



Baptist Churches
of NSW & ACT

Financial Statements 2021

for the
2022 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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Financial Statements

For the Year Ended 31 December 2021

Baptist Union of NSW
(trading as the Baptist Association of NSW and ACT)
ABN 24 941 624 663

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Baptist Union of New South Wales

ABN: 24 941 624 663

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Baptist Union of New South Wales

ABN: 24 941 624 663

Assembly Council Report

31 December 2021

The Assembly Council has pleasure in presenting its report on the Baptist Union of New South Wales, known as the Baptist Association of NSW and ACT ("the Association") for the financial year ended 31 December 2021.

1. General information

Information on Assembly Council members

The names of each person who has been a member of the Assembly Council during the year and to the date of this report are:

Rev. Jamie Long	Chair of the Assembly Council (reappointed 1 May 2021)
<i>Membership</i>	Wyong Baptist Church
<i>Committee(s)</i>	Chair of the Nominations Committee
<i>Current directorships in associated entities</i>	Director, Bedford College
Rev. Scott Morrison	Deputy Chair of the Assembly Council (reappointed 1 May 2019)
<i>Membership</i>	Georges River Life Church
Allen Sibley	Member of the Assembly Council (reappointed 1 May 2019)
<i>Membership</i>	Parramatta Baptist Church
<i>Committee(s)</i>	Member of the Finance, Audit, Risk and Compliance Committee
<i>Current directorships in associated entities</i>	Director, Bedford College
Rev. Andrew Hall	Member of the Assembly Council (reappointed 31 October 2020)
<i>Membership</i>	Epping Baptist Church
<i>Committee(s)</i>	Member of the Nominations Committee
Rev. Beth Jackson	Member of the Assembly Council (appointed 1 May 2019)
<i>Membership</i>	St Ives Baptist Church
<i>Current directorships in associated entities</i>	Director, Baptist Mission Australia
Cathy Monroe	Member of the Assembly Council (term ended 1 May 2021)
<i>Membership</i>	Carlton Kogarah Baptist Church
<i>Current directorships in associated entities</i>	Chair, Bedford College
David Slinn	Member of the Assembly Council (term ended 1 May 2021)
<i>Membership</i>	Gordon Baptist Church
<i>Committee(s)</i>	Chair of the Finance, Audit, Risk and Compliance Committee
<i>Current directorships in associated entities</i>	CEO, Baptist Financial Services; Director, Morling Foundation Ltd; Director, Bedford College; Chair, Baptist Development (NSW) Pty Ltd; Director, GWFC Pty Ltd
Rev. Des Ong	Member of the Assembly Council (appointed 1 May 2019)
<i>Membership</i>	Parramatta Baptist Church
<i>Current directorships in associated entities</i>	Director, GWFC Pty Ltd

Baptist Union of New South Wales

ABN: 24 941 624 663

Assembly Council Report

31 December 2021

1. General information (cont'd)

Information on Assembly Council members (cont'd)

Rev. Jonny Lam <i>Membership</i>	Member of the Assembly Council (appointed 31 October 2020) Eastwood Community Baptist Church
Sarah Daniel <i>Membership</i>	Member of the Assembly Council (appointed 7 September 2021) SKAR Ministries
William Rusin <i>Membership</i> <i>Current directorships in associated entities</i>	Member of the Assembly Council under clause 8.2 of the constitution as the Chair of Morling College Council Windsor Baptist Church Chair of Morling College Council

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

Principal activities and Objectives

The Association exists to advance the gospel of Jesus Christ in word, deed and sign, through interdependent partnerships 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;
- e) fostering collaborative ministries, projects and missional activities in NSW, the ACT and globally;
- f) articulating a public voice on behalf of the Baptist movement in NSW, the ACT and globally; and,
- g) encouraging the public worship of God in accordance with the foundational beliefs.

No significant changes in the nature of the Association's activity occurred during the financial year.

Legal structure

Baptist Union of New South Wales 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*.

