global Studies (Honours)   |
| Experience:                 | Sessional Academic and PhD Candidate, University of Sydney; Assembly Council Member, Baptist Churches of NSW & ACT; former Director and Committee Chair, Ashfield Baptist Homes Ltd; former Consultant Researcher, Anglicare; former Treasurer, Committee of Management, Ashfield Baptist Childcare Inc.   |
| <b>Mr Peter Smith</b>       | Secretary, appointed 18/2/2020; Director, appointed 01/08/2010   |
| Qualifications:             | MBA  |
| Experience:                 | CIO, Mission Australia   |
| <b>Rev Jamie Long</b>       | Director, appointed 10/12/2019   |
| Qualifications:             | B.Min; GradDipMin  |
| Experience:                 | Chair of Assembly Council, Baptist Churches of NSW and ACT; Minister at Wyong Baptist Church   |
| <b>Mr Allen Sibley</b>      | Director, appointed 10/12/2019   |
| Qualifications:             | MBA; DipTeach; GAICD   |
| Experience:                 | Chief Operating Officer, PeaceWise Management Consultant; Chairman and Director, IntegriCare Pty Ltd; Assembly Council Member, Baptist Association of NSW & ACT; former Director and General Manager, BaptistCare NSW & ACT, former General Manager at Verizon Inc., former Manager, Fujitsu Australia Ltd |
| <b>Ms Meighan Heard</b>     | Director, appointed 16/06/2020   |
| Qualifications:             | MBA; LLB   |
| Experience:                 | GM, Gov/legal/CoSec, BaptistCare NSW & ACT   |
| <b>Mr Geoffrey Moore</b>    | Director, appointed 10/12/2019<br>Resigned 11/2/2020   |
| Qualifications:             | BA; LLB; LLM   |
| Experience:                 | Barrister; Hon Legal Advisor to Baptist Churches of NSW and ACT; Member, Baptist Churches of NSW Property Trust  |
| <b>Mrs Judith Carpenter</b> | Director, appointed 18/2/2020<br>Resigned 20/07/2020   |
| Qualifications:             | BA; TCert; MIMCA; MAICD  |
| Experience:                 | Director, Judith Carpenter & Associates; former Chair, BaptistCare   |
| <b>Mr David Slinn</b>       | Director, appointed 18/2/2020  |
| Qualifications:             | B.Com; LLB; LLM; Ad. Dip.Fin. Licensing; FCA; MAICD  |
| Experience:                 | CEO, Baptist Financial Services Australia Limited; Assembly Council Member, Baptist Association of NSW & ACT   |
| <b>Mrs Adele Ezzy</b>       | Director, appointed 07/04/2020   |
| Qualifications:             | B.Com; GAICD   |
| Experience:                 | Deputy Chair, Interrelate Ltd; Senior Consultant, Step Two Sydney  |

**Mr Phillip Nash**

Qualifications:

Experience:

Director, appointed 27/01/2021

MBA; BA; Dip.Teaching

Principal, Green Point Christian College; Director, New Hope International

**MEETING OF DIRECTORS**

During the financial year, 10 meetings of directors were held and 6 meetings of the Audit & Finance Committee were held.

|                      | Director's Meetings   |             | Audit & Finance Committee |             |
|----------------------|-----------------------|-------------|---------------------------|-------------|
|                      | No Eligible to attend | No Attended | No Eligible to attend     | No Attended |
| Mr Graham Jones      | 2                     | 2           | 2                         | 0           |
| Mrs Yvette Karwaj    | 10                    | 10          | -                         | -           |
| Mrs Cathy Monro      | 10                    | 10          | -                         | -           |
| Mr Peter Smith       | 10                    | 8           | -                         | -           |
| Rev. Jamie Long      | 10                    | -           | -                         | -           |
| Mr Allen Sibley      | 10                    | 10          | 6                         | 6           |
| Mrs Geoffrey Moore   | -                     | -           | -                         | -           |
| Mrs Judith Carpenter | 5                     | 5           | -                         | -           |
| Mr David Slinn       | 10                    | 10          | 6                         | 6           |
| Mrs Adele Ezzy       | 8                     | 4           | -                         | -           |
| Ms Meighan Heard     | 5                     | 5           | -                         | -           |

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At 31 December 2020 the total amount that members of the company are liable to contribute if the company winds up is \$18.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 31 December 2020 has been received and can be found on page 4 of the financial report.

The Director's Report is signed in accordance with a resolution of the Board of Directors



Director

Date

31 March 2021



THOMAS DAVIS & CO  
CHARTERED ACCOUNTANTS  
ESTABLISHED 1894

www.thomasdavis.com.au  
mail@thomasdavis.com.au

**BAPTIST BUSINESS COLLEGE LIMITED**  
**ABN: 99 000 049 187**  
**(A Company Limited by Guarantee)**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN  
CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 (ACNC ACT)**

As lead auditor of the company for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

THOMAS DAVIS & CO.

J.G. RYAN

PARTNER

Chartered Accountants

SYDNEY,

31 March 2021

Liability limited by a scheme approved under Professional Standards Legislation

A member of



Independent legal & accounting firms

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Sydney 2000 Sydney 20014 F: (02) 9231 6792

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64  
CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND



**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.B.N. 99 000 049 187**  
**(A Company Limited by Guarantee)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

| 2019<br>\$       |  | Notes | 2020<br>\$       |
|------------------|--|-------|------------------|
|                  | <b>Income</b>                                  |       |                  |
| 1,294,746        | Revenue  | 2     | 1,019,096        |
| 338,437          | Other Income                                   | 2     | 835,496          |
| <u>1,633,183</u> | Total Revenue and Other Income                 |       | <u>1,854,592</u> |
|                  | <b>Expenses</b>                                |       |                  |
| 328,232          | Depreciation and Amortisation                  |       | 348,746          |
| 16,752           | Repairs, Maintenance and Vehicle Running       |       | 9,240            |
| 95,641           | Fuel, Light and Power                          |       | 81,484           |
| 11,411           | Audit, Legal and Consultancy                   |       | 24,191           |
| 26,231           | Accreditation                                  |       | 6,384            |
| 119,644          | Advertising & Marketing                        |       | 135,996          |
| 2,477            | Bad Debts Written Off                          |       | -                |
| 3,232            | Bank Fees                                      |       | 1,688            |
| 1,375            | Board Expenses                                 |       | 12,040           |
| 39,945           | Cleaning                                       |       | 34,325           |
| 31,257           | Commissions                                    |       | 21,866           |
| 75,724           | Computer                                       |       | 82,162           |
| 1,389            | Conferences                                    |       | -                |
| 12,804           | Consultancy Fees                               |       | 41,893           |
| 24,105           | Council & Water Rates                          |       | 22,931           |
| 16,292           | Cost of Sales                                  |       | 14,260           |
| -                | Donations/Contributions                        |       | -                |
| (3,186)          | Doubtful Debts Expense                         |       | (388)            |
| 7,287            | Graduation                                     |       | 10,456           |
| 63,730           | Insurance                                      |       | 73,967           |
| -                | Interest paid                                  |       | -                |
| 51,905           | Leasing Expenses                               |       | 8,795            |
| 3,740            | Memberships                                    |       | 9,615            |
| 8,429            | Office & Sundry Expenses                       |       | 5,067            |
| 862,718          | Payroll and Employee Expenses                  |       | 1,049,888        |
| 2,091            | Postage & Freight                              |       | 4,936            |
| 15,954           | Printing & Stationery                          |       | 16,458           |
| 76,059           | Repairs & Maintenance                          |       | 72,603           |
| 4,571            | Security                                       |       | 5,335            |
| 16,160           | Staff Development & Recruitment                |       | 25,425           |
| 18,966           | Teaching Resources and Expenses                |       | 43,146           |
| 30,779           | Telephone                                      |       | 30,180           |
| 2,190            | Travel   |       | 261              |
| 9,729            | Property & Other expenses                      |       | 11,179           |
| <u>1,977,633</u> | Total Expenses                                 |       | <u>2,204,129</u> |
| (344,450)        | <b>Profit/(Loss) before Income tax expense</b> |       | (349,537)        |
| -                | Income tax expense                             | 1(h)  | -                |
| <u>(344,450)</u> | <b>Net Profit/(Loss) for the year</b>          |       | <u>(349,537)</u> |

The accompanying notes form part of these financial statements

**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.B.N. 99 000 049 187**  
**(A Company Limited by Guarantee)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

| 2019<br>\$       | Notes   | 2020<br>\$       |
|------------------|---|------------------|
|                  |   |                  |
|                  | <b>Other Comprehensive Income after income tax:</b>                                 |                  |
| 4,790,810        | Net gain on revaluation of non-current assets <b>8</b>                              | -                |
| <u>4,790,810</u> | <b>Other Comprehensive Income for the year, net of tax</b>                          | <u>-</u>         |
| <u>4,446,360</u> | <b>Total Comprehensive Income/(Loss) for the year</b>                               | <u>(349,537)</u> |
| <u>4,446,360</u> | <b>Total Comprehensive Income/(Loss) attributable to the members of the Company</b> | <u>(349,537)</u> |

**The accompanying notes form part of these financial statements**

**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.B.N. 99 000 049 187**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2020**

| 2019<br>\$               |  | Notes | 2020<br>\$               |
|--------------------------|--|-------|--------------------------|
|                          | <b>CURRENT ASSETS</b>                  |       |                          |
| 1,244,514                | Cash and cash equivalents              | 4     | 1,202,483                |
| 140,833                  | Trade and Other Receivables            | 5     | 59,740                   |
| 7,836                    | Inventory                              | 6     | 7,164                    |
| 146,651                  | Other Assets                           | 7     | 72,810                   |
| <u>1,539,834</u>         | <b>TOTAL CURRENT ASSETS</b>            |       | <u>1,342,197</u>         |
|                          | <b>NON-CURRENT ASSETS</b>              |       |                          |
| 20,121,830               | Property, Plant & Equipment            | 8     | 19,781,917               |
| <u>20,121,830</u>        | <b>TOTAL NON-CURRENT ASSETS</b>        |       | <u>19,781,917</u>        |
| <u><u>21,661,664</u></u> | <b>TOTAL ASSETS</b>                    |       | <u><u>21,124,114</u></u> |
|                          | <b>CURRENT LIABILITIES</b>             |       |                          |
| 479,169                  | Trade and Other Payables               | 9     | 420,639                  |
| 189,056                  | Provisions                             | 10    | 59,573                   |
| <u>668,225</u>           | <b>TOTAL CURRENT LIABILITIES</b>       |       | <u>480,212</u>           |
|                          | <b>NON - CURRENT LIABILITIES</b>       |       |                          |
| 1                        | Borrowings                             | 11    | 1                        |
| <u>1</u>                 | <b>TOTAL NON - CURRENT LIABILITIES</b> |       | <u>1</u>                 |
| <u><u>668,226</u></u>    | <b>TOTAL LIABILITIES</b>               |       | <u><u>480,213</u></u>    |
| <u><u>20,993,438</u></u> | <b>NET ASSETS</b>                      |       | <u><u>20,643,901</u></u> |
|                          | <b>MEMBERS' FUNDS</b>                  |       |                          |
| 15,001,852               | Retained Earnings                      |       | 14,652,315               |
| 1,200,776                | Reserves                               |       | 5,991,586                |
| <u><u>16,202,628</u></u> | <b>TOTAL MEMBERS' FUNDS</b>            |       | <u><u>20,643,901</u></u> |

The accompanying notes form part of these financial statements

**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.B.N. 99 000 049 187**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CHANGES IN MEMBERS' FUNDS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

|   | Retained<br>Earnings | Revaluation<br>Surplus | Total             |
|---|----------------------|------------------------|-------------------|
| <b>Balance at 1 January 2019</b>  | 15,346,302           | 1,200,776              | 16,547,078        |
| <b>Total Comprehensive Income for the year</b>                          |                      |                        |                   |
| Profit attributable to members  | (344,450)            | -                      | (344,450)         |
| Other Comprehensive Income for the year                                 |                      |                        |                   |
| - net gain on revaluation of assets                                     | -                    | 4,790,810              | 4,790,810         |
| Total Other Comprehensive Income  | <u>-</u>             | <u>4,790,810</u>       | <u>4,790,810</u>  |
| <b>Total Comprehensive Income attributable to members of the entity</b> | (344,450)            | 4,790,810              | 4,446,360         |
| <b>Balance at 31 December 2019</b>                                      | <u>15,001,852</u>    | <u>5,991,586</u>       | <u>20,993,438</u> |
| <b>Balance at 1 January 2020</b>  | 15,001,852           | 5,991,586              | 20,993,438        |
| <b>Total Comprehensive Income for the year</b>                          |                      |                        |                   |
| Profit attributable to members  | (349,537)            | -                      | (349,537)         |
| Other Comprehensive Income for the year                                 |                      |                        |                   |
| - net gain on revaluation of assets                                     | -                    | -                      | -                 |
| Total Other Comprehensive Income  | <u>-</u>             | <u>-</u>               | <u>-</u>          |
| <b>Total Comprehensive Income attributable to members of the entity</b> | (349,537)            | -                      | (349,537)         |
| <b>Balance at 31 December 2020</b>                                      | <u>14,652,315</u>    | <u>5,991,586</u>       | <u>20,643,901</u> |

The accompanying notes form part of these financial statements

**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.B.N. 99 000 049 187**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

| <b>2019</b>           |   | <b>Notes</b> | <b>2020</b>           |
|-----------------------|---|--------------|-----------------------|
| <b>\$</b>             |   |              | <b>\$</b>             |
| Inflows<br>(Outflows) |   |              | Inflows<br>(Outflows) |
|                       | <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |              |                       |
| 1,383,066             | Revenue from Operations   |              | 1,490,133             |
| (1,643,532)           | Payments to Suppliers and Employees                               |              | (1,987,068)           |
| 304,126               | Rent Received   |              | 439,584               |
| -                     | Interest paid   |              | -                     |
| 15,492                | Interest Received   |              | 12,445                |
| <u>59,152</u>         | <b>NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>      | 16           | <u>(44,906)</u>       |
|                       | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |              |                       |
| (116,720)             | Payment for Property, Plant & Equipment                           |              | (10,763)              |
| -                     | Proceeds from Sale of Property, Plant & Equipment                 |              | 13,638                |
| <u>(116,720)</u>      | <b>NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES</b>      |              | <u>2,875</u>          |
|                       | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |              |                       |
| -                     | Repayment of Borrowings   |              | -                     |
| <u>-</u>              | <b>NET CASH USED IN INVESTING ACTIVITIES</b>                      |              | <u>-</u>              |
| (57,568)              | <b>NET INCREASE/(DECREASE) IN CASH HELD</b>                       |              | (42,031)              |
| 1,302,082             | Cash and cash equivalents at the beginning of the Financial Year  |              | 1,244,514             |
| <u>1,244,514</u>      | <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b> | 4            | <u>1,202,483</u>      |

The accompanying notes form part of these financial statements

**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.B.N. 99 000 049 187**  
**(A Company Limited by Guarantee)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

Baptist Business College Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The 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 and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act). 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 stated otherwise.

These financial statements, except for cash flow information, have been prepared on an accruals basis and are based on the 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.

The financial statements were authorised for issue on 30 March 2021 by the directors of the company.

**Accounting Policies**

**(a) Revenue**

When the company receives operating grant revenue or donations, it assesses whether the contract is enforceable and has sufficient specific performance obligations in accordance with AASB 15. When both these conditions are satisfied the company identifies each performance obligation relating to the grant, recognises a contract liability for these obligations and recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations the company either recognises the asset received in accordance with the requirements of other applicable accounting standards, recognises related amounts or recognises income immediately in profit and loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the company recognises income in profit and loss when or as it satisfies its obligations under the contract.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are stated net of the amount of goods and services tax (GST). Revenue is recognised for activities as follows:

Student fees are recognised in the statement of comprehensive income upon the performance of tuition to students.

Donations are generally recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service or sale of goods to students.

**(b) Inventories**

Inventories are measured at the lower of cost and current replacement cost. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

**BAPTIST BUSINESS COLLEGE LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Property, Plant & Equipment**

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

**Freehold Property**

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity.

Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the statement of comprehensive income.

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at fair value of the asset at the date it is acquired.

**Plant and equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(d) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of improvements.

The depreciation rates used for each class of depreciable assets are:

| <b>Class of Fixed Asset</b> | <b>Depreciation Rate</b> |
|-----------------------------|--------------------------|
| Building                    | 2.5%                     |
| Plant and Equipment         | 10%                      |
| Motor Vehicles              | 15%                      |
| Computers                   | 33.3%                    |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Freehold Property (continued)**

**(d) Impairment of Assets**

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. An excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard (eg. In accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

**(e) Employee Benefits**

**Short-Term employee benefits:**

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

**Short-Term employee benefits:**

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

**Retirement benefit obligations**

*Defined contribution superannuation benefits:*

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.50% of the employees average ordinary salary) to the employee's fund of choice. All the contributions in respect of employee's defined contribution entitlement is recognized as an expense when then become payable. The company's obligations with respect to employees' defined contribution entitlements is limited to its superannuation obligations for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(h) Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.



**BAPTIST BUSINESS COLLEGE LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(j) 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.

**(k) Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to confirm with changes in presentation for the current financial year.

**(l) Trade and Other Receivables**

Trade receivables and other debtors are recognised at fair value less provision for doubtful debts. Trade receivables are due for settlement based on normal terms of credit from the date of invoice.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount of the asset and the total of estimated future cash flows. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income.

The application of AASB 9 has resulted in the need to review the lifetime expected credit loss when assessing any provision for doubtful debts, which is not considered to have any material effect.

**(m) Leases**

At inception of a contract, the company assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and a corresponding lease liability is recognised by the company where the entity is a lessee. These leases are measured at their net present values and include future lease payments under an option where that option is reasonably expected to be taken up. The leases are amortised on a straight-line basis over the term of the lease. However all contracts that are classified as short-term leases (less than 12 months) and leases of low value assets are recognised as operating expenses over the term of the lease.

**(n) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself either purchase or sell the asset (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.

Trade receivables are initially measured at transaction price if the trade receivables do not contain significant financing components.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Financial Instruments (continued)**

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

As per AASB 9 an expected credit loss model is applied, and not an incurred credit loss model as per the previous applicable standard (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the company to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to the 12 month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

The company has adopted the simple approach under AASB 9 in relation to trade receivables, as the loss allowance is measured at the lifetime expected credit loss.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(o) 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 based on current trends and economic data, obtained both externally and internally within the company.

**BAPTIST BUSINESS COLLEGE LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

| 2019<br>\$       |  | 2020<br>\$       |
|------------------|--|------------------|
|                  | <b>NOTE 2 - REVENUE AND OTHER INCOME</b>                                     |                  |
|                  | <i><b>Operating Activities</b></i>   |                  |
| 22,620           | Sales Revenue  | 19,480           |
| 1,272,126        | Student Fees   | 999,616          |
| <u>1,294,746</u> |  | <u>1,019,096</u> |
|                  | <i><b>Other Income</b></i>   |                  |
| 304,126          | Rent Received  | 439,584          |
| 15,492           | Interest Received  | 12,445           |
| 18,319           | Other Income   | 1,309            |
|                  | Government COVID-19 Stimulus   | 370,450          |
| -                | Profit on Sale of Fixed Assets   | 11,708           |
| 500              | Donations Received   | -                |
| <u>338,437</u>   |  | <u>835,496</u>   |
| <u>1,633,183</u> |  | <u>1,854,592</u> |
|                  | <b>NOTE 3 - PROFIT FOR THE YEAR INCLUDES THE FOLLOWING SPECIFIC EXPENSES</b> |                  |
|                  | <i><b>Expenses</b></i>   |                  |
| 328,232          | Depreciation and amortisation  | 348,746          |
| (709)            | Bad and Doubtful Debts   | (388)            |
| 10,600           | Auditing of the Accounts   | 10,850           |
|                  | <b>NOTE 4 - CURRENT ASSETS - CASH AND CASH EQUIVALENTS</b>                   |                  |
| 776              | Cash on Hand   | 957              |
| 1,161,238        | Cash at Bank   | 1,096,526        |
| 82,500           | Cash on Deposit  | 105,000          |
| <u>1,244,514</u> |  | <u>1,202,483</u> |
|                  | <b>NOTE 5 - CURRENT ASSETS - TRADE AND OTHER RECEIVABLES</b>                 |                  |
| 152,017          | Trade Receivables  | 21,954           |
| (15,889)         | Less: Provision for Doubtful Debts   | (4,420)          |
| 136,128          |  | 17,534           |
| 4,705            | Other Receivables  | 42,206           |
| <u>140,833</u>   |  | <u>59,740</u>    |
|                  | <b>NOTE 6 - CURRENT ASSETS - INVENTORY</b>                                   |                  |
| 7,836            | Inventory  | 7,164            |
| <u>7,836</u>     |  | <u>7,164</u>     |
|                  | <b>NOTE 7 - CURRENT ASSETS - OTHER</b>                                       |                  |
| 71,441           | Accrued Income   | -                |
| 75,210           | Prepayments  | 72,810           |
| <u>146,651</u>   |  | <u>72,810</u>    |

**BAPTIST BUSINESS COLLEGE LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

| 2019<br>\$   |   |            | 2020<br>\$        |
|--|---|------------|-------------------|
| <b>NOTE 8 - NON-CURRENT ASSETS - PROPERTY, PLANT &amp; EQUIPMENT</b> |   |            |                   |
| 7,530,000  | Freehold Land - at directors' valuation |            | 7,530,000         |
| 12,500,000   | Buildings - at directors' valuation     | 12,500,000 |                   |
| -  | Buildings - at cost                     | 9,600      |                   |
| -  | Less: Accumulated Depreciation          | (312,682)  |                   |
| 12,500,000   |   |            | 12,196,918        |
| 230,553  | Plant & Equipment - at cost             | 229,390    |                   |
| (164,100)  | Less: Accumulated Depreciation          | (182,014)  |                   |
| 66,453   |   |            | 47,376            |
| 96,420   | Motor Vehicles - at cost                | 68,461     |                   |
| (78,873)   | Less: Accumulated Depreciation          | (64,417)   |                   |
| 17,547   |   |            | 4,044             |
| 434,676  | Computers - at cost                     | 435,838    |                   |
| (426,846)  | Less: Accumulated Depreciation          | (432,259)  |                   |
| 7,830  |   |            | 3,579             |
| <u>20,121,830</u>  |   |            | <u>19,781,917</u> |

**MOVEMENT IN CARRYING AMOUNTS OF PROPERTY PLANT & 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:

|  | <b>Freehold Land &amp; Buildings</b> |                   | <b>Plant &amp; Equipment</b> |               | <b>Total (\$)</b> |
|--|--------------------------------------|-------------------|------------------------------|---------------|-------------------|
|  | <b>2019</b>                          | <b>2020</b>       | <b>2019</b>                  | <b>2020</b>   | <b>2020</b>       |
| Balance at the beginning of the year   | 15,410,167                           | 20,030,000        | 132,365                      | 91,830        | 20,121,830        |
| Additions                              | 116,720                              | 9,600             | -                            | 1,163         | 10,763            |
| Revaluation Increments                 | 4,790,810                            | -                 | -                            | -             | -                 |
| Depreciation for the year              | (287,697)                            | (312,682)         | (40,535)                     | (36,064)      | (348,746)         |
| Sales/assets written off               | -                                    | -                 | -                            | (1,930)       | (1,930)           |
| Carrying amount at the End of the Year | <u>20,030,000</u>                    | <u>19,726,918</u> | <u>91,830</u>                | <u>54,999</u> | <u>19,781,917</u> |

**Asset Revaluations**

The freehold land and buildings were independently valued in March 2020 by Independent Property Valuations Pty Limited. The valuations were based on the fair values of the properties. The critical assumptions adopted in determining the valuations included the location of the land and buildings, the current storage demand for land and buildings in the area and recent sales data for similar properties. The valuations were adopted as at 31 December 2019 and resulted in a revaluation increment of \$4,790,810 being recognised in the revaluation surplus for the 2019 year.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

| 2019<br>\$  |                                     | 2020<br>\$     |
|---|-------------------------------------|----------------|
| <b>NOTE 9 - CURRENT LIABILITIES - TRADE AND OTHER PAYABLES</b>      |                                     |                |
| 36,032  | Trade Payables                      | 76,543         |
| 105,000   | Rental Bonds                        | 105,000        |
| 242,519   | Deferred Income                     | 189,263        |
| 95,618  | Other Creditors & Accruals          | 49,833         |
| <u>479,169</u>  |                                     | <u>420,639</u> |
| <b>Financial liabilities classified as trade and other payables</b> |                                     |                |
| Trade and Other Payables:   |                                     |                |
| 479,169   | - total current                     | 420,639        |
| 105,000   | Less: Rental Bonds                  | 105,000        |
| 242,519   | Less: Deferred Income               | 189,263        |
| 95,618  | Less: Other Payables                | 49,833         |
| <u>36,032</u>   |                                     | <u>76,543</u>  |
| <b>NOTE 10 - CURRENT LIABILITIES - PROVISIONS</b>                   |                                     |                |
| 203,995   | Opening Balance at 1 January 2018   | 189,056        |
| (14,939)  | Movements in provisions during year | (129,483)      |
| <u>189,056</u>  | Balance at 31 December 2019         | <u>59,573</u>  |
| Analysis of total provisions  |                                     |                |
| Current:  |                                     |                |
| 63,121  | - Annual Leave Entitlements         | 14,217         |
| 125,935   | - Long Service Entitlements         | 45,356         |
| <u>189,056</u>  |                                     | <u>59,573</u>  |

**Provision for Employee Benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event the employees wish to use their entitlement.

**NOTE 11 - NON - CURRENT LIABILITIES - BORROWINGS**

|          |                                       |          |
|----------|---------------------------------------|----------|
| <u>1</u> | Baptist Financial Services - Mortgage | <u>1</u> |
| <u>1</u> |                                       | <u>1</u> |

**NOTE 12 - COVID**

The COVID-19 pandemic had a significant impact on the operations of the College due to the fact that no International students were able to enrol in courses and travel to Australia. Additionally there are many pre-enrolled students who have pre-paid fees and not been able to attend. These funds are held on the Balance Sheet and may have to be refunded in the future. The College benefited from the government funding provided by both Jobkeeper and the Cash Stimulus to a total of \$370,000.

**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.B.N. 99 000 049 187**  
**(A Company Limited by Guarantee)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

**NOTE 13 - EVENTS AFTER THE REPORTING PERIOD**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the company.

**NOTE 14 - KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management personnel compensation for the years ended 31 December 2020 and 2019 is set out below. The key management personnel are all the directors of the company and the principal. The directors are responsible for planning, directing and controlling the activities of the company. The principal represents the key management personnel involved with the operation of the company. Remuneration paid to the principal is as follows:

|      | Short-term benefits<br>\$ | Post-<br>Employment<br>benefits \$ | Other long-term<br>benefits \$ | Termination<br>benefits \$ | Total \$ |
|------|---------------------------|------------------------------------|--------------------------------|----------------------------|----------|
| 2020 | 120,039                   | 15,906                             | 5,831                          | 133,307                    | 275,083  |
| 2019 | 194,859                   | 24,058                             | 5,532                          | -                          | 224,449  |

The company paid consultancy fees amounting to \$126,500 to Colloquium Group during the year for providing interim CEO services.

**NOTE 15 - FAIR VALUE MEASUREMENTS**

The company has the following assets, as set out in table below, that have been measured at fair value on a recurring basis after their initial recognition. The company does not have any liabilities that are carried at fair value in the statement of financial position and has no assets or liabilities that are measured at fair value on a non-recurring basis.

| 2019<br>\$        |  | 2020<br>\$        |
|-------------------|--|-------------------|
|                   | <b>RECURRING FAIR VALUE MEASUREMENTS</b> |                   |
| 7,530,000         | Freehold Land - at directors' valuation  | 7,530,000         |
| 12,500,000        | Buildings - at directors' valuation      | 12,500,000        |
| <u>20,030,000</u> |  | <u>20,030,000</u> |

For freehold land and buildings, the fair values are based on director's valuation taking into account an external independent valuation performed in March 2020, which used comparable market data for similar properties.

**NOTE 16 - RECONCILIATION OF NET CASH PROVIDED BY/ (USED IN)**  
**OPERATING ACTIVITIES TO PROFIT FROM ORDINARY ACTIVITIES**

| 2019<br>\$    |   | 2020<br>\$      |
|---------------|---|-----------------|
| (344,450)     | Profit/(Loss) after Income Tax from Ordinary Activities | (349,537)       |
| 328,232       | Depreciation  | 348,746         |
| -             | (Profit) / Loss on Sale of Fixed Assets                 | (11,708)        |
| (14,939)      | Increase/ (Decrease) in Employee Provisions             | (129,483)       |
|               | <i>Change in Assets &amp; Liabilities</i>               |                 |
| 3,312         | (Increase)/Decrease in Inventories                      | 672             |
| 57,523        | (Increase)/Decrease in Trade & Other Receivables        | 81,093          |
| (68,131)      | (Increase)/Decrease in Accrued Income                   | 71,441          |
| (20,749)      | (Increase)/Decrease in Prepayments                      | 2,400           |
| 80,109        | Increase/(Decrease) in Deferred Income                  | (53,256)        |
| 38,245        | Increase/(Decrease) in Trade & Other Payables           | (5,274)         |
| <u>59,152</u> |   | <u>(44,906)</u> |

**BAPTIST BUSINESS COLLEGE LIMITED**  
**A.C.N. 000 049 187**  
**(A Company Limited by Guarantee)**

**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Baptist Business College Limited, the directors of the company declare that:

- (1) the financial statements and notes as set out on pages 5 to 18, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), and :
  - (a) comply with Accounting Standards - Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position of the company as at 31 December 2020 and of its performance for the year ended on that date;
- (2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors and is signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

For and on behalf of the Board



Director

SYDNEY,

30 March 2021



# THOMAS DAVIS & CO

## CHARTERED ACCOUNTANTS

ESTABLISHED 1894

www.thomasdavis.com.au  
mail@thomasdavis.com.au

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF BAPTIST BUSINESS COLLEGE LIMITED A.B.N. 99 000 049 187 (A Company Limited by Guarantee)

#### Opinion

We have audited the financial report of Baptist Business College Limited, which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in members' fund's and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors declaration.

In our opinion, the financial report of Baptist Business College Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December, 2020 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 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 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.

#### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Report

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 and 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 relating 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.

A member of



Independent legal & accounting firms

L13, 56 Pitt St      GPO Box 492      T: (02) 9232 1188  
Sydney 2000      Sydney 2000      F: (02) 9231 6792

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CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND



### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with 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 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.



THOMAS DAVIS & CO.



J.G. RYAN

PARTNER

Chartered Accountants

SYDNEY,  
31 March 2021



**Baptist Foundation of NSW Limited**  
ABN 31 000 871 821

**Financial Report**  
for the year ended 30 June 2020



**BAPTIST FOUNDATION OF NSW LIMITED**  
**ABN 31 000 871 821**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

|  | <u>Notes</u> | <u>2020</u>    | <u>2019</u>    |
|--|--------------|----------------|----------------|
| Revenues From<br>Ordinary Activities                                       | 5            | \$4,566        | \$7,564        |
| Less: Expenditure:   |              |                |                |
| Other expenses from ordinary activities                                    |              | (1,041)        | (2,233)        |
| Surplus from Ordinary Activities<br>Before Income Tax Expense              |              | <u>\$3,525</u> | <u>\$5,331</u> |
| Income Tax Expense Relating To<br>Ordinary Activities                      | 2            | 0              | 0              |
| Net Surplus from Ordinary Activities<br>After Income Tax Expense           | 9            | <u>\$3,525</u> | <u>\$5,331</u> |
| Total Changes in accumulated funds from<br>non-member related transactions |              | <u>\$3,525</u> | <u>\$5,331</u> |

The Accompanying notes form part of the Annual Financial Report.

BAPTIST FOUNDATION OF NSW LIMITED  
ABN 31 000 871 821  
**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

|   | <u>Notes</u> | <u>2020</u>      | <u>2019</u>      |
|---|--------------|------------------|------------------|
| Balance at the beginning<br>Of the year | 9            | 251,924          | 246,593          |
| Surplus for the year                    |              | <u>3,525</u>     | <u>5,331</u>     |
| Balance at the end<br>Of the year       |              | <u>\$255,449</u> | <u>\$251,924</u> |

The Accompanying notes form part of the Annual Financial Report.