Assembly Council Report

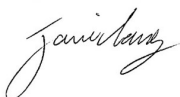
31 December 2021

2. Other items

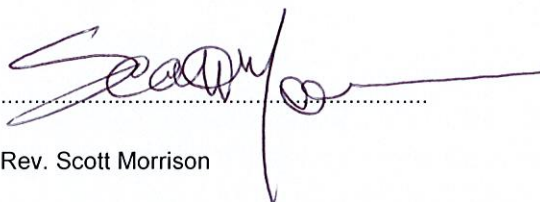
Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 31 December 2021 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Assembly Council:



Rev. Jamie Long



Rev. Scott Morrison

Dated this 18 day of April 2022



Auditor's Independence Declaration to the Assembly Council of Baptist Union of New South Wales

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WSC GROUP - AUDIT PTY LTD

A handwritten signature in black ink, appearing to read 'A F Gilbert'.

A F Gilbert, CA
Director

Sydney, Australia

Date this 22nd day of April 2022

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue			
Contributions received	4(a)	5,861,665	3,484,587
Grants received	4(b)	918,550	1,454,650
Donations, bequests, and legacies	4(c)	1,853,830	545,225
Brokered insurance premiums income		3,809,033	3,442,306
Investment income	4(d)	747,514	441,954
Distributions from Trusts	4(e)	719,688	19,214,586
Rental income		802,611	413,493
Camp site revenue		436,903	431,847
Sale of Goods (GodSpace)		357,841	452,995
Conference and event income		263,863	224,588
Other Income	5	5,018,062	718,520
Total revenue		20,789,560	30,824,751
Expenses			
Employee benefits expense	7	(4,153,270)	(3,755,337)
Brokered insurance premiums expense		(3,457,411)	(3,205,766)
Grants paid	6	(903,161)	(19,191,185)
Rent and property expenses		(733,953)	(294,291)
Administration expenses		(605,318)	(442,444)
Ministry Costs (Other)		(359,516)	(207,882)
Ministry expenses (GWFC)		(260,653)	(186,610)
Camp site costs		(175,327)	(203,120)
Cost of sales (GodSpace)		(159,271)	(132,621)
Depreciation and amortisation expense	6	(248,392)	(237,465)
Finance Costs		(1,018)	(1,405)
Other Expenses		(487,606)	(379,920)
Total expenses		(11,544,896)	(28,238,045)
Profit before income tax		9,244,664	2,586,706
Income tax expense		-	-
Profit for the year		9,244,664	2,586,706
Other comprehensive income, net of income tax			
Fair value change in investments at fair value through other comprehensive income		444,609	(9,564)
Total comprehensive income for the year		9,689,273	2,577,142

The accompanying notes form part of these financial statements.

Baptist Union of New South Wales

ABN: 24 941 624 663

Statement of Financial Position

As At 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	18,261,048	11,700,855
Trade and other receivables	10	1,564,494	20,665,387
Inventories	11	49,710	105,040
Investments	12	1,759,285	1,501,161
Other assets	13	2,892,195	2,698,737
TOTAL CURRENT ASSETS		24,526,732	36,671,180
NON-CURRENT ASSETS			
Loans and advances	14	3,788,360	1,195,700
Property, plant and equipment	15	17,024,885	17,405,669
Investments	12	18,230,187	16,717,000
Intangible assets	16	72,603	4,901
Right-of-use assets	17	32,773	48,334
TOTAL NON-CURRENT ASSETS		39,148,808	35,371,604
TOTAL ASSETS		63,675,540	72,042,784
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	1,461,332	19,802,883
Lease liabilities	17	15,355	18,042
Provisions	19	364,671	332,051
Other liabilities	20	3,147,879	3,010,782
Designated funds	21	3,980,381	3,866,904
TOTAL CURRENT LIABILITIES		8,969,618	27,030,662
NON-CURRENT LIABILITIES			
Financial liabilities	22	94	90
Lease liabilities	17	18,255	30,991
Provisions	19	100,378	126,484
TOTAL NON-CURRENT LIABILITIES		118,726	157,566
TOTAL LIABILITIES		9,088,344	27,188,228
NET ASSETS		54,587,196	44,854,556
EQUITY			
Reserves	23	4,146,844	3,652,235
Accumulated funds		21,290,354	14,015,965
Restricted funds	23	29,149,998	27,186,356
TOTAL EQUITY		54,587,196	44,854,556

The accompanying notes form part of these financial statements.