**BAPTIST FOUNDATION OF NSW LIMITED**  
**ABN 31 000 871 821**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

|  | <u>Notes</u> | <u>2020</u>             | <u>2019</u>             |
|--|--------------|-------------------------|-------------------------|
| <b><u>CURRENT ASSETS:</u></b>                |              |                         |                         |
| Cash   | 6            | 135,940                 | 132,334                 |
| Investments                                  | 7            | 128,000                 | 128,000                 |
|  |              | <hr/>                   | <hr/>                   |
| TOTAL CURRENT ASSETS                         |              | <u>\$263,940</u>        | <u>\$ 260,334</u>       |
| <b><u>NON-CURRENT ASSETS:</u></b>            |              |                         |                         |
|  |              | <hr/>                   | <hr/>                   |
| TOTAL NON-CURRENT ASSETS                     |              | \$ 0                    | \$ 0                    |
|  |              | <hr/>                   | <hr/>                   |
| TOTAL ASSETS                                 |              | <u>\$263,940</u>        | <u>\$260,334</u>        |
| <b><u>CURRENT LIABILITIES</u></b>            |              |                         |                         |
| Payables                                     | 8            | 8,491                   | 8,410                   |
|  |              | <hr/>                   | <hr/>                   |
| TOTAL CURRENT LIABILITIES                    |              | <u>\$8,491</u>          | <u>\$8,410</u>          |
|  |              | <hr/>                   | <hr/>                   |
| <b><u>NET ASSETS</u></b>                     |              | <b><u>\$255,449</u></b> | <b><u>\$251,924</u></b> |
| <b><u>ACCUMULATED FUNDS AND RESERVES</u></b> |              |                         |                         |
| Accumulated Funds                            | 9            | <u>\$255,449</u>        | <u>\$251,924</u>        |

The Accompanying notes form part of the Annual Financial Report.

**BAPTIST FOUNDATION OF NSW LIMITED**  
**ABN 31 000 871 821**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

|  | <u>2020</u>             | <u>2019</u>             |
|--|-------------------------|-------------------------|
| <b>Cash Flows from Operating Activities:</b>           |                         |                         |
| Interest received                                      | 4,382                   | 6,017                   |
| Donations received                                     | 0                       | 1,392                   |
| Management Fees Received from Trusts                   | 184                     | 155                     |
| Cash paid for Grants and Administration                | <u>(960)</u>            | <u>(1,454)</u>          |
| <b><u>Net Cash Flows from Operating Activities</u></b> | <b>\$ <u>3,606</u></b>  | <b>\$ <u>6,110</u></b>  |
| Net Increase in cash held                              | 3,606                   | 53,110                  |
| Add: Cash at beginning of financial year               | <u>132,334</u>          | <u>79,224</u>           |
| <b><u>Cash at End of Financial Year</u></b>            | <b><u>\$135,940</u></b> | <b><u>\$132,334</u></b> |

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The Accompanying notes form part of the Annual Financial Report.

**BAPTIST FOUNDATION OF NSW LIMITED**  
ABN 31 000 871 821

**Notes to and forming part of the Accounts for the  
Year ended 30 June 2020**

*Note 1. Significant accounting policies*

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted  
The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Australian Charities and Not-for-Commission Act 2012, as appropriate for not-for-profit oriented entities. These financial statements do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

**Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

**Revenue recognition**

Revenue for management fees is recognised when the revenue is received from customers for the amount according to the amount to which the company is entitled.

Donations are recognised when the amount is received from the donor.

The Accompanying notes form part of the Annual Financial Report.

**BAPTIST FOUNDATION OF NSW LIMITED**  
ABN 31 000 871 821

**Notes to and forming part of the Accounts for the**  
**Year ended 30 June 2020**

**Interest**

Interest revenue is recognised as interest is actually received from the various financial institutions.

**Financial assets**

Financial assets at FVTPL are measured at fair value with any gains or losses arising on remeasurement recognised in the profit or loss.

Revenue earned on assets at FVTPL are reported as income in the profit and loss statement.

***Note 2: Income Tax***

No income tax has been provided on the surplus as the Company has been endorsed as an Income Tax Exempt Charity by the Australian Taxation Office since 1 July 2000.



**BAPTIST FOUNDATION OF NSW LIMITED**  
ABN 31 000 871 821

**Notes to and forming part of the Accounts for the**  
**Year ended 30 June 2020**

*Note 3: Trusts Administered*

The Company is the Trustee and Custodian Trustee for thirty-six (36) Trusts (2019: 36) for the ministry purposes of the Baptist Churches of NSW & ACT. At 30 June 2020 the Company had incurred liabilities on behalf of these Trusts in its capacity as Trustee and Custodian Trustee amounting to \$Nil (2019: \$Nil).

The Company has a right of indemnity in respect of any liabilities out of the Assets of the Trusts which comprise - Current Assets \$1,973,501 (2019: \$1,944,882) Non-Current Assets \$Nil (2019: \$Nil).

The Trusts administered by the Company in serving the ministry of the Baptist Churches of NSW & ACT as at 30 June 2020 are:

George Backhouse Trust  
Baptist Historical Society of NSW Essay Prize Fund  
Baptist Literature Trust Fund  
Baptist Schools Fund  
Baptist Theological College Prize Funds  
Baptist Theological College of NSW Library Fund  
Baptist Union of NSW Publishing House Ltd Trust  
Sir Cyril Black Church Extension Fund  
Rev W Cleugh Black Memorial Prize Fund  
Frances Church Prize Fund  
Common Fund  
The Helen Cousin Trust  
The Ada Winifred Harrison Trust  
The Hayward Family Trusts – Nos 1 and 2  
Mrs Lily Higlett Memorial Scholarship Fund  
Ena Holland Prize Fund  
J. C. Mackay Award Memorial Fund  
James and Maude Hunter History Trust  
L.G. Le Claire Scholarship Fund  
A. L. Leeder Price Fund  
Rev E.V. Marks Award Fund  
Mortdale-Oatley Baptist Church Trust  
The Mosely Trust  
The Elizabeth Wyndham Mosely Trust  
A. E. Oldfield Trust  
T.A. Parsons Memorial Fund  
J. Allan Reid Memorial Trust Fund  
The E. R. Rogers Scholarship Fund  
Ryde-Hawkesbury District Association Trust  
The Stewards Trust  
The Allan Spurgeon Tinsley Training Fund  
W and E Tinsley Scholarship  
The Noel and Ivy Wales Evangelistic Trust  
R.E. Walker Prize Fund  
R.E. Walker Scholarship Fund  
P.G. Young Trust

The Accompanying notes form part of the Annual Financial Report.

**BAPTIST FOUNDATION OF NSW LIMITED**  
**ABN 31 000 871 821**  
**Notes to and forming part of the Accounts for the**  
**Year ended 30 June 2020**

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| <i>Note 4: Contingent Liabilities</i>                                 |                   |                   |
| No contingent liabilities exist as at 30 June 2020.                   |                   |                   |
| <i>Note 5: Revenues from Ordinary Activities</i>                      |                   |                   |
| Interest Received   | 4,382             | 6,017             |
| Management Fees   | 184               | 155               |
| Donations   | <u>0</u>          | <u>1,392</u>      |
|   | <u>\$ 7,564</u>   | <u>\$7,564</u>    |
| <i>Note 6: Cash</i>   |                   |                   |
| Cash at bank  | <u>135,940</u>    | <u>132,334</u>    |
|   | <u>\$ 135,940</u> | <u>\$ 132,334</u> |
| <i>Note 7: Investments - at cost</i>                                  |                   |                   |
| AMP   | 32,000            | 32,000            |
| Baptist Financial Service   | 20,000            | 20,000            |
| Rural Bank  | <u>76,000</u>     | <u>76,000</u>     |
|   | <u>\$128,000</u>  | <u>\$128,000</u>  |
| <i>Note 8: Payables</i>   |                   |                   |
| Accounts Payable  | <u>\$8,491</u>    | <u>\$8,410</u>    |
| <i>Note 9: Statement of Changes in Accumulated Funds and Reserves</i> |                   |                   |
| Balance at beginning of Year  | 251,924           | 246,593           |
| Surplus for the Year  | <u>3,524</u>      | <u>5,331</u>      |
| Balance at end of Year  | <u>\$255,449</u>  | <u>\$251,924</u>  |
| <i>Note 10: Auditor's Remuneration</i>                                |                   |                   |
| Auditing Services   | \$ 0              | \$ 0              |
| Other Services  | \$ 0              | \$ 0              |

The Accompanying notes form part of the Annual Financial Report.

**BAPTIST FOUNDATION OF NSW LIMITED**  
ABN 31 000 871 821  
**Notes to and forming part of the Accounts for the**  
**Year ended 30 June 2020**

*Note 11: Members' Guarantee*

The Company is regulated under the Australian Charities and Not-for-profits Commission Act 2012 as a non-profit Public Company limited by guarantee.

Every member of the Foundation undertakes to contribute up to one dollar (\$1.00) to the assets of the Company in the event of a winding-up during their period of membership and for one year following cessation of membership for the payment of any debts and liabilities of the Company contracted prior to cessation of membership together with the costs, charges and expenses of winding-up. At the 30 June 2020 the number of members was 37 (2019: 37).

*Note 12: Company Details*

The Registered Office of the company is:  
Level 6, 1 Pacific Highway  
North Sydney NSW 2060

The Principal Place of Business is:  
Level 4, 5 Saunders Close  
Macquarie Park NSW 2113

*Note 13: Related Parties*

**Disclosures on Key Management Personnel (KMP)**

The Key Management Personnel are the 4 Directors of the company. The Directors are responsible for planning, directing and controlling the activities of the company. The Secretary represents the key management personnel involved with the operation of the company.

No Director or the Secretary received remuneration from the company during the year.

There are no loans to KMP and no other transactions with KMP.

*Note 14: Financial Instruments and Risk*

There is no currency risk as funds are held in Australian currency and there are no foreign currency commitments. There is no market risk as funds are held in short-term interest bearing accounts and term deposits only. Specific institutions in which funds are held are disclosed in Notes 8 and 9. These are each held to maturity investments.

The exposure to interest rate risk (based on funds held at balance date) is:

For a change of 0.5% in interest rates, income would change by \$660 (last year \$942)

The Accompanying notes form part of the Annual Financial Report.

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**DIRECTORS' DECLARATION**

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The directors declare that:

1. The financial statements and notes as set out on pages 1 to 10 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012.
  - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and other mandatory professional reporting requirements
  - (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the entity;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



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Matthew M Duggan  
Director



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Nigel Glasby  
Director

Dated at Sydney this 15th      day of April 2021



Baptist  
Financial  
Services

Baptist Financial Services  
Australia Limited

ABN 56 002 588 309

AFSL 311 062

Concise Financial Report  
for the financial year ended 31 December 2020







**Baptist  
Financial  
Services**

# Financial Report

for the year ended 31 December 2020

**Baptist Financial Services Australia Limited**

ABN 56 002 861 789    AFSL 311 062

Registered Office: Level 4, 5 Saunders Close, Macquarie Park NSW 2113

Phone: 1300 650 542    Email: [clients@bfs.org.au](mailto:clients@bfs.org.au)

A Delegated Body Of Australian Baptist Ministries

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# Directors' Report

The Directors of Baptist Financial Services Australia Limited (BFS) submit herewith their report together with the Annual Financial Report of the consolidated entity, being Baptist Financial Services Australia Limited (the Company) and its Controlled Entity (the Group) for the financial year ended 31 December 2020 and the Independent Auditor's Report.

## Directors details

The names, qualifications, experience and special responsibilities of each Director in office at any time during the year and up to the date of this report are:

### **Owen Hsiao-Fen Chew Lee** **BSc, BCA, FCA, GAICD**

Board Chair to 2 July 2020; Deputy Board Chair to 11 December 2014; Chair of Assets and Liabilities Committee to 27 June 2019 and continuing member of the Committee; Member of Board Governance & Remuneration Committee from 12 December 2014 to 13 August 2020; Chair of Investment Committee (Baptist Impact Fund) since 2 July 2020; and Board Chair Baptist Development Australia Pty Ltd from 12 November 2015.

Member of Gordon Baptist Church, NSW

Appointed a Director from 22 July 2008

Over 25 years financial services experience in banking, including senior roles in Regulatory Affairs (International and Domestic), Treasury, Strategy, Mergers and Acquisitions, Finance and Corporate Finance in Australia and Asia. Qualified as a Chartered Accountant with Ernst & Young.

### **Gregory Paul Holland** **BBus (Accounting), CPA, GAICD**

Chair of the Board Governance & Remuneration Committee to 27 June 2019; Member of Audit Risk and Compliance Committee from 18 February 2016, Member of Assets & Liabilities Committee from 27 June 2019.

Member of Lake Joondalup Baptist Church, WA

Appointed a Director from 11 February 2014

Head of Finance & Administration for the Baptist Churches of Western Australia. Former Chief Executive Officer of Ray Village Aged Services Inc., WA, former General Manager Finance / Chief Financial Officer and General Manager HR and Shared Services at Capricorn Society Ltd, WA, former Chief Financial Officer of University of Western Sydney, NSW and former Director Management Services of Edith Cowan University, WA.

### **Karen James** **BSEE, MSEE, MAICD, MIE**

Member of the Board Governance & Remuneration Committee from 28 June 2018; Member of Credit Committee from 14 September 2018.

Member of Seaforth Baptist Church

Appointed a Director from 22 February 2018.

CEO of Business for Development since January 2019. Former senior roles at On Purpose Hub (Founder), Commonwealth Bank including General Manager of Affiliate Business Banking for Corporate Financial Services & General Manager, Direct Sales and Service for Local Business Banking. Former senior management, consulting and project roles in systems, network and product engineering.

### **Ross Martin Langford** **BCom, MAICD, F.FINSIA**

Board Chair from 2 July 2020; Deputy Board Chair to 2 July 2020; Member of Audit, Risk & Compliance Committee from 28 May 2015 until 18 February 2016; Member of Assets & Liabilities Committee from 18 February 2016; Chair of Credit Committee from 14 September 2018 to 27 June 2019 and continuing member of the Committee; Member of the Board Governance & Remuneration Committee from 27 June 2019; member of Investment Committee (Baptist Impact Fund) since 2 July 2020 and Director of Baptist Development Australia Pty Ltd from 25 October 2019.

Member of Gympsea Baptist Church, NSW

Appointed a Director from 13 March 2015

Head of Loan Review with a major overseas bank (Rabobank). Formerly Head of Finance, Property & Administration at St George Christian School and formerly Senior Relationship Management, Regional Lending Manager and Senior Manager



positions with Commonwealth Bank, BankWest and State Bank NSW. Former Director of Christian Super 2008 - 2020.

**Darren Leigh McDonald**  
**BA (Accounting), CPA, MBA**

Deputy Board Chair from 2 July 2020, Chair of Assets and Liabilities Committee from 27 June 2019, Member of Assets & Liabilities Committee from 20 June 2014; Chair of Audit Risk & Compliance Committee to 27 June 2019 and continuing member of the Committee; Chair of Credit Committee from 28 July 2020, Member of Credit Committee from 14 September 2018.

Member of King's Baptist Church Inc., SA

Appointed a Director from 29 May 2014

Business Manager of Kings Baptist Grammar School Inc., SA; former Executive / Finance Manager of Woolworths Ltd, Board of Kings Baptist Grammar School Inc., SA including 2 years as Chair, Chair and Treasurer of King's Baptist Church Inc., SA; Public Officer and Director of King's Baptist Mount Barker Inc., SA.

**Sally Anne Mullins**  
**BBus (Business Administration), Grad Dip HR & IR**

Chair of Board Governance & Remuneration Committee from 27 June 2019, Member of the Board Governance & Remuneration Committee from 9 December 2015.

Member of Ashburton Baptist Church, VIC

Appointed a Director from 9 December 2015

Manager Communications and Administration at The Village Church, Mt Eliza. Previously Organisational Development and Projects Manager at a boutique Leadership and Talent consultancy business and formerly a Senior Human Resource Consultant at National Australia Bank with over 20 years' experience in various HR roles in Australia and overseas.

**Peter Jeffrey Murphy**  
**M.Comm; MA (C.S.); B.Bus; FCPA; FASFA; GAICD**

Member of Audit, Risk & Compliance Committee from 23 March 2018; Member of Credit Committee from 14 September 2018; Member of the Board Governance & Remuneration Committee from 27 June 2019 and member of Investment Committee (Baptist Impact Fund) since 2 July 2020.