Baptist Union of New South Wales

ABN: 24 941 624 663

Statement of Changes in Equity

For the Year Ended 31 December 2021

2021

	Accumulated Funds	Restricted Funds	Other Reserves	FVOCI Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2021	14,015,965	27,186,356	3,661,799	(9,564)	44,854,556
Surplus for the year	9,244,664	-	-	-	9,244,664
Transfer to/(from) reserves	(50,000)	-	50,000	-	-
Transfer to/(from) restricted funds	(1,920,279)	1,920,279	-	-	-
Other adjustments	-	43,363	-	-	43,363
Total other comprehensive income for the year	-	-	-	444,609	444,609
Balance at 31 December 2021	21,290,354	29,149,998	3,711,799	435,045	54,587,196

2020

	Accumulated Funds	Restricted Funds	Other Reserves	FVOCI Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2020	12,260,740	26,354,877	3,661,799	-	42,277,416
Surplus for the year	2,586,706	-	-	-	2,586,706
Transfer to/from restricted funds	(831,479)	831,479	-	-	-
Total other comprehensive income for the year	-	-	-	(9,564)	(9,564)
Balance at 31 December 2020	14,015,965	27,186,356	3,661,799	(9,564)	44,854,556

The accompanying notes form part of these financial statements.

Baptist Union of New South Wales

ABN: 24 941 624 663

Statement of Cash Flows For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from donations, bequests, contributions and other parties	17,363,481	11,406,020
Payments to suppliers, employees and other parties	(11,131,070)	(8,569,195)
Interest paid	(1,018)	(1,405)
Net cash provided by/(used in) operating activities	34 6,231,393	2,835,420
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	51,565
Purchase of intangible assets	(72,400)	-
Amounts advanced (to)/from related parties	-	296,028
Purchase of investments	(1,340,452)	(8,717,000)
Proceeds from sale of non-current assets	2,102,808	105,728
Purchase of property, plant and equipment	(853,745)	(5,983,785)
Net cash provided by/(used in) investing activities	(163,789)	(14,247,464)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan repayments	355,490	-
Proceeds from borrowings	137,101	4
Net cash provided by/(used in) financing activities	492,589	4
Net increase/(decrease) in cash and cash equivalents	6,560,193	(11,412,040)
Cash and cash equivalents at beginning of year	11,700,855	23,112,895
Cash and cash equivalents at end of financial year	9 18,261,048	11,700,855

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers the Baptist Union of New South Wales as an individual entity. The Baptist Union of New South Wales ("the Association"), also known as Baptist Association of NSW and ACT, is a not-for-profit entity, incorporated by an act of NSW Parliament, and domiciled in Australia.

The functional and presentation currency of the Association is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The Association is not a reporting entity because in the opinion of the Assembly Council there are unlikely to exist users of the financial statements 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*.

The accounting policies used in the preparation of this report are in the opinion of the Assembly Council appropriate to meet the needs of the members, and are described in Note 2. The Association 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 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*, *AASB 15 Revenue from contracts with customers*, *AASB 16 Leases*, *AASB 9 Financial Instruments*, *AASB 136 Impairment of Assets*, and *AASB 1058: Income of Not-for-profit Entities*.

At the time of approving the financial statements, the Assembly Council has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Overall revenue recognition policy

Revenue from contracts with customers (AASB 15)

The Association recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services, using a five-step model for each revenue stream.

Step 1: Identify the contract with the customer - identify and account for each contract, or group of contracts, including customary business practices, with a customer that establishes enforceable rights and obligations. A subsequent change in the price or scope of a contract that is approved by the parties to the contract is a contract modification. Depending on the price of the modification and on nature of the goods or services promised, the modification may be accounted for as either a separate contract, the termination of the existing contract and the creation of a new contract, or a modification of the existing contract.

Step 2: Identify the performance obligations - at contract inception, the Association identifies the performance obligations in the contract (i.e. a promise to transfer a distinct good or service to the customer). The number of performance obligations that a contract has will depend on the type of contract and activity.

Step 3: Determine the transaction price - the amount of the consideration to which the Association expects to be entitled. Where a contract contains variable consideration (due to bonuses, claims, rebates etc), the

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(a) Revenue and other income (cont'd)

Association estimates the amount of variable consideration using either a 'most likely' method or an 'expected value' method.

The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved ('constraint on variable consideration').

The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component (unless the relevant time period is less than 12 months), any consideration payable to the customer and any non-cash consideration.

At the end of each reporting period, the Association updates the estimated transaction price including updating its assessment of whether an estimate of variable consideration is constrained.