Member of Mortdale Oatley Baptist Church.

Appointed a Director from 1 August 2017.

Executive Director – Jefferson and Shea Group, Chair – Best Health Solutions, Deputy Chair – Scripture Union Australia, Director – Baptist Care NSW and ACT, Director – Olive Tree Media.

Former CEO of an Industry Superannuation Fund, Administrative Dean of a Theological College, Company Secretary of Aged Care Provider, Business Manager of School and Director – Finance of Not for Profit organisation within a range of faith based organisations.

**Allan Kenneth Priest**  
**Unrestricted Building Work & Plumbing/Gasfitting contracting and restricted Electrical Worker licenses, Diploma for Public Health Inspectors, MAICD**

Deputy Chair from 18 February 2016 until 27 June 2019. Member of Audit, Risk & Compliance Committee (Chair of committee to 12 December 2014); Member of Assets and Liabilities Committee; Member of Board Governance & Remuneration Committee to 12 December 2014; Member of Credit Committee from 14 September 2018 and Chair of the Credit Committee from 27 June 2019.

Member of Rostrevor Baptist Church Inc., SA

Appointed a Director from 31 May 2005

Director then Managing Director of family plumbing and building business 1972-2003; Manager of two Commercial Rental Properties 1989 - 2013; Member of Baptist Churches of South Australia Inc. (BCSA) Assembly Board 2004 - 2015, including as President 2006-2009, also past service (including as Chair) on numerous other BCSA Committees and working parties; Chair of Baptist Care (SA) Inc. 2007 - 2015 after joining Board in 2006; current Director and Deputy Chair of Baptist Care (SA) Foundation Nominees Pty Ltd and Member of Kings

Baptist Association of Kings Baptist Grammar School Inc.; Member of the Australian Institute of Company Directors; and 28 years' past service in numerous senior leadership roles of Rostrevor Baptist Church Inc. (SA) including as Treasurer, Administrator & Chair.

Ceased being a director on 21 May 2020.

**Alan Leslie Soden**  
**FAIML, MAIE**

Chair of Audit, Risk and Compliance Committee from 28 June 2019, Member of the Board Governance & Remuneration Committee from 20 June 2014, Member of the Assets and Liabilities Committee to 12 December 2014, Member of the Audit, Risk and Compliance Committee to 12 December 2014.

Appointed a Director from 13 August 2002

Member of Port Macquarie Baptist Church, NSW

Previously, Interim Pastor, Port Macquarie Baptist Church, former Director and Chief Executive Officer of Kairos Prison Ministry Australia, former Member of Baptist Churches of New South Wales Property Trust, former Trustee Director BCS Foundation, Certified CEO and alumni of the CEO Institute, former Chair of Hopestreet, former General Secretary of the Association of Baptist Churches of NSW & ACT, former Board Member and Vice President of the Bible Society of NSW, former National Secretary and Member of the National Council of the Baptist Union of Australia and former Secretary of Baptist Insurance Management Pty Ltd, former Director Chrysalis Public Relations, previous management roles in training, marketing, public affairs and sales with the Australian Gaslight Company.

**Debbie Uy**  
**BScCom (Marketing), BA (Psychology), MBA, GAICD**

Member of Assets and Liabilities Committee from 27 June 2019, Member of Credit Committee from 27 June 2019, Director of Finance & Administration and Union Secretary of the Baptist Union of Victoria, Director of Surrey Hill Baptist Child Care Centre

Appointed a Director from 23 May 2019.

Member of Oakleigh Baptist Church, VIC

Over 19 years-experience in corporate business management and over 8 years-experience in executive leadership in Not For Profit sector and professional training in Human Resources management. Former Head of Operations at Crossway LifeCare Ltd. Former ex-officio member of Crossway LifeCare Finance Committee. Former Assistant Manager and Corporate Secretary at TSI Contracts Inc. Member, Australian Human Resources Institute.

## Company Secretaries

David Slinn

Alan Soden

## Meetings of Directors

During the year, 33 meetings of directors (including committees of directors) were held. Attendances by each Director during the year are set out below:

|                   | State | Board |   | ARCCo |   | ALCo |   | BGRCo |   | CCo |    |
|-------------------|-------|-------|---|-------|---|------|---|-------|---|-----|----|
|                   |       | H     | A | H     | A | H    | A | H     | A | H   | A  |
| Owen H Chew Lee   | NSW   | 9     | 9 |       |   | 5    | 5 | 4     | 3 |     |    |
| Gregory P Holland | WA    | 9     | 8 | 4     | 4 | 5    | 5 |       |   |     |    |
| Ross M Langford   | NSW   | 9     | 9 | 2     | 2 | 5    | 5 | 4     | 4 | 11  | 11 |
| Darren L McDonald | SA    | 9     | 9 | 4     | 4 | 5    | 5 |       |   | 11  | 10 |
| Sally A Mullins   | VIC   | 9     | 9 |       |   |      |   | 4     | 4 |     |    |
| Allan K Priest    | SA    | 4     | 4 | 1     | 1 | 2    | 2 |       |   | 4   | 3  |
| Alan L Soden      | NSW   | 9     | 9 | 4     | 4 |      |   | 4     | 4 |     |    |
| Karen James       | NSW   | 9     | 9 |       |   |      |   | 4     | 4 | 11  | 9  |
| Peter Murphy      | NSW   | 9     | 9 | 4     | 3 |      |   | 4     | 4 | 11  | 7  |
| Debbie Uy         | VIC   | 9     | 9 |       |   | 5    | 5 |       |   | 11  | 11 |

**H**=Meetings held during the year, or during the term of appointment; **A**=Attended; **ARCCo**=Audit, Risk & Compliance Committee; **ALCo**=Assets & Liabilities Committee; **BGRCo**= Board Governance & Remuneration Committee; **CCo** – Credit Committee.

## Principal activities

The principal activities of the Company during the financial year were the provision of financial solutions for the particular needs of churches and Christian ministries, the facilitation of the financing of churches and ministries through participating State Baptist Unions/Associations and the Baptist Union of Australia, and, subject to capital adequacy needs, the making of grants to State Baptist Unions/Associations and the Baptist Union of Australia for ministry.

There has been no significant change in those activities during the financial period. The entity's short term strategic objectives are to:

- Maintain and introduce relevant financial services for Baptist entities and Christian ministries in Australia
- Maintain the adequacy of funds and reserves
- Address all relevant regulatory requirements

The entity's long term objectives are to:

- Further develop recognition of BFS by the Australian Baptist community as its primary financial services provider
- Continue to extend the use of BFS services within Baptist Churches, congregations and Christian organisations across Australia
- To assist churches and ministries as they pursue development opportunities and realise increased resources for ministry.

To achieve these objectives, the entity has adopted the following strategies:

- Sponsor nationally oriented support services for Churches
- Appoint and develop staff in accordance with the Strategic Priorities
- Continue to enhance existing financial services and develop new products
- Review relevant regulatory frameworks for the ongoing provision and extension of BFS services
- Upgrading client systems and technology platforms
- Reviewing and progressing redevelopment options for a range of church sites
- Continued development of effective relationships with Stakeholders and clients.

## Financial Performance Disclosures

### *Result and Review of Operations*

The operating surplus from ordinary operations for the year was \$4,592,366 (2019: \$5,503,884). After deducting Grants made to Baptist entities of \$1,053,252 (2019: \$1,178,309), the Net Operating Income for the year was \$3,539,114 (2019: \$4,325,575).

BFS resources ministry through making available loans to churches and other Christian ministries. This ministry objective is funded from accumulated reserves and through inviting investments for the Charitable Investment Scheme.

During the year the Board continued the review of the capital adequacy framework. This framework indicated that an appropriate capital structure, including capital contributions and retention of surpluses, be maintained to fund the expected future growth in operations and to meet desired prudential equivalent levels of capital.

The Company operates a registered Charitable Investment Scheme to raise funds so that loans and advances can be made to resource Baptist and other Christian ministries. Loans and advances primarily comprise secured commercial loans to these entities. The Financial Report provides additional information in Note 17 regarding Risk Management.

Liquidity was maintained consistently during the year at levels well above the Board's determined minimum of \$25 million plus 20% of total client funds, and significantly in excess of the 20% requirement set out in BFS' Identification Statement lodged with ASIC.

### *Key Performance Measures*

The Company measures its performance through the use of quantitative benchmarks. The benchmarks are used by the directors to assess whether the Company's short-term and long-term objectives are being achieved.

|   | 2020   |           | 2019   |           |
|---|--------|-----------|--------|-----------|
|   | Actual | Benchmark | Actual | Benchmark |
| Growth in total client investments                  | 7.2%   | 7.0%      | 13.4%  | 7.0%      |
| Growth in loans advanced                            | 5.6%   | 7.0%      | 10.6%  | 7.0%      |
| Growth in total assets                              | 7.3%   | 5.0%      | 13.1%  | 5.0%      |
| Ratio of loans advanced to total client investments | 61.4%  | 65.0%     | 62.3%  | 65.0%     |

## Indemnification of Officers and Auditors

During the financial year the Company incurred a premium in respect of a contract insuring the Directors of the Company and all Executive Officers of the Company against a liability incurred as such a Director or Executive Officer to the extent permitted by the *Corporations Act 2001*. The insurance contract does not permit disclosure of the premium or terms relating to such Directors or Executive Officers. No indemnity has been given or insurance premiums paid for the Auditor.

## Subsequent Events

In the opinion of the Directors, since the end of the year to the date of this report, no matter or circumstance has arisen that has 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.

## Contribution in winding up

The Company is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the Company is wound up the constitution states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the entity. At balance date the total amount that members of the Company are liable to contribute if the company was wound up was \$900 (2019: \$1,000).

## Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 7 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors.



Director

Dated at Sydney this 15<sup>th</sup> day of April 2021

## Auditor's Independence Declaration

### To the Directors of Baptist Financial Services Australia Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001* and section 60 – 40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Baptist Financial Services Australia Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Madeleine Mattera  
Partner – Audit & Assurance

Sydney, 15 April 2021

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Grant Thornton Audit Pty Ltd ACN 130 913 594  
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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

|   | Notes     | 2020<br>\$       | 2019<br>\$       |
|---|-----------|------------------|------------------|
| Gross interest revenue  | 19        | 15,460,726       | 17,131,568       |
| Gross interest expense  | 19        | (6,550,336)      | (8,946,629)      |
| <b>Net interest income</b>  |           | <b>8,910,390</b> | <b>8,184,939</b> |
| Other income  |           | 6,155            | 1,429,643        |
| Expected credit loss (ECL)  | 7         | (91,802)         | 103,006          |
| Employee benefits & costs   |           | (2,401,808)      | (2,447,924)      |
| Other expenses  | 18        | (1,830,569)      | (1,765,780)      |
| <b>NET OPERATING SURPLUS</b>  | <b>19</b> | <b>4,592,366</b> | <b>5,503,884</b> |
| <b>Other Comprehensive Income (OCI)</b>   |           |                  |                  |
| Change in derivative liability  | 16(c)     | (39,246)         | (497,382)        |
| Fair value change in investments at fair value through other comprehensive income (FVOCI) | 9         | 64,651           | (160,211)        |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |           | <b>4,617,771</b> | <b>4,846,291</b> |

This statement should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 31 December 2020

|  | Notes       | 2020<br>\$         | 2019<br>\$         |
|--|-------------|--------------------|--------------------|
| <b>Assets</b>  |             |                    |                    |
| Cash and cash equivalents  | 4           | 32,123,545         | 25,250,974         |
| Other receivables and prepayments                                      | 8           | 1,531,530          | 980,185            |
| Investment securities at fair value through other comprehensive income | 9           | 187,056,041        | 175,998,192        |
| Loans and advances - interest bearing                                  | 5           | 286,753,786        | 271,477,147        |
| Property, plant and equipment  | 10          | 428,539            | 326,210            |
| Right-of-use-assets  | 11          | 578,440            | 19,140             |
| <b>Total assets</b>  |             | <b>508,471,881</b> | <b>474,051,848</b> |
| <b>Liabilities</b>   |             |                    |                    |
| Payables - interest bearing  | 12          | 467,108,854        | 435,783,375        |
| Swap derivative liability  |             | 939,184            | 899,938            |
| Trade and other payables   | 13          | 2,693,732          | 2,813,536          |
| Lease liability  | 14          | 595,890            | 19,159             |
| <b>Total liabilities</b>   |             | <b>471,337,660</b> | <b>439,516,008</b> |
| <b>Net assets</b>  |             | <b>37,134,221</b>  | <b>34,535,840</b>  |
| <b>Equity</b>  |             |                    |                    |
| Accumulated funds  | 15          | 21,496,543         | 19,019,154         |
| Contributions reserve  | 16(a), 3(g) | 14,950,000         | 14,950,000         |
| Future grants reserve  | 16(b), 3(h) | 1,061,725          | 966,138            |
| Fair value through other comprehensive income reserve                  | 16(c)       | (374,047)          | (399,452)          |
| <b>Total equity</b>  |             | <b>37,134,221</b>  | <b>34,535,840</b>  |

This statement should be read in conjunction with the accompanying notes.



# Consolidated Statement of Changes in Equity, Accumulated Funds & Reserves

For the year ended 31 December 2020

|   | Accumulated<br>Funds<br>\$ | Contributions<br>Reserve<br>\$ | Future Grants<br>Reserve<br>\$ | FVOCI Reserve<br>\$ | Total<br>\$       |
|---|----------------------------|--------------------------------|--------------------------------|---------------------|-------------------|
| <b>2020</b>                               |                            |                                |                                |                     |                   |
| Balance brought forward                   | 19,019,154                 | 14,950,000                     | 966,138                        | (399,452)           | 34,535,840        |
| <b>Net Operating Surplus</b>              | <b>4,592,366</b>           | -                              | -                              | -                   | <b>4,592,366</b>  |
| Change in derivative liability            | -                          | -                              | -                              | (39,246)            | (39,246)          |
| Fair value change in investments at FVOCI | -                          | -                              | -                              | 64,651              | 64,651            |
| <b>Total Comprehensive Income</b>         | <b>4,592,366</b>           | -                              | -                              | <b>25,405</b>       | <b>4,617,771</b>  |
| Grants to Baptist Entities                | (1,053,252)                | -                              | (966,138)                      | -                   | (2,019,390)       |
| Transfer (to)/from reserves               | (1,061,725)                | -                              | 1,061,725                      | -                   | -                 |
| <b>Balance at 31 December 2020</b>        | <b>21,496,543</b>          | <b>14,950,000</b>              | <b>1,061,725</b>               | <b>(374,047)</b>    | <b>37,134,221</b> |
| <b>2019</b>                               |                            |                                |                                |                     |                   |
| Balance carried forward                   | 15,659,717                 | 14,950,000                     | 927,478                        | 258,141             | 31,795,336        |
| <b>Net Operating Surplus</b>              | <b>5,503,884</b>           | -                              | -                              | -                   | <b>5,503,884</b>  |
| Change in derivative liability            | -                          | -                              | -                              | (497,382)           | (497,382)         |
| Fair value change in investments at FVOCI | -                          | -                              | -                              | (160,211)           | (160,211)         |
| <b>Total Comprehensive Income</b>         | <b>5,503,884</b>           | -                              | -                              | <b>(657,593)</b>    | <b>4,846,291</b>  |
| Grants to Baptist Entities                | (1,178,309)                | -                              | (927,478)                      | -                   | (2,105,787)       |
| Transfer (to)/from Reserves               | (966,138)                  | -                              | 966,138                        | -                   | -                 |
| <b>Balance at 31 December 2019</b>        | <b>19,019,154</b>          | <b>14,950,000</b>              | <b>966,138</b>                 | <b>(399,452)</b>    | <b>34,535,840</b> |

This statement should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2020

|   | Notes           | 2020<br>\$        | 2019<br>\$        |
|---|-----------------|-------------------|-------------------|
| <b>Operating services</b>   |                 |                   |                   |
| Interest received from loans  |                 | 11,700,667        | 11,606,216        |
| Interest from other investments   |                 | 4,036,922         | 5,978,461         |
| Donations, subscriptions & sundry income  |                 | 5,285             | 1,513,421         |
| Interest paid to investors  |                 | (6,497,021)       | (8,880,624)       |
| Cash paid to suppliers and employees  |                 | (4,231,858)       | (4,292,006)       |
| <b>Net cash provided by operating activities</b>                                  | <b>21(2)</b>    | <b>5,013,995</b>  | <b>5,925,468</b>  |
| <b>Investing activities</b>   |                 |                   |                   |
| Church & other loans advanced   |                 | (49,455,990)      | (55,812,525)      |
| Church & other loan payments received   |                 | 34,087,549        | 29,893,030        |
| Payments for leasehold improvements, software & web design, furniture & computers |                 | (257,666)         | (107,721)         |
| Grants paid to Baptist Entities   |                 | (2,019,390)       | (2,105,787)       |
| Decrease/ (Increase) in other receivables   |                 | (828,207)         | (235,950)         |
| Decrease/ (Increase) in investments   |                 | (10,993,199)      | (22,503,110)      |
| Received from investors (net)   |                 | 31,325,479        | 51,374,197        |
| <b>Net cash provided by / (used in) investing activities</b>                      |                 | <b>1,858,576</b>  | <b>502,134</b>    |
| Net change in cash and cash equivalents   |                 | 6,872,571         | 6,427,602         |
| Cash and cash equivalents, beginning of year                                      |                 | 25,250,974        | 18,823,372        |
| <b>Cash and cash equivalents, end of year</b>                                     | <b>4, 21(1)</b> | <b>32,123,545</b> | <b>25,250,974</b> |

This statement should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

## 1. General Information and Statement of Compliance

The financial report includes the consolidated financial statements of Baptist Financial Services Australia Limited ("BFS" or "the Company") and its controlled entity Baptist Development Australia Pty Ltd ("BDA") (together "the Group").

These consolidated financial statements are general purpose statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, to satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The consolidated financial report complies with Australian equivalents to International Financial Reporting Standards (AIFRS). Baptist Financial Services Australia Limited is a not for profit entity for the purpose of preparing the financial statements.

The Group has carefully considered the impact of COVID-19 in preparing its financial statements for the year ended 31 December 2020, including the application of critical estimates and judgments. The key area of consideration is impairment of financial assets (refer Note 7).

The consolidated financial statements for the year ended 31 December 2020 were approved and authorised for issue by the Board of Directors on 15 April 2021.

## 2. Changes in accounting policies

### 2.1 New standards adopted as at 1 January 2020

#### **Accounting standards issued but not yet effective and not been adopted early by the Group**

There were no new accounting standards issued but not yet effective from 1 January 2020 which the group have early adopted deemed to have a significant impact on the Group's financial results or position.

## 3. Summary of Significant Accounting Policies

### a) Overall consideration

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

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

### 3. Summary of Significant Accounting Policies (continued)

#### b) Basis of Consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

#### c) Property, Plant and Equipment

Land and Buildings are recognised at cost less any subsequent accumulated depreciation on Buildings and accumulated impairment losses. Property, plant and equipment, with the exception of freehold land, are depreciated on a straight line basis so as to write off the net cost of each asset over its expected useful life to the Company. The useful lives are adjusted if appropriate at each reporting date. Estimated useful lives as at the reporting date are as follows:

|                         |                         |
|-------------------------|-------------------------|
| Computers               | 33.33%                  |
| Furniture and Equipment | 10.00%                  |
| Leasehold Improvements  | Remaining term of lease |

The carrying values of Property, Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### d) Income Tax

No income tax has been provided for in these consolidated financial statements as the Company has been endorsed by the Australian Taxation Office as an income tax exempt charitable institution, and is also registered as a Charity with the Australian Charities & Not-for-profits Commission.

#### e) Membership

The Company is a company limited by guarantee. Membership consists of each person who is a member of the Board. At balance date there were 9 members. The liability of members in the event of a deficit upon winding up the Company is limited to \$100. If upon winding up there remains a surplus, then the first part of the surplus, up to the limit of Contributions Reserve, will be repaid to the Contributor, and any remaining surplus given or transferred to State Baptist Unions and Associations or, failing that, to some other institution(s) having objectives and restrictions on distributions similar to the Company, such institutions being determined by the members.

### 3. Summary of Significant Accounting Policies (continued)

#### f) Financial instruments

##### **Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### **Classification and subsequent measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (Equity at FVOCI)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

##### **Subsequent measurement financial assets**

###### ***Financial assets at amortised cost***

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

### 3. Summary of Significant Accounting Policies (continued)

#### Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset. This category includes investments that were previously classified as held to maturity under AASB 139.

The Group does not have any assets in the categories FVPL or Equity FVOCI.

#### Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to BFS in accordance with the contract and the cash flows that BFS expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to BFS if the commitment is drawn down and the cash flows that BFS expects to receive.

#### Credit-impaired financial assets

At each reporting date, BFS assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by BFS on terms that BFS would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### 3. Summary of Significant Accounting Policies (continued)

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in debt securities is credit-impaired, BFS considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields;
- The rating agencies' assessments of creditworthiness;
- The issuer's ability to access the capital markets for new debt issuance; and
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

#### **Presentation of allowance for expected credit loss (ECL) in the statement of financial position**

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments*: generally, as a provision; and
- *where a financial instrument includes both a drawn and an undrawn component, and BFS cannot identify the ECL on the loan commitment component separately from those on the drawn component*: BFS presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

#### **Write-off**

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when BFS determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with BFS' procedures for recovery of amounts due.

#### **Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group allows 0% for trade receivables based on their record for collecting outstanding debt.

#### **Classification and measurement of financial liabilities**

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include customer investments and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

### 3. Summary of Significant Accounting Policies (continued)

#### g) Contributions Reserve

Contributions by State Baptist Unions and Associations to financially support the company are taken to this reserve. In the event of a winding up, these amounts are subordinated to all creditor obligations.

#### h) Future Grants Reserve

A proportion of the Surplus determined by the Directors is set aside each year to the Future Grants Reserve for Baptist ministry. The allocation of grants is principally in accordance with Memorandums of Understanding entered into between BFS and the Baptist Unions and Associations of New South Wales, Victoria, South Australia, Tasmania, Western Australia and the Baptist Union of Australia Inc. In addition, grants may be made as approved by the Directors to Baptist ministry. There is no expectation of any refund of these grants from the recipients as these funds will be applied to Baptist ministry (refer Note 19).

#### i) Impairment of intangible assets

Items of computer software which are not integral to the computer hardware and web design owned by the Group are classified as intangible assets. Computer software and web design are amortised over the expected useful life of three years.

#### j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

##### Interest earned

**Term loans** – interest is calculated on the basis of the daily balance outstanding and is charged in arrears to the account on the last day of each month.

**Overdraft** – interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to the account on the 1st day of each month.

**Non-accrual loan interest** – while still legally recoverable, interest is not brought to account as income where the company is informed that the account holder has deceased, or, where a loan is impaired.

##### Loan origination fees and discounts

Loan establishment fees and discounts, if applicable, are initially deferred as part of the loan balance, and are brought to account as income over the expected life of the loan as interest revenue.

##### Transaction costs

Transaction costs are expenses which are direct and incremental to the establishment of the loan. These costs are initially deferred as part of the loan balance, and are brought to account as a reduction to income over the expected life of the loan, and included as part of interest revenue.

##### Fees on loans

The fees charged on loans after origination of the loan are recognised as income when the service is provided or costs are incurred.

##### Net gains and losses

Net gains and losses on loans to clients to the extent that they arise from the partial transfer of business or on securitisation, do not include impairment write downs or reversals of impairment write downs.



### 3. Summary of Significant Accounting Policies (continued)

#### k) Comparative Figures

Where necessary the comparative figures have been changed to reflect the accounting policies and Accounting Standards applied in the current year.

#### l) Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call or on 31 days' notice with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

#### m) Goods and Services Tax (GST)

Where relevant, revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

#### n) Significant Management Judgement in Applying Accounting Policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

##### *Estimation uncertainty*

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### *Impairment*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

##### *Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

##### *Long service leave*

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

##### *Fair value of financial instruments*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## 4. Cash and Cash Equivalents

Cash and cash equivalents, consists of the following:

|  | 2020<br>\$        | 2019<br>\$        |
|--|-------------------|-------------------|
| Cash and cash equivalents at call            | 32,123,545        | 25,250,898        |
| Cash and cash equivalents at 31 days' notice | -                 | 76                |
| <b>Total</b>                                 | <b>32,123,545</b> | <b>25,250,974</b> |

## 5. Loans and Advances – interest bearing

|   | 2020<br>\$         | 2019<br>\$         |
|---|--------------------|--------------------|
| Secured Loans (see below)                           | 287,518,250        | 272,423,285        |
| Other interest bearing loans (unsecured)            | 426,754            | 499,896            |
| Secured Loans to related entities (Note 22)         | 2,241,592          | 1,894,975          |
| Less: Allowance for Impairment of loans (see below) | (3,432,810)        | (3,341,009)        |
| <b>Total Net Loans</b>                              | <b>286,753,786</b> | <b>271,477,147</b> |

Mortgage securities, offset arrangements, an undertaking from the Baptist Churches of New South Wales Property Trust to enter into a Mortgage or guarantees, are held for secured loans and certain loans to related entities.

The average of the total security value held against all secured loans (Loan to Value Ratio - LVR) at 31 December 2020 was 35% (2019: 33%) with a median ratio of 35% (2019: 36%). The current policy of the group is that loans to Baptist entities are not to exceed 75% of the security valuation and loans to other entities are not to exceed 67% of security valuation. This loan to value ratio can be varied by the provision of other appropriate security at the discretion of the Directors. This is not to imply that all existing loans meet these criteria.

## 6. Financial Commitments

|   | 2020<br>\$       | 2019<br>\$       |
|---|------------------|------------------|
| <b>Outstanding Loan Commitments</b>                           |                  |                  |
| Loans approved but not advanced                               | 49,672,497       | 62,570,437       |
| <b>Loan Redraw Facilities</b>                                 |                  |                  |
| Loan redraw facilities available                              | 30,815,074       | 30,437,474       |
| <b>Undrawn Overdraft Loan Facilities</b>                      |                  |                  |
| Loan facilities available for overdraft loans are as follows: |                  |                  |
| Total value of facilities approved                            | 26,263,842       | 16,835,000       |
| Amounts advanced (included in Secured Loans – Note 5)         | (18,081,106)     | (14,374,265)     |
| <b>Net undrawn value</b>                                      | <b>8,182,736</b> | <b>2,460,735</b> |

These commitments are contingent on borrowers maintaining credit standards, loan terms & conditions and ongoing repayment terms on amounts drawn.

## 6. Financial Commitments (continued)

### *Computer Software Licensing & Maintenance*

The Company has costs committed under contracts for software licensing & maintenance as follows:

|   | 2020           | 2019           |
|---|----------------|----------------|
|   | \$             | \$             |
| Not later than one year   | 348,473        | 165,440        |
| Later than one year but not later than two years  | 154,753        | 383,975        |
| Later than two years but not later than five years  | 38,507         | 189,760        |
| Over five years   | -              | -              |
|   | <b>541,733</b> | <b>739,175</b> |
| <i>Bureau and Settlement Services</i>   |                |                |
| The Company has costs committed under a contract for Bureau & Settlement services as follows: |                |                |
| Not later than one year   | 163,200        | 160,800        |
| Later than one year but not later than two years  | -              | -              |
| Later than two years but not later than five years  | -              | -              |
| Over five years   | -              | -              |
|   | <b>163,200</b> | <b>160,800</b> |

### *Analysis of Loans and Advances*

|  | 2020               | 2019               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <i>Debts Receivable:</i>                           |                    |                    |
| Overdrafts   | 18,240,274         | 14,374,265         |
| No longer than 3 months                            | 15,961,790         | 17,420,341         |
| Longer than 3 months and not longer than 12 months | 30,729,788         | 25,253,472         |
| Longer than 1 year and not longer than 5 years     | 76,393,776         | 74,727,523         |
| Longer than 5 years                                | 148,860,968        | 143,042,555        |
| Allowance for Impairment of Loans                  | (3,432,810)        | (3,341,009)        |
|  | <b>286,753,786</b> | <b>271,477,147</b> |

## 7. Impairment of Financial Assets

|                                       | 2020             | 2019             |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| <i>Expected credit loss on loans:</i> |                  |                  |
| Opening balance                       | 3,341,009        | 3,444,015        |
| Charge for the year                   | 91,802           | (103,006)        |
| Amount written off                    | -                | -                |
| <b>Closing balance</b>                | <b>3,432,810</b> | <b>3,341,009</b> |

Measures to support loan clients impacted by COVID-19 were implemented during the period. At their peak these measures applied to approximately 15% of the loan book. However, by year end the majority of these clients no longer required this temporary support, with measures remaining in place for approximately 3% of the loan book. One loan client moved from Stage 1 to Stage 2 following the onset of COVID-19 due to a combination of COVID related and other factors.

The expected credit loss breakdown is as follows:

|                   | Stage 1<br>12 months ECL<br>Collectively assessed | Stage 2<br>Lifetime ECL<br>Individually assessed | Stage 3<br>Lifetime ECL<br>Individually assessed | Total            |
|-------------------|---|--|--|------------------|
| Secured lending   | 1,449,420   | 1,927,537  | -  | 3,376,957        |
| Unsecured lending | 39,818  | 16,035   | -  | 55,853           |
| <b>Total</b>      | <b>1,489,238</b>                                  | <b>1,943,572</b>                                 | <b>-</b>   | <b>3,432,810</b> |

## 8. Other Receivables & Prepayments

|                   | 2020<br>\$       | 2019<br>\$     |
|-------------------|------------------|----------------|
| Interest Accrued  | 289,874          | 566,717        |
| Other Receivables | 1,241,656        | 413,468        |
|                   | <b>1,531,530</b> | <b>980,185</b> |

## 9. Investments

|   | 2020<br>\$         | 2019<br>\$         |
|---|--------------------|--------------------|
| <i>Investments held at fair value through other comprehensive income by credit rating (S&amp;P)</i> |                    |                    |
| AAA   | 56,546,305         | 6,696,822          |
| AA  | 101,081,108        | 124,604,853        |
| A   | 8,406,500          | 21,583,149         |
| BBB   | 13,694,615         | 18,392,987         |
| BB  | 6,111,512          | 1,500,500          |
| Not rated   | 1,216,000          | 3,219,881          |
|   | <b>187,056,041</b> | <b>175,998,192</b> |

|   | 2020<br>\$     | 2019<br>\$     |
|---|----------------|----------------|
| <i>Reconciliation of fair value movement during the year:</i> |                |                |
| Opening Balance   | 500,486        | 660,697        |
| Fair value adjustments during the year                        | 64,651         | (160,211)      |
| Closing Balance   | <b>565,137</b> | <b>500,486</b> |

| Investments – Maturity Analysis                    | 2020<br>\$         | 2019<br>\$         |
|--|--------------------|--------------------|
| At call  | -                  | -                  |
| Not longer than 3 months                           | 67,238,246         | 79,940,234         |
| Longer than 3 months and not longer than 12 months | 37,028,098         | 51,494,510         |
| Longer than 1 year and not longer than 2 years     | 28,430,856         | 14,589,550         |
| Longer than 2 years and not longer than 3 years    | 26,827,736         | 4,268,498          |
| Longer than 3 years and not longer than 4 years    | 20,521,743         | 4,472,454          |
| Longer than 4 years and not longer than 5 years    | 6,024,531          | 11,427,629         |
| Longer than 5 years                                | -                  | 8,886,067          |
| Maturity at discretion of issuer                   | 984,830            | 919,250            |
|  | <b>187,056,041</b> | <b>175,998,192</b> |

## 10. Property, plant and equipment

|   | 2020<br>\$     | 2019<br>\$     |
|---|----------------|----------------|
| <b>Furniture and Equipment</b>                                    |                |                |
| Leasehold Improvements, Furniture & Computers - at cost (opening) | 283,138        | 472,930        |
| Additions   | 147,164        | 22,070         |
| Disposals   | -              | (211,862)      |
| Leasehold Improvements, Furniture & Computers - at cost (closing) | 430,302        | 283,138        |
| Accumulated Depreciation (opening)                                | (218,895)      | (372,052)      |
| Disposals   | -              | 211,862        |
| Depreciation  | (38,348)       | (58,705)       |
| Accumulated Depreciation (closing)                                | (257,243)      | (218,895)      |
|   | <b>173,059</b> | <b>64,243</b>  |
| <b>Intangible Assets</b>  |                |                |
| Software & Web Design - at cost (opening)                         | 566,425        | 830,682        |
| Additions   | 110,503        | 82,805         |
| Disposals   | -              | (347,062)      |
| Software & Web Design - at cost (closing)                         | 676,928        | 566,425        |
| Accumulated Amortisation (opening)                                | (304,458)      | (610,081)      |
| Amortisation  | (116,990)      | (41,439)       |
| Disposals   | -              | 347,062        |
| Accumulated Amortisation (closing)                                | (421,448)      | (304,458)      |
|   | <b>255,480</b> | <b>261,967</b> |
|   | <b>428,539</b> | <b>326,210</b> |

## 11. Right-Of-Use Assets

|                                | 2020<br>\$     | 2019<br>\$    |
|--------------------------------|----------------|---------------|
| <b>Right-of-use Assets</b>     |                |               |
| Right-of-use assets            | 727,308        | 21,985        |
| Less: Accumulated Depreciation | (148,868)      | (2,845)       |
|                                | <b>578,440</b> | <b>19,140</b> |

The company has recognised right of use assets of \$705,320 and lease liabilities of \$705,320 at 1 January 2020 for Macquarie Park. The right-of-use assets related to office premises and items of office equipment. The incremental borrowing rate used as the discount rate to determine lease liabilities on initial recognition was 4.0%. This rate was determined by estimating the discount rate implied by the lease terms compared with outright purchase.