Step 4: Allocate the transaction price to the performance obligations - this allocation is based on the relative stand-alone selling prices of each distinct good or service.

Where available, the standalone selling price is an observable price of the good or service when it is sold separately by the Association in similar circumstances to similar customers. If a standalone selling price is not directly observable, it is estimated.

In specific circumstances, an amount of variable consideration may be allocated to one or more performance obligations in the contract. Subsequent changes in the transaction price are allocated on the same basis as at contract inception.

Step 5: Recognise revenue as or when control of the performance obligations has been transferred to the customer. Revenue is recognised when or as each performance obligation is satisfied, at the amount of the transaction price allocated to that performance obligation in Step 4. A performance obligation is satisfied over time, when either:

- the customer simultaneously receives and consumes the benefits provided by the Association's performance,
- the performance creates or enhances an asset that the customer controls as the asset is created or enhanced or;
- its performance does not create an asset with an alternative use to the Association and the Association has an enforceable right to payment for performance completed to date.

Where a performance obligation is satisfied over time an appropriate method is selected for measuring progress towards complete satisfaction of the performance obligation. Performance is measured using an input method or an output method as deemed appropriate by management.

A performance obligation is satisfied at a point in time if the criteria for a good or service to be transferred over time are not met.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(a) Revenue and other income (cont'd)

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Association are:

Contributions income and donations

Contributions and donations collected, including cash and goods for resale, are recognised as revenue when the Association gains control of the asset. This occurs on receipt of the contribution or donation amount.

Camp site income

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

Grant income

Amounts arising from grants in the scope of *AASB 1058* are recognised at the asset's fair value when the asset is received. The Association considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable the company to acquire or construct an item of property, plant and equipment to identified specifications which will be under the Association's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Association.

Bequests and Legacies

Legacies are recognised when the Association is notified of an impending distribution or the legacy is received, whichever occurs earlier.

Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

In-kind donations

The Association has a number of volunteers who provide services to the Association at no cost, to assist it fulfill its objectives. The value of this non-monetary contribution is not included in the Profit or Loss as its value cannot be reliably estimated.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(a) Revenue and other income (cont'd)

Specific revenue streams (cont'd)

Gain/(loss) on disposal 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 disposal and the net proceeds on disposal. The resulting gain or loss is recognised when the right to receive the economic benefits associated with the disposal contract is obtained unconditionally.

Investment income

Income from investments is recognised when it is probable that the economic benefits will flow to the entity and the amount of income can be reliably measured. For income from trusts, this occurs when the Association's indefeasible interest in the net income of the trust as a beneficiary is established by resolution of the trustee.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

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

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts received or receivable from other parties are based on the achievement of various milestones established in an agreement, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or received from the other party.

When a performance obligation is satisfied by transferring a promised good or service to or on behalf of the party, the Association presents the contract as a contract asset, unless the Association's rights to that amount of consideration are unconditional, in which case the Association recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to or on behalf of the party, the Association presents the contract as a contract liability.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(b) Income Tax

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

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST.

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

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

(e) Property, plant and equipment

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

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Association, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Buildings	40 years
Plant and Equipment	5-10 years
Furniture, Fixtures and Fittings	5-10 years
Motor Vehicles	5 years
Office Equipment	5-10 years
Computer Equipment	3 years

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(e) Property, plant and equipment (cont'd)

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

(f) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instruments (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables, loans and advances, and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(f) Financial instruments (cont'd)

Financial assets (cont'd)

Fair value through other comprehensive income

Equity instruments

The Association has a number of strategic investments in listed entities over which they do not have significant influence nor control. The Association has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (FVOCI reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(f) Financial instruments (cont'd)

Financial assets (cont'd)

Trade receivables

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables or loans and advances due from certain parties, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables, bank and other loans and lease liabilities.

(g) Cash and cash equivalents

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

(h) Leases

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

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(h) Leases (cont'd)

- The Association has the right to direct the use of the asset, i.e., decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

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

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

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

Exceptions to lease accounting

The Association has elected to apply the exceptions to lease accounting for concessionary leases (i.e., leases with significantly below market terms). The Association recognises any payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Employee benefits

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(j) Payables

Income in advance

The liability for income in advance represents the unutilised amounts of grants received on the condition that specified services are delivered, and also pre-paid camp site income. The services or conditions in relation to these amounts are generally fulfilled within 12 months.