## 12. Payables

Payables – Interest bearing based on actual maturity date

|                                | 2020<br>\$         | 2019<br>\$         |
|--------------------------------|--------------------|--------------------|
| Investments at call            | 160,046,451        | 122,065,240        |
| Investments at 31 days' notice | 101,014,371        | 111,438,968        |
| Term Investments               | 206,048,032        | 202,279,167        |
|                                | <b>467,108,854</b> | <b>435,783,375</b> |

#### Payables – Interest bearing based on withdrawal experience

|   |                    |                    |
|---|--------------------|--------------------|
| <i>Current Liabilities – payable not later than 12 months</i> |                    |                    |
| Investments from Baptist & Christian organisations            | 35,525,352         | 34,868,949         |
| Loan offset Savings Accounts                                  | 6,978,019          | 4,821,466          |
| Investments from Individuals & other organisations            | 13,549,691         | 12,603,590         |
|   | <b>56,053,062</b>  | <b>52,294,005</b>  |
| <i>Non-Current Liabilities - payable later than 12 months</i> |                    |                    |
| Investments from Baptist & Christian organisations            | 260,519,248        | 255,705,625        |
| Loan offset Savings Accounts                                  | 51,172,140         | 35,357,418         |
| Investments from Individuals & other organisations            | 99,364,404         | 92,426,327         |
|   | <b>411,055,792</b> | <b>383,489,370</b> |

Investments are classified according to maturity date and the rollover experience

#### Term Investments and BFS Borrowings from Clients – Maturity Analysis

|  |                    |                    |
|--|--------------------|--------------------|
| At call  | 160,046,451        | 122,065,240        |
| Longer than at call and not longer than 3 months   | 173,880,332        | 201,005,280        |
| Longer than 3 months and not longer than 12 months | 116,032,612        | 88,209,034         |
| Longer than 1 year and not longer than 2 years     | 15,539,647         | 17,882,972         |
| Longer than 2 years and not longer than 5 years    | 1,609,812          | 6,620,849          |
| Longer than 5 years                                | -                  | -                  |
|  | <b>467,108,854</b> | <b>435,783,375</b> |

#### Concentration of Payables

There were no individuals or organisations which in aggregate represent more than 10% of the liabilities for Payables - Interest Bearing. The majority of the payables are with Baptist Churches in Australia or with individuals or organisations having an association with Baptist Churches in Australia.

### 13. Trade and Other Payables

|                                       | 2020<br>\$       | 2019<br>\$       |
|---------------------------------------|------------------|------------------|
| Accrued term investment interest      | 1,716,863        | 2,045,568        |
| Sundry creditors                      | 589,907          | 463,299          |
| Employee benefit provisions           | 386,962          | 299,669          |
| Make good provision                   | -                | 5,000            |
| <b>Total trade and other payables</b> | <b>2,693,732</b> | <b>2,813,536</b> |

### 14. Lease Liability

|                        | 2020<br>\$     | 2019<br>\$    |
|------------------------|----------------|---------------|
| Lease liability        | 595,890        | 19,159        |
| <b>Lease liability</b> | <b>595,890</b> | <b>19,159</b> |

The incremental borrowing rate used as the discount rate to determine lease liabilities on initial recognition was 4.0% (refer to Note 11).

## 15. Accumulated Funds

|   | 2020<br>\$        | 2019<br>\$        |
|---|-------------------|-------------------|
| <b>Accumulated Funds - Total</b>                      |                   |                   |
| Balance at beginning of year                          | 19,019,154        | 15,659,717        |
| Operating Surplus                                     | 4,592,366         | 5,503,884         |
| Grants expended to Baptist ministries                 | (1,053,252)       | (1,178,309)       |
| Transfer (to)/from Reserves                           | (1,061,725)       | (966,138)         |
| <b>Balance at end of year</b>                         | <b>21,496,543</b> | <b>19,019,154</b> |
| <b>Accumulated Funds - New South Wales &amp; ACT</b>  |                   |                   |
| Balance at beginning of year                          | 10,620,332        | 8,631,652         |
| Share of Operating Surplus before Grants              | 2,780,642         | 3,204,802         |
| Share of Grants expended to Baptist ministries        | (580,339)         | (644,198)         |
| Transfer (to)/from Reserves                           | (660,085)         | (571,924)         |
| <b>Balance at end of year</b>                         | <b>12,160,551</b> | <b>10,620,332</b> |
| <b>Accumulated Funds - Victoria</b>                   |                   |                   |
| Balance at beginning of year                          | 2,594,306         | 2,147,320         |
| Share of Operating Surplus before Grants              | 650,208           | 811,418           |
| Share of Grants expended to Baptist ministries        | (210,951)         | (235,884)         |
| Transfer (to)/from Reserves                           | (131,776)         | (128,548)         |
| <b>Balance at end of year</b>                         | <b>2,901,787</b>  | <b>2,594,306</b>  |
| <b>Accumulated Funds - South Australia</b>            |                   |                   |
| Balance at beginning of year                          | 2,412,039         | 2,041,178         |
| Share of Operating Surplus before Grants              | 439,962           | 584,043           |
| Share of Grants expended to Baptist ministries        | (92,326)          | (106,526)         |
| Transfer (to)/from Reserves                           | (104,290)         | (106,656)         |
| <b>Balance at end of year</b>                         | <b>2,655,385</b>  | <b>2,412,039</b>  |
| <b>Accumulated Funds - Northern Territory</b>         |                   |                   |
| Balance at beginning of year                          | 55,644            | 42,031            |
| Share of Operating Surplus before Grants              | 17,422            | 18,502            |
| Share of Grants expended to Baptist ministries        | (902)             | (974)             |
| Transfer (to)/from Reserves                           | (4,956)           | (3,915)           |
| <b>Balance at end of year</b>                         | <b>67,208</b>     | <b>55,644</b>     |
| <b>Accumulated Funds - Tasmania</b>                   |                   |                   |
| Balance at beginning of year                          | 350,846           | 303,608           |
| Share of Operating Surplus before Grants              | 76,530            | 90,867            |
| Share of Grants expended to Baptist ministries        | (27,146)          | (30,044)          |
| Transfer (to)/from Reserves                           | (14,815)          | (13,585)          |
| <b>Balance at end of year</b>                         | <b>385,415</b>    | <b>350,846</b>    |
| <b>Accumulated Funds - Western Australia</b>          |                   |                   |
| Balance at beginning of year                          | 2,777,145         | 2,302,758         |
| Share of Operating Surplus before Grants              | 566,489           | 738,864           |
| Share of Grants expended to Baptist ministries        | (111,148)         | (128,049)         |
| Transfer (to)/from Reserves                           | (136,601)         | (136,428)         |
| <b>Balance at end of year</b>                         | <b>3,095,884</b>  | <b>2,777,145</b>  |
| <b>Accumulated Funds - Baptist Union of Australia</b> |                   |                   |
| Balance at beginning of year                          | 208,841           | 191,169           |
| Share of Operating Surplus before Grants              | 61,113            | 55,388            |
| Share of Grants expended to Baptist ministries        | (30,439)          | (32,634)          |
| Transfer (to)/from Reserves                           | (9,202)           | (5,082)           |
| <b>Balance at end of year</b>                         | <b>230,313</b>    | <b>208,841</b>    |

In accordance with Memorandums of Understanding entered into between BFS and the Baptist Unions and Associations of New South Wales, Victoria, South Australia, Tasmania, Western Australia and the Baptist Union of Australia Inc, a portion of the surpluses will be allocated in accordance with the directions of those entities.

## 16. Reserves

### a. Contributions Reserve

|   | 2020<br>\$        | 2019<br>\$        |
|---|-------------------|-------------------|
| <b>Contributions Reserve - Total</b>                      |                   |                   |
| Balance at beginning of year                              | 14,950,000        | 14,950,000        |
| Contributions Received                                    | -                 | -                 |
| <b>Balance at end of year</b>                             | <b>14,950,000</b> | <b>14,950,000</b> |
| <b>Contributions Reserve - New South Wales</b>            |                   |                   |
| Balance at beginning of year                              | 8,000,000         | 8,000,000         |
| Contribution Received                                     | -                 | -                 |
| <b>Balance at end of year</b>                             | <b>8,000,000</b>  | <b>8,000,000</b>  |
| <b>Contributions Reserve - Victoria</b>                   |                   |                   |
| Balance at beginning of year                              | 3,250,000         | 3,250,000         |
| Contribution Received                                     | -                 | -                 |
| <b>Balance at end of year</b>                             | <b>3,250,000</b>  | <b>3,250,000</b>  |
| <b>Contributions Reserve - South Australia</b>            |                   |                   |
| Balance at beginning of year                              | 1,275,000         | 1,275,000         |
| Contribution Received                                     | -                 | -                 |
| <b>Balance at end of year</b>                             | <b>1,275,000</b>  | <b>1,275,000</b>  |
| <b>Contributions Reserve - Tasmania</b>                   |                   |                   |
| Balance at beginning of year                              | 425,000           | 425,000           |
| Contribution Received                                     | -                 | -                 |
| <b>Balance at end of year</b>                             | <b>425,000</b>    | <b>425,000</b>    |
| <b>Contributions Reserve - Western Australia</b>          |                   |                   |
| Balance at beginning of year                              | 1,500,000         | 1,500,000         |
| Contribution Received                                     | -                 | -                 |
| <b>Balance at end of year</b>                             | <b>1,500,000</b>  | <b>1,500,000</b>  |
| <b>Contributions Reserve - Baptist Union of Australia</b> |                   |                   |
| Balance at beginning of year                              | 500,000           | 500,000           |
| Contribution Received                                     | -                 | -                 |
| <b>Balance at end of year</b>                             | <b>500,000</b>    | <b>500,000</b>    |



## 16. Reserves (continued)

### b. Future Grants Reserve

|  | 2020<br>\$       | 2019<br>\$     |
|--|------------------|----------------|
| <b><i>Future Grants Reserve - Total</i></b>                      |                  |                |
| Balance at beginning of year                                     | 966,138          | 927,478        |
| Transfer (to)/from accumulated funds (See Note 15)               | 1,061,725        | 966,138        |
| Expended during current year                                     | (966,138)        | (927,478)      |
| <b>Balance at end of year</b>                                    | <b>1,061,725</b> | <b>966,138</b> |
| <b><i>Future Grants Reserve - New South Wales</i></b>            |                  |                |
| Balance at beginning of year                                     | 571,924          | 523,724        |
| Transfer (to)/from accumulated funds                             | 660,085          | 571,924        |
| Grants expended to Baptist ministries                            | (571,924)        | (523,724)      |
| <b>Balance at end of year</b>                                    | <b>660,085</b>   | <b>571,924</b> |
| <b><i>Future Grants Reserve - Victoria</i></b>                   |                  |                |
| Balance at beginning of year                                     | 128,548          | 120,160        |
| Transfer (to)/from accumulated funds                             | 131,776          | 128,548        |
| Grants expended to Baptist ministries                            | (128,548)        | (120,160)      |
| <b>Balance at end of year</b>                                    | <b>131,776</b>   | <b>128,548</b> |
| <b><i>Future Grants Reserve - South Australia</i></b>            |                  |                |
| Balance at beginning of year                                     | 106,656          | 114,244        |
| Transfer (to)/from accumulated funds                             | 104,290          | 106,656        |
| Grants expended to Baptist ministries                            | (106,656)        | (114,244)      |
| <b>Balance at end of year</b>                                    | <b>104,290</b>   | <b>106,656</b> |
| <b><i>Future Grants Reserve - Northern Territory</i></b>         |                  |                |
| Balance at beginning of year                                     | 3,915            | 4,083          |
| Transfer (to)/from accumulated funds                             | 4,956            | 3,915          |
| Grants expended to Baptist ministries                            | (3,915)          | (4,083)        |
| <b>Balance at end of year</b>                                    | <b>4,956</b>     | <b>3,915</b>   |
| <b><i>Future Grants Reserve - Tasmania</i></b>                   |                  |                |
| Balance at beginning of year                                     | 13,585           | 12,746         |
| Transfer (to)/from accumulated funds                             | 14,815           | 13,585         |
| Grants expended to Baptist ministries                            | (13,585)         | (12,746)       |
| <b>Balance at end of year</b>                                    | <b>14,815</b>    | <b>13,585</b>  |
| <b><i>Future Grants Reserve - Western Australia</i></b>          |                  |                |
| Balance at beginning of year                                     | 136,428          | 138,177        |
| Transfer (to)/from accumulated funds                             | 136,601          | 136,428        |
| Grants expended to Baptist ministries                            | (136,428)        | (138,177)      |
| <b>Balance at end of year</b>                                    | <b>136,601</b>   | <b>136,428</b> |
| <b><i>Future Grants Reserve - Baptist Union of Australia</i></b> |                  |                |
| Balance at beginning of year                                     | 5,082            | 14,344         |
| Transfer (to)/from accumulated funds                             | 9,202            | 5,082          |
| Grants expended to Baptist ministries                            | 5,082            | (14,344)       |
| <b>Balance at end of year</b>                                    | <b>9,202</b>     | <b>5,082</b>   |

## 16. Reserves (continued)

### c. Fair value through other comprehensive income reserve

|  | 2020<br>\$       | 2019<br>\$       |
|--|------------------|------------------|
| Balance at beginning of year                       | (399,452)        | 258,141          |
| Changes in derivative liability                    | (39,246)         | (497,382)        |
| Fair value change in investments at FVOCI (Note 9) | 64,651           | (160,211)        |
| <b>Balance at end of year</b>                      | <b>(374,047)</b> | <b>(399,452)</b> |

## 17. Risk Management

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Consolidated Entity's risk management framework. The Board maintains an Audit, Risk & Compliance Committee (ARCCo), an Assets & Liabilities Committee (ALCo), a Board Governance & Remuneration Committee (BGRCo) and a Credit Committee (CCo) to oversee the financial reporting and audit and risk management processes.

The ARCCo's major role, within the BFS risk management organisational structure, is to monitor BFS's approved policies and procedures in relation to:

- Internal Controls & Risk Management
- Statutory and Financial Reporting Requirements
- Auditor Independence & Performance
- Internal Audit
- Compliance with Law, Regulations & Policies
- Review any other matters as determined by the Board from time to time.

The ALCo's major role is to monitor BFS's approved policies and procedures in relation to the management and control of:

- Credit Risk
- Liquidity Risk
- Market Risk
- Balance Sheet Risk
- Capital Management Risk

The BGRCo's major role is to make recommendations to the Board in respect of:

- The Nomination and Roles of New Directors
- The Nomination of Directors to Board Committees
- Annual Board & Committee Assessment
- Professional Development of Directors & Staff
- Conflict of Interest Disclosure & Management
- The Selection, Interview of a CEO, Establish Objectives and Review Performance
- The Selection, Interview of Special Board Appointees and Review Performance in conjunction with the CEO
- the Monitoring of staff performance & salaries, director remuneration, continuous improvement systems and processes with the CEO

The CCo's major role is to approve certain loans or variations to existing loans within delegated limits from the Board and to recommend changes to Loans Policy to the Board.

## 17. Risk Management (continued)

BFS has undertaken the following strategies to minimise the risks arising from financial instruments:

### Market risk

The company has no exposure to currency risk.

The company's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. Interest rate exposures are reviewed at least monthly and provided regularly to ALCo and Board meetings.

### Credit risk – Loans

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. Company policy is to maintain no more than \$1.5 million in unsecured loans, with the balance of loans secured by mortgage, offset arrangements, an undertaking from the Baptist Churches of New South Wales Property Trust to enter into a Mortgage, or an interest in property or other guarantees.

### Credit risk – investments

The risk of losses from investments is reduced by the limited concentration in any one entity. Company policy is to limit any investments with one investee to a maximum of 10% of total funds under management with the exception that this limit is not applied to investments in the "big four" Australian banks. All securities and other deposits with Institutions must have a credit rating by Standard and Poor's from AAA to BB, or equivalent.

### Liquidity risk

The company has undertaken to investors to maintain at least 20% of total investments from clients in readily realisable investments in order to maintain adequate funds for meeting withdrawal requests. This undertaking to investors is incorporated in the Identification Statement lodged with ASIC. The ratio is checked at least monthly by management and is reported regularly to ALCo and the Board.

### Operational Risks

Operational risk is a risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of the overall Company's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency and business continuity plans
- Training and professional development
- Ethical and business standards aligned to stated BFS values
- Risk mitigation, including insurance where this is effective
- Compliance with the company's standards is supported by a program of internal audit using both internal and external resources.

## 17. Risk Management (continued)

### Average Balance Sheet and Interest Rates

The effective weighted average interest rates on classes of financial assets and financial liabilities are as follows:

|   | Average Balance<br>\$ | Interest<br>(At rates applicable<br>at balance date)<br>\$ | Average Rate<br>% |
|---|-----------------------|--|-------------------|
| <b>2020</b>                                   |                       |  |                   |
| <b>Financial Assets</b>                       |                       |  |                   |
| Cash and liquid assets                        | 32,277,966            | 191,982  | 0.59              |
| Investments with other financial institutions | 177,975,150           | 3,618,346  | 2.03              |
| Loans and Advances                            | 280,201,697           | 13,567,578   | 4.84              |
|   | <b>490,454,813</b>    | <b>17,377,906</b>  | <b>3.54</b>       |
| <b>Financial Liabilities</b>                  |                       |  |                   |
| Client Investments                            | <b>453,212,245</b>    | <b>8,053,757</b>   | <b>1.78</b>       |
| <b>2019</b>                                   |                       |  |                   |
| <b>Financial Assets</b>                       |                       |  |                   |
| Cash and liquid assets                        | 21,672,892            | 338,322  | 1.56              |
| Investments with other financial institutions | 179,043,977           | 5,133,790  | 2.87              |
| Loans and Advances                            | 257,650,001           | 13,297,331   | 5.16              |
|   | <b>458,366,870</b>    | <b>18,769,443</b>  | <b>4.09</b>       |
| <b>Financial Liabilities</b>                  |                       |  |                   |
| Client Investments                            | <b>425,355,896</b>    | <b>10,231,619</b>  | <b>2.41</b>       |

### Credit Risk

The maximum exposure to credit risk at balance date in relation to loans and advances is the carrying amount.

At balance date this amounted to \$286,753,786 (2019: \$271,477,147). Loans and advances primarily comprise commercial loans to Baptist and other Christian entities secured by mortgage over freehold property, offset arrangements or an interest in property. The loan portfolio comprises a mix of loan to value ratios, ranging from conservative to high.

The total risk exposure for all unimpaired loans exceeding \$2 million at balance date was \$163,086,453 representing 38 borrowers (2019: 30 totalling \$124,842,765). Each of these loans is fully secured by mortgage over freehold property, offset arrangements or an interest in property.

The total of loans past due are \$49,945 at year end (2019: \$128,026).

Refer to Note 7 for further explanation of the Allowance for Impairment.

There is no credit risk exposure to any single borrower or group of borrowers under financial instruments entered into by it which in aggregate represents more than 10% of Loans and advances - interest bearing.

## 18. Other Expenses

|  | 2020<br>\$       | 2019<br>\$       |
|--|------------------|------------------|
| Website, Software and Computer Systems | 414,353          | 310,249          |
| Occupancy                              | 56,389           | 122,783          |
| Depreciation and Amortisation          | 301,360          | 102,989          |
| Other General Administration Expenses  | 1,058,467        | 1,235,204        |
| <b>Total Other Expenses</b>            | <b>1,830,569</b> | <b>1,765,780</b> |

## 19. Net Operating Surplus

|  | 2020<br>\$       | 2019<br>\$       |
|--|------------------|------------------|
| <b>Operating surplus</b>   | <b>4,592,366</b> | <b>5,503,884</b> |
| <i>Is arrived at after including as revenue:</i>   |                  |                  |
| • Interest earned  | 15,460,726       | 17,131,568       |
| <i>And after charging as expenses:</i>   |                  |                  |
| • Auditor's Remuneration   |                  |                  |
| ▪ Audit Fees – Grant Thornton Audit Pty Ltd  | 73,630           | 72,200           |
| (No other benefits were received by the auditor)   |                  |                  |
| • Amortisation and Depreciation of software, furniture & equipment and leasehold improvements    | 155,337          | 100,145          |
| • Depreciation of right-of-use assets  | 146,023          | 2,845            |
| • Interest incurred  | 6,550,336        | 8,946,629        |
| • Employee benefits and costs  | 2,401,808        | 2,442,479        |
| <i>Payment of Grants are shown in the Statement of Changes in Accumulated Funds and Reserves</i> |                  |                  |
| • Grants paid from current year result   | 1,053,252        | 1,178,309        |
| • Grants paid from Future Grants Reserve   | 966,138          | 927,478          |

The total number of employees at balance date was 22 (2019: 19) which represented 20.2 (2019: 18.0) full-time equivalent (FTEs).

## 20. Other Information

The Company is a National Baptist Ministry, being a Delegated Body of the Baptist Union of Australia Inc, and provides the facilitation of the financing of Baptist entities affiliated with participating Baptist Unions and other Christian Churches & organisations.

The Company holds and operates with an Australian Financial Services Licence - AFSL 311062.

A long term objective of BFS is to assist churches and ministries as they pursue development opportunities and realise increased resources for ministry. These activities are a particular focus of its controlled entity Baptist Development Australia Pty Ltd.

## 21. Notes to the Statement of Cash Flows

### (1) Reconciliation of Cash

|                         | 2020<br>\$        | 2019<br>\$        |
|-------------------------|-------------------|-------------------|
| Cash at call            | 32,123,545        | 25,250,898        |
| Cash at 31 days' notice | 0                 | 76                |
|                         | <b>32,123,545</b> | <b>25,250,974</b> |

Cash includes cash at bank and on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and deposits held at-call or on 31 days' notice. It is noted that cash and investments which, if required, are readily realisable within 5 business days amounted to \$146,135,334 (2019: \$86,262,121) at balance date.

### (2) Reconciliation of surplus to net cash from operating activities

|   | 2020<br>\$       | 2019<br>\$       |
|---|------------------|------------------|
| Operating surplus   | 4,592,366        | 5,503,884        |
| Amortisation and Depreciation                             | 301,360          | 102,990          |
| Increase/(Decrease) in accrued term investment interest   | (328,705)        | (112,047)        |
| (Increase)/Decrease in sundry debtors and accrued income  | 149,978          | 427,579          |
| Increase /(Decrease) in trade and other payables          | 119,902          | 137,060          |
| Increase /(Decrease) in allowance for Impairment of loans | 91,802           | (103,006)        |
| Increase /(Decrease) in employee benefits                 | 87,292           | (30,992)         |
| <b>Net Cash from Operating Activities</b>                 | <b>5,013,995</b> | <b>5,925,468</b> |

## 22. Related Parties

Australian Baptist Ministries (The Baptist Union of Australia Inc.) appoints up to 12 Directors of the Company. Australian Baptist Ministries invites each of the Baptist Association of NSW & ACT, Baptist Union of Victoria, Baptist Churches of South Australia Inc., Tasmania Baptists & Western Australia Baptist Churches to nominate Directors taking into consideration directors positions for each 12% or part thereof of client funds held on investment from the relevant States and the availability of suitable candidates, with reference to the company's Director skills matrix.

The Baptist Association of NSW & ACT, the Baptist Union of Victoria and Western Australia Baptist Churches provided office accommodation facilities for the Company during the year and were compensated for this as follows:

|  | 2020<br>\$ | 2019<br>\$ |
|--|------------|------------|
| Baptist Association of NSW & ACT                                     | 320,595    | 132,783    |
| Baptist Union of Victoria  | 7,983      | 7,983      |
| Baptist Churches Western Australia                                   | 5,103      | 5,103      |
| Payment made by BFS to a company associated with a Company Secretary | 3,600      | 9,675      |
| Payment made by BDA to a company associated with a Company Secretary | 631,593    | 276,419    |

BFS holds monies on investment from various ministries of the Baptist Association of NSW & ACT, Baptist Union of Victoria, Baptist Churches of South Australia Inc., Tasmanian Baptist, Western Australia Baptist Churches and Australian Baptist Ministries, all of whom are considered to be related entities. Some of these monies are special purpose funds and some are monies which are held on investment until applied to general purposes. All investments held and loans and advances made are on normal terms and conditions no more favourable than those available to other persons unless otherwise specified below.

## 22. Related Parties (continued)

|  | Principal<br>2020<br>\$ | Principal<br>2019<br>\$ |
|--|-------------------------|-------------------------|
| <b>New South Wales</b>                 |                         |                         |
| Investments held:                      | 38,745,864              | 52,880,749              |
| Loans and Advances:                    | 221,208                 | 531,111                 |
| <b>Victoria</b>                        |                         |                         |
| Investments held:                      | 25,371,182              | 20,931,478              |
| Loans and Advances:                    | 1,736,539               | 1,323,145               |
| <b>South Australia</b>                 |                         |                         |
| Investments held:                      | 23,736,713              | 23,912,873              |
| <b>Northern Territory</b>              |                         |                         |
| Investments held:                      | 249,610                 | 231,108                 |
| <b>Tasmania</b>                        |                         |                         |
| Investments held:                      | 1,648,416               | 1,667,155               |
| <b>Western Australia</b>               |                         |                         |
| Investments held:                      | 3,733,173               | 3,822,048               |
| Loans and Advances:                    | 283,845                 | 40,719                  |
| <b>Baptist Union of Australia Inc.</b> |                         |                         |
| Investments held:                      | 1,014,594               | 581,149                 |
| <b>Totals</b>                          |                         |                         |
| Investments held:                      | <b>94,499,552</b>       | <b>104,026,561</b>      |
| Loans and Advances:                    | <b>2,241,592</b>        | <b>1,894,975</b>        |

### Disclosures on Key Management Personnel (KMP)

#### Remuneration of KMP

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any Director of the company. Control is the power to govern the financial and operating policies of the company so as to obtain benefits from its activities.

Key management personnel (KMP) comprise the 10 (2019: 11) Directors of the Company, the Chief Executive Officer and three Executive Staff. The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for, but excluding out of pocket expense reimbursements, was as follows:

|                                       | 2020<br>\$     | 2019<br>\$     |
|---------------------------------------|----------------|----------------|
| Key Management Personnel Compensation | 973,811        | 921,477        |
|                                       | <b>973,811</b> | <b>921,477</b> |

All remuneration to Directors was approved by the Baptist Union of Australia Inc. and by the members at the last Annual General Meeting of the company.

## 22. Related Parties (continued)

### Loans to Key Management Personnel (KMP)

|   | 2020<br>\$ | 2019<br>\$ |
|---|------------|------------|
| Aggregate value of 5 year term loans to KMP at beginning of year                            | 3,051      | 9,679      |
| Aggregate value of 5 year term loans to KMP at balance date                                 | -          | 3,051      |
| Aggregate value of 5 year term loans disbursed to KMP during the year                       | -          | -          |
| Aggregate value of highest indebtedness of 5 year term loans to KMP during the year         | 3,051      | 9,679      |
| Aggregate of interest earned on 5 year term loans to KMP during the year                    | -          | 304        |
| Aggregate of interest earned if 5 year term loans to KMP were made on an arm's length basis | -          | 304        |
| Number of KMP in the group  | 1          | 1          |

There are no loans which are impaired in relation to the 5 year term loan balances with KMP.

There are no benefits or concessional terms and conditions applicable to the close family members of the KMP.

There are no loans which are impaired in relation to the loan balances with close family relatives of the KMP.

### Other Transactions between Related Parties including Investments from KMP

|  | 2020<br>\$ | 2019<br>\$ |
|--|------------|------------|
| Total value of term and savings investments from KMP | 59,424     | 339,865    |
| Total interest paid on investments to KMP            | 855        | 8,137      |

### Loans to Directors and Key Management Personnel

There are no loans that are impaired in relation to the loan balances with staff, the CEO or other Key Management Personnel. Directors may have received interest on investments with BFS during the financial year in relation to personal or related entity investment accounts held with BFS. Interest has been paid on terms and conditions no more favourable than those ordinarily available on similar accounts to clients of BFS. BFS policy for receiving investments from other related parties and in respect of other related party transactions is that all transactions are approved and investments accepted on the same terms and conditions that apply to client investors for each type of investment. There are no service contracts to which Key Management Personnel or their close family members are an interested party, except as otherwise disclosed in this report.



## 23. Parent Entity Information

Information relating to Baptist Financial Services Australia Limited (the Parent Entity):

|   | 2020<br>\$       | 2019<br>\$       |
|---|------------------|------------------|
| <b>Statement of financial position</b>                            |                  |                  |
| Total assets  | 508,492,670      | 474,815,900      |
| Total liabilities   | 471,289,097      | 440,246,517      |
| Net assets  | 37,203,573       | 34,569,383       |
| Accumulated funds   | 21,427,201       | 20,576,817       |
| <b>Statement of profit or loss and other comprehensive income</b> |                  |                  |
| <b>Surplus for the year</b>                                       | <b>4,628,177</b> | <b>5,537,233</b> |
| Other comprehensive income  | 25,404           | (657,593)        |
| <b>Total comprehensive income</b>                                 | <b>4,653,581</b> | <b>4,879,640</b> |

## 24. Economic Dependency

The Company has an operational dependency on three suppliers of services:

The first supplier is an Approved Deposit Taking Institution registered under the *Corporations Act 2001* and the Banking Act 1959 and:

- Facilitates settlement arrangements for the Company with bankers for direct entry and cheque transactions;
- Provides computer bureau services for the hosting of software and the maintenance of database records.

The second supplier provides and maintains the application software for client account and transaction records, internet account access, BPay and general ledger services used by the Company.

The third supplier provides the application software for the imaging and retrieval of client and Company records.

## 25. Contingent Liabilities

There are no contingent and unrecorded obligations of a material amount for which provision has not been made.