Redress Liability

The Redress Liability represents the annual levy paid by local Baptist churches in NSW and the ACT and held by the Association, 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 at the conclusion of the scheme.

Other Payables

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) 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 Association are recognised as revenue within the Statement of Profit or Loss, and the designated amounts are transferred within equity into Restricted Funds. When restricted funds are spent by the Association, the expenditure is recognised within Profit or Loss, and a corresponding amount transferred from Restricted Funds to general accumulated funds.

Funds received and held by the Association for other purposes are trust monies held for a particular purpose, and these are recognised as liabilities and carried at fair value, and do not form part of Restricted Funds within equity.

(l) Reserves

Reserves include the following:

Contingency Reserve

This reserve has been set aside to be used for claims from the Redress Scheme, as well as for general claims.

Known Offenders 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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(m) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 31 December 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

3 Critical Accounting Estimates and Judgments

The Assembly Council makes estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of financial assets

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using calculations which incorporate various key assumptions.

Key estimates - fair value of financial instruments

The Association has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Revenue

(a) Contributions received

	2021	2020
	\$	\$
Church partnership contributions	1,490,922	1,573,372
Contributions from related parties	1,188,161	1,032,175
Contributions from other entities	3,182,581	879,040
	5,861,665	3,484,588

During the year, the Association sold three (3) properties formerly held by it in trust for closed Baptist churches (2020: Three (3)), with combined net proceeds of \$2,929,161 (2020: \$698,900). The net proceeds are recorded within Contributions from other entities.

(b) Grants received

Grants	633,000	111,400
JobKeeper payments received	285,550	1,343,250
	918,550	1,454,650

(c) Donations, bequests, and legacies

Donations	1,733,976	545,225
Bequests	119,854	-
	1,853,830	545,225

(d) Investment income

Interest income	156,431	374,478
Income from managed funds	591,083	67,476
	747,514	441,954

(e) Distributions from trusts

Associated entities: distributions of operating profits	462,178	694,274
Associated entities: distributions of capital profits	257,510	18,520,312
	719,688	19,214,586

Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Other Income

	2021	2020
	\$	\$
Fees for services rendered	141,901	157,150
Insurance claim proceeds	262,806	190,399
Other income	98,182	197,400
CCLI Denominational Licence income	171,684	153,228
Reversal of impairment losses on receivables	2,948,150	-
Gain/(loss) on sale of non-current assets	1,395,339	20,343
	5,018,062	718,519

6 Result for the Year

The result for the year includes the following specific items:

After recognising as income:

Interest income from financial assets at amortised cost	156,431	374,478
Income from financial assets at fair value through other comprehensive income	591,083	67,476
Gain/(loss) on sale of non-current assets measured at cost	1,395,339	20,343
Imputation credits	100,414	175,835
Reversal of prior-year impairment losses on receivables measured at amortised cost	2,948,150	-
Net proceeds from sale of properties from closed churches	2,929,161	698,900
	8,120,578	1,337,032

After charging as expense:

Depreciation expense for:		
- Buildings	(43,494)	(36,903)
- Right of use assets	(10,973)	(15,561)
- Other assets	(193,925)	(185,001)
Total depreciation	(248,392)	(237,465)
Bad debts expense	-	(63,889)
Interest paid	(1,018)	(1,405)
Grants paid from current year result	(811,103)	(19,099,128)
	(1,060,513)	(19,401,887)

Notes to the Financial Statements

For the Year Ended 31 December 2021

7 Employee Benefits expense

	2021	2020
	\$	\$
Salaries, wages and other benefits	3,573,947	3,209,262
Superannuation contributions	410,489	369,242
Workers compensation	101,996	59,938
Other staffing costs	66,836	116,895
	4,153,270	3,755,337

8 Auditors' Remuneration

Remuneration of the auditor, for auditing the financial statements:

- Shedden & Green Partners	-	9,000
- WSC Group - Audit Pty Ltd	10,150	-
Total	10,150	9,000

9 Cash and Cash Equivalents

Cash at bank and in hand	9,627,793	6,652,646
Short term deposits	8,633,255	5,048,209
	18,261,048	11,700,855

10 Trade and other receivables

CURRENT		
Trade receivables	364,500	303,733
GST receivable	116,312	369,269
Rental bonds paid	22,955	19,880
Other receivables	1,060,727	19,972,505
Total current trade and other receivables	1,564,494	20,665,387

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

Trade and other receivables have been reviewed for indicators of impairment and no allowance for credit losses was required.

Notes to the Financial Statements

For the Year Ended 31 December 2021

11 Inventories

	2021 \$	2020 \$
CURRENT		
Finished goods - at net realisable value	49,710	105,040
	49,710	105,040

12 Investments

CURRENT		
<i>Financial assets - at fair value through other comprehensive income</i>		
Shares in listed entities	1,759,285	1,501,161
Total current	1,759,285	1,501,161
NON-CURRENT		
<i>Financial assets - at fair value through other comprehensive income</i>		
Unlisted debt securities	10,230,187	8,717,000
<i>Financial assets - at cost</i>		
Contribution to related entity	8,000,000	8,000,000
Total non-current	18,230,187	16,717,000

13 Other Assets

CURRENT		
Prepayments	230,099	128,691
Brokered insurance premiums paid in advance	2,662,096	2,570,046
	2,892,195	2,698,737

14 Loans and Advances

NON-CURRENT		
Loans and advances - interest-bearing	3,297,575	704,915
Loans and advances - non-interest-bearing	490,785	490,785
	3,788,360	1,195,700

During the year, the Association recognised the reversal of impairment losses which were cumulatively recognised in prior periods, in relation to a loan of \$3,500,000 advanced to an unrelated party, which had been impaired and written down to \$551,850 at the beginning of the year. The loan was renegotiated in 2018 for a 17-year term, and provided for concessional repayment terms until 2021 at which time principal and interest repayments were to commence. The Association reviewed the loan in 2021 and determined that the asset was no longer impaired, and recognised a reversal of impairment losses in Profit or Loss in accordance with AASB 136 *Impairment of Assets*.

Notes to the Financial Statements

For the Year Ended 31 December 2021

15 Property, plant and equipment

	2021 \$	2020 \$
<i>Land and Buildings</i>		
At cost	15,977,779	16,911,662
Accumulated depreciation	(176,314)	(135,163)
	15,801,465	16,776,499
<i>Capital works in progress</i>		
At cost	564,676	-
<i>Plant and equipment</i>		
At cost	516,495	471,336
Accumulated depreciation	(354,630)	(287,850)
	161,865	183,486
<i>Furniture, fixtures and fittings</i>		
At cost	256,022	233,493
Accumulated depreciation	(73,216)	(46,761)
	182,806	186,732
<i>Motor vehicles</i>		
At cost	571,369	431,202
Accumulated depreciation	(257,296)	(172,250)
	314,073	258,952
Total property, plant and equipment	17,024,885	17,405,669

Movements in Carrying Amounts

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

	Land and buildings \$	Capital Works in Progress \$	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Year ended 31 December 2021						
Balance at the beginning of year	16,776,499	-	183,486	186,732	258,952	17,405,669
Additions	74,042	564,676	56,038	22,529	140,167	857,452
Disposals	(1,005,582)	-	-	-	-	(1,005,582)
Depreciation expense	(43,494)	-	(77,659)	(26,455)	(85,046)	(232,654)
Balance at the end of the year	15,801,465	564,676	161,865	182,806	314,073	17,024,885

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Intangible Assets

	2021 \$	2020 \$
<i>Computer software</i>		
Cost	81,700	9,300
Accumulated amortisation and impairment	(9,097)	(4,399)
Total Intangible assets	72,603	4,901

17 Leases

Entity as a lessee

The Association has leases over a range of assets including land and buildings, vehicles, office and IT equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

Buildings

The Association leases land and buildings for ministry purposes. The lease terms are generally between 2 - 5 years, and some of the leases include a renewal option to allow the Association to renew for up to half the non-cancellable lease term. As at 31 December 2021, all of the leases for land and buildings (apart from concessionary leases) were for a term less than 1 year, or were on a month-to-month basis. Accordingly, no right-of-use assets or liabilities have been recognised for these leases. The Association has not previously applied AASB 16 to these leases.

Office equipment

The Association leases office equipment with lease terms varying from 2 - 5 years. The leases payments are fixed during the lease term. Office equipment leased by the Association is recognised as a right-of-use asset and depreciated on a straight-line basis over the term of the lease.