## 26. Post-reporting Date Events

There are no adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

## Directors' Declaration

- 1 In the opinion of the Directors of Baptist Financial Services Australia Limited:
- a The consolidated financial statements and notes of Baptist Financial Services Australia Limited are in accordance with the *Australian Charities and Non-for-profits Commission Act 2012*, including:
    - i Giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
    - ii Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations), the *Australian Charities and Non-for-profits Commission Regulation 2013*; and
  - b There are reasonable grounds to believe that Baptist Financial Services Australia Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Director

Dated the 15th day of April 2021

## Independent Auditor's Report

To the Members of Baptist Financial Services Australia Limited and its controlled entity

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Baptist Financial Services Australia Limited and its controlled entity (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profit Commission Act 2012* (ACNC Act), including:

- a giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements, Division 60 of the Australian and Not-for-profits Commissions Regulation 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 Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors' for the financial report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act. The Directors' responsibility also includes 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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

### 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Madeleine Mattera  
Partner – Audit & Assurance

Sydney, 15 April 2021



## Baptist Churches of NSW Property Trust

Special Purpose Financial Reports  
for the financial year ended 30 April 2020

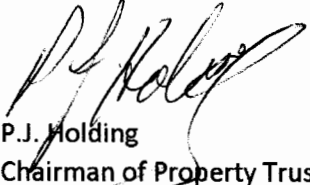
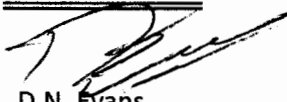


**BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST**

**ABN 60 239 908 643**

**YEAR ENDED 30TH APRIL, 2020**

**INCOME AND EXPENDITURE**

|   |   |                |
|---|---|----------------|
| <b>Part 1 - Common Fund</b>   | <b>2020</b>   | <b>2019</b>    |
| Interest received on bank deposits  | 23,569.42   | 26,825         |
| Less Interest credited to depositors  | 22,497.50   | 25,484         |
| Baptist Property Trust commission   | <u>1,071.92</u>   | <u>1,341</u>   |
| <b>Part 2 - Church Loans Fund</b>   |   |                |
| Income  |   |                |
| Interest on Common Fund Acct  | 1,691.94  | 2,003          |
| Interest Received on Loans  | <u>7,116.60</u>   | <u>8,149</u>   |
| Total Income  | <u>8,808.54</u>   | <u>10,152</u>  |
| Expenditure   |   |                |
| Interest to Common Fund   | 2,547.00  |                |
| Administration Fee  | <u>4,620.00</u>   | <u>4,620</u>   |
| Total Expenditure   | <u>7,167.00</u>   | <u>4,620</u>   |
| Net Income for year   | <u>1,641.54</u>   | <u>5,532</u>   |
| <b>Part 3 - Administration</b>  |   |                |
| Income  |   |                |
| Interest Received from Common Fund  | 3,231.92  | 4,556          |
| Commission from Common Fund   | 1,071.92  | 1,341          |
| Commission on Other Income  | 42.17   | 80             |
| Contribution from Funds for Administration  | 4,410.00  | 4,410          |
| Loan Application Fee  | <u>1,300.00</u>   |                |
| Total Income  | <u>10,056.01</u>  | <u>10,387</u>  |
| Expenditure   |   |                |
| Audit Fee   | 1,850.00  | 1,850          |
| Clerical Assistance   | 9,600.00  | 9,600          |
| Postage & General Expenses  | 241.56  | 332            |
| Legal expenses  | 2,500.00  | 2,500          |
| Travel Expenses   | 48.20   | 221            |
| Sundry Expenses   | <u>40.00</u>  |                |
| Total Expenditure   | 14,279.76   | 14,503         |
| Net Surplus/(Deficit) for year  | <u>- 4,223.75</u>   | <u>- 4,116</u> |
|   | <u>10,056.01</u>  | <u>10,387</u>  |
| <br>P.J. Holding<br>Chairman of Property Trust | <br>D.N. Evans<br>Treasurer of Property Trust |                |

**BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST**

**ABN 60 239 908 643**

**BALANCE SHEET AS AT 30TH APRIL, 2020**

|                                   | 2020                | 2019             |
|-----------------------------------|---------------------|------------------|
| <b>Part 1 - Common Fund</b>       |                     |                  |
| Investments                       |                     |                  |
| NAB Current Account               | 24,910.15           | 191,092          |
| NAB Term Deposits                 | 1,180,000.00        | 2,065,000        |
| BFS account                       | 1,030.20            |                  |
| BFS Term Investment               | 250,000.00          |                  |
| Interest Accrued                  | 788.65              | 2,121            |
|                                   | <u>1,456,729.00</u> | <u>2,258,213</u> |
| Liabilities                       |                     |                  |
| Deposits repayable at call        | 1,456,296.78        | 2,257,792        |
| Net GST Rec'd/Paid                | 432.22              | 421              |
|                                   | <u>1,456,729.00</u> | <u>2,258,213</u> |
| <b>Part 2 - Church Loans Fund</b> |                     |                  |
| Deposit in Common Fund            | 162,845.68          | 123,106          |
| Loans to churches                 |                     |                  |
| Auburn Baptist Church             | 8,003.20            |                  |
| Blackheath Baptist Church         | 57,707.11           | 66,105           |
| Erina Community Church            | 75,019.25           | 102,725          |
| St Ives Baptist Church            | 70,315.85           | 80,013           |
|                                   | <u>211,045.41</u>   | <u>248,843</u>   |
| Interest Accrued                  | 326.95              | 627              |
|                                   | <u>374,218.04</u>   | <u>372,576</u>   |
| <b>Total</b>                      |                     |                  |
|                                   | <u>374,218.04</u>   | <u>372,576</u>   |
| Accumulated Funds                 |                     |                  |
| Balance at 30th April, 2018       |                     | 367,045          |
| Balance at 30th April, 2019       | 372,576.50          |                  |
| Net Income for year               | 1,641.54            | 5,532            |
| Balance at 30th April, 2019       |                     | <u>372,577</u>   |
| Balance at 30th April, 2020       | 374,218.04          |                  |
|                                   | <u>374,218.04</u>   | <u>372,577</u>   |
| <b>Part 3 - Administration</b>    |                     |                  |
| Investments                       |                     |                  |
| Common Fund Deposit at call       | 219,991.25          | 226,715          |
| GST Paid                          | 185.00              |                  |
| <b>Total</b>                      | <u>220,176.25</u>   | <u>226,715</u>   |

**BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST**

**ABN 60 239 908 643**

**BALANCE SHEET AS AT 30TH APRIL, 2020 (Cont)**

|                             |                          |                       |
|-----------------------------|--------------------------|-----------------------|
| Sundry Creditors            | <u>2,035.00</u>          | <u>1,850</u>          |
| Total                       | <u>2,035.00</u>          | <u>1,850</u>          |
| Accumulated Funds           |                          |                       |
| Balance at 30th April, 2017 | 222,365.00               | 231,524               |
| Net Surplus/Loss for year   | <u>- 4,223.75</u>        | <u>- 5,043</u>        |
| Balance at 30th April, 2019 | <u>218,141.25</u>        | <u>226,481</u>        |
| Total                       | <u><u>220,176.25</u></u> | <u><u>228,331</u></u> |



P.J. Holding  
Chairman of Property Trust



D.N. Evans  
Treasurer of Property Trust



**BAPTIST UNION OF NEW SOUTH WALES**  
**THE AGED AND INFIRM MINISTERS' TRUST FUND**  
**ABN 78 930 540 234**  
**REPORT FOR THE YEAR ENDED 30TH APRIL, 2020.**

Baptist Churches of New South Wales Property Trust is the Trustee of the fund.

The net surplus of \$1,345 was added to the Fund, increasing Accumulated Funds to \$92,236.

No amount was requested from the committee which is responsible for its disbursement in the form of allowances to the beneficiaries.

**INCOME AND EXPENDITURE ACCOUNT**

**YEAR ENDED 30TH APRIL, 2020**

**INCOME**

|                      | 2020                   | 2019                |
|----------------------|------------------------|---------------------|
| Interest on deposits | <u>1,344.54</u>        | <u>1,813</u>        |
| Total Income         | <u><u>1,344.54</u></u> | <u><u>1,813</u></u> |

**EXPENDITURE**

|                                |                        |                     |
|--------------------------------|------------------------|---------------------|
| Surplus Transferred to Capital | <u>1,344.54</u>        | <u>1,813</u>        |
| Total Expenditure              | <u><u>1,344.54</u></u> | <u><u>1,813</u></u> |

**BALANCE SHEET AS AT 30TH APRIL, 2020**

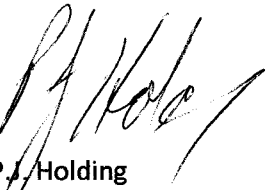
**ASSETS**


**Capital Account**

|                                    |                         |                      |
|------------------------------------|-------------------------|----------------------|
| Property Trust Common Fund Deposit | <u>92,236.12</u>        | <u>90,892</u>        |
| Total Assets                       | <u><u>92,236.12</u></u> | <u><u>90,892</u></u> |

**FUNDS**

|                                |                         |                      |
|--------------------------------|-------------------------|----------------------|
| Balance as at 30th April, 2019 | 90,891.58               | 89,079               |
| Add Surplus for the Year       | <u>1,344.54</u>         | <u>1,813</u>         |
| Total Liabilities              | <u><u>92,236.12</u></u> | <u><u>90,892</u></u> |

  
P.J. Holding  
Chairman of Property Trust

  
D.N. Evans  
Treasurer of Property Trust

**BAPTIST UNION OF NEW SOUTH WALES**  
**THE AGED AND INFIRM MINISTERS' TRUST FUND COMMITTEE**  
**REPORT FOR THE YEAR ENDED 30TH APRIL, 2020.**

Baptist Churches of New South Wales Property Trust is the Trustee of the fund.

**STATEMENT OF RECEIPTS AND PAYMENTS**


**YEAR ENDED 30TH APRIL, 2020**


**RECEIPTS**

|  | 2020                   | 2019              |
|--|------------------------|-------------------|
| Balance on Deposit at 30th April, 2019       | 76.83                  | 75                |
| Interest on Deposit                          | 1.15                   | 2                 |
| Subsidy from Baptist Ministers' Support Fund | <u>3,090.47</u>        | <u>          </u> |
| Total Receipts                               | <u><u>3,168.45</u></u> | <u><u>77</u></u>  |

**PAYMENTS**

|  |                        |                  |
|--|------------------------|------------------|
| Amount distributed to 2 beneficiaries  | 3,090.47               |                  |
| Balance on Deposit at 30th April, 2020 | <u>77.98</u>           | <u>77</u>        |
| Total Payments                         | <u><u>3,168.45</u></u> | <u><u>77</u></u> |

  
P.J. Holding  
Chairman of Property Trust

  
D.N. Evans  
Treasurer of Property Trust

**BAPTIST UNION OF NEW SOUTH WALES**

**BAPTIST MINISTERS' SUPPORT FUND**

**ABN 13 836 779 051**

**REPORT FOR THE YEAR ENDED 30TH APRIL, 2020**

Baptist Churches of New South Wales Property Trust is the Trustee of the fund.

The net income of the Fund was (\$113) which was added to the Accumulated Revenue Account, decreasing this balance to \$52,718.

The Capital Account of the Fund remains at \$166,785.

**INCOME AND EXPENDITURE ACCOUNT**


**YEAR ENDED 30TH APRIL, 2020**

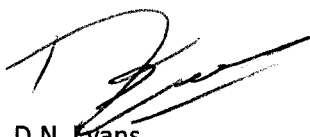
**INCOME**

|                                 | 2020            | 2019         |
|---------------------------------|-----------------|--------------|
| Interest on Common Fund Deposit | <u>3,208.20</u> | <u>4,385</u> |

**EXPENDITURE**

|  |                 |              |
|--|-----------------|--------------|
| Trustee Administration   | 231.00          | 231          |
| Subsidy paid to A+IM Ctee  | 3,090.47        |              |
| Surplus for the Year transferred to<br>Accumulated Revenue Account | - 113.27        | 4,154        |
| Total Expenditure  | <u>3,208.20</u> | <u>4,385</u> |

  
P.J. Holding  
Chairman of Property Trust

  
D.N. Evans  
Treasurer of Property Trust

**BAPTIST UNION OF NEW SOUTH WALES**

**BAPTIST MINISTERS' SUPPORT FUND**

**ABN 13 836 779 051**

**BALANCE SHEET AS AT 30TH APRIL, 2020**

**ASSETS**

|                                    | 2020              | 2019           |
|------------------------------------|-------------------|----------------|
| Property Trust Common Fund Deposit | 219,503.32        | 219,617        |
| Total Assets                       | <u>219,503.32</u> | <u>219,617</u> |


**FUNDS**


**Capital Account**

|                                |            |         |
|--------------------------------|------------|---------|
| Capital as at 30th April, 2019 |            | 166,785 |
| Capital as at 30th April, 2020 | 166,785.00 |         |

**Revenue Account**

|   |                   |                |
|---|-------------------|----------------|
| Accumulated Revenue Account at 30 April, 2019 |                   | 48,677         |
| Accumulated Revenue Account at 30 April, 2020 | 52,831.59         |                |
| Add Surplus for the Year                      | - 113.27          | 4,155          |
|   | <u>52,718.32</u>  | <u>52,832</u>  |
| Less Transfer to Capital                      |                   |                |
| Total Revenue Account                         | <u>52,718.32</u>  | <u>52,832</u>  |
| Total Funds                                   | <u>219,503.32</u> | <u>219,617</u> |

  
P.J. Holding  
Chairman of Property Trust,

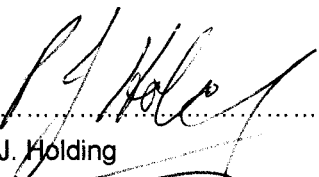
  
D.N. Evans  
Treasurer of Property Trust

## RESPONSIBLE PERSONS' DECLARATION

The Responsible Persons of the Baptist Churches of New South Wales Property Trust declare that:

1. The special purpose financial statements and notes satisfy the requirements of the Australian Charities and Not For Profits Commission Act 2012 including:
  - a. complying with relevant Australian Accounting Standards; and
  - b. giving a true and fair view of the financial position as at 30 April 2020 and of the performance of the entity for the year ended on that date.
2. In the opinion of the responsible persons there are reasonable grounds to believe that the 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*.

  
.....  
P.J. Holding

  
.....  
D.N. Evans

Dated at Sydney this 8th day of October, 2020.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

The financial statements are for the Baptist Churches of New South Wales Property Trust and for independent Trusts controlled by it.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The financial statements have been prepared on the basis that the entity is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements. The financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB10 or AASB128).

The financial report has been prepared in accordance with the requirements of the Australian Charities and Not For Profits Act 2012, and any requirements under the enabling legislation and/or By-Laws if any, the basis of accounting specified by relevant Australian Accounting Standards, and the disclosure requirements of Accounting Standards AASB101 Presentation of Financial Statements, AASB107 CashFlow Statements, AASB108 Accounting Policies Changes in Accounting Estimates and Errors AASB1031 Materiality and AASB1054 Additional Disclosures.

The financial statements 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 Property Trust is a not for profit entity.

#### Accounting Policies

##### a. Revenue

Revenues are brought to account in the year to which they relate. Uncollected revenue at balance date is reviewed and a provision for impairment is raised if recovery is doubtful.

Donations and bequests are brought to account when received. Grant amounts are brought to account on an accrued basis.

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

##### b. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

### c. Financial Instruments

#### ***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions 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.

#### ***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

### d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

### f. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*. The Baptist Churches of New South Wales Property Trust is registered with the Australian Charities & Not for Profits Commission as a charitable institution.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. **Comparative Figures**

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

h. **Legal Structure**

The entity is incorporated by Act of Parliament.





CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

**SHEDDEN & GREEN PARTNERS**  
ABN 43 723 342 276

**INDEPENDENT AUDIT REPORT**

We have audited the attached Special Purpose Financial Reports of the undermentioned Trust Accounts of the Baptist Churches of New South Wales Property Trust for the year ended 30 April 2020.

**Audit Opinion**

In our opinion,

- (a) the financial reports of the undermentioned Trust and Funds comprising the balance sheets and income statement together with accompanying notes and the Responsible Persons Declaration, have been prepared in accordance with Division 60 of the Australian Charities and Not For Profits Commission Act 2012, including:
  - (i) giving a true and fair view of the financial position as at 30 April 2020 and the financial performance for the year ended on that date; and
  - (ii) satisfying the requirements of Division 60 of the Australian Charities and Not For Profits Commission Regulation 2013.
- (b) The accounting and other records of the Trust and of the Funds have been properly kept.
  - 1. Baptist Churches of New South Wales Property Trust
  - 2. Baptist Union of New South Wales Aged and Infirm Ministers' Trust Fund
  - 3. Baptist Union of New South Wales Aged and Infirm Ministers' Trust Fund Committee
  - 4. Baptist Union of New South Wales Baptist Ministers' Support Fund

**Responsible Persons' Responsibility for the Financial Report**

The Responsible Persons are responsible for the preparation of the financial report that gives a true and fair view accordance with the requirements of the Australian Charities and Not For Profits Commission Act 2012 including relevant Australian Accounting Standards and the needs of the stakeholders. Their responsibility also includes such internal control as they may 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.

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Phone: (02) 9540 1944

Level 3 - Suite 28  
19-21 Central Road  
MIRANDA NSW 2228

PO Box 142  
MIRANDA 1490

Email: [sheddenandgreen@bigpond.com](mailto:sheddenandgreen@bigpond.com)

*Liability limited by a scheme approved under Professional Standards Legislation*

### **Auditors Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

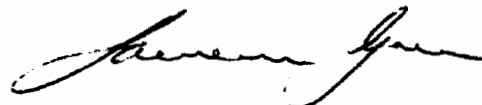
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers *internal control relevant to the entity's preparation of the financial report that gives a true and fair view* 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting the audit, we have complied with all applicable auditor independence requirements.

Dated 8 October 2020  
Miranda NSW



Lawrence R Green FCA  
Registered Company Auditor