Concessionary leases

The Association leases an office building floor from a related party with significantly below-market terms and conditions principally to enable it to further its objectives. The market value of the lease has been independently assessed in January 2022 at \$444,140 per annum plus GST. The Association sub-leases a portion of the leased space.

The Association is not dependent on this lease to further its objectives. The lease is for a five year term, and for no consideration between lessor and lessee, apart from reimbursement of outgoings.

The Association has elected to measure the right-of-use asset arising from the concessionary leases at cost which is based on the associated lease liability. Accordingly, the value of the asset and liability arising is nil.

Notes to the Financial Statements

For the Year Ended 31 December 2021

17 Leases (cont'd)

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	Total
	\$	\$	\$
2021			
Lease liabilities	15,355	18,255	33,610
2020			
Lease liabilities	18,042	30,991	49,033

Effect of Leases in the Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Association is a lessee are shown below:

	2021	2020
	\$	\$
Income from sub-leasing right-of-use assets	191,122	200,996
Expenses for payments under short-term leases	(52,118)	(43,264)

Effect of Leases in the Statement of Financial Position

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

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

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

The following amounts are right-of-use assets where the Association is a lessee under an operating lease:

<i>Office Equipment</i>		
Cost	87,612	87,612
Accumulated depreciation	(54,839)	(39,278)
Net book value	32,773	48,334

Notes to the Financial Statements

For the Year Ended 31 December 2021

18 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	855,001	19,130,553
Accrued expenses	25,750	17,794
Redress liability	201,194	176,322
Payroll liabilities	379,388	478,214
	1,461,332	19,802,883

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

19 Employee Benefits

CURRENT		
Provision for annual leave	364,671	332,051
NON-CURRENT		
Provision for long service leave	100,378	126,484
	465,049	458,535

20 Other Financial Liabilities

CURRENT		
Brokered insurance premiums received in advance	2,992,767	2,838,485
Other income received in advance	155,113	172,298
Total	3,147,879	3,010,782

21 Designated Funds

Baptist Ministers Long Service Leave Scheme	3,962,467	3,862,016
Other designated funds	17,914	4,888
Total designated funds	3,980,381	3,866,904

The Association administers a Long Service Leave Scheme for Baptist ministers. The liability for this scheme is matched by a term deposit investment held with Baptist Financial Services, and disclosed in the Statement of Financial Position within cash and cash equivalents.

22 Borrowings

NON-CURRENT		
Unsecured liabilities:		
Related party borrowings	94	90
Total borrowings	94	90

Notes to the Financial Statements

For the Year Ended 31 December 2021

23 Reserves & Restricted Funds

	2021 \$	2020 \$
Restricted Funds		
Gen1K Fund	13,944,078	13,177,420
Gen1K - Mosman	(10,694)	(4,734)
Gen1K - Hunter Region	640,925	-
Gen1K - closed churches	247,106	203,743
Gen1K - Broken Hill	(19,546)	(13,916)
Gen1K - Rock Hosanna Miller	-	191,310
Gen1K - Marrickville	(20,528)	-
TSS HBC Fund	12,036,628	12,242,450
Arncliffe Fund	575,929	477,719
Tax Deductible Funds	1,407,077	583,874
Central Coast Church Planting Fund	81,000	81,000
Narrandera Baptist	6,113	6,113
Leeton Baptist	214,264	191,989
David Brown Memorial Fund	33,376	36,782
Other restricted funds	14,270	12,606
Total restricted funds	29,149,998	27,186,356
Reserves		
Contingency reserve	3,137,637	3,137,637
Known Offenders reserve	524,162	524,162
GodSpace redevelopment reserve	50,000	-
	3,711,799	3,661,799
FVOCI reserve	435,045	(9,564)
Total reserves	4,146,844	3,652,235

Restricted Funds

Funds received with a requirement to be expended for specified purposes, and funds set aside by the Association to be spent on designated ministry projects, are shown within each category of restricted funds.

Other non-distributable reserves

The Association has set aside funds to meet future liabilities of uncertain timing. The Contingency Reserve and Known Offenders Reserve represent funds set aside to meet claims expected to arise from potential and likely claims of abuse within Baptist churches, which the Association will contribute towards through the Redress scheme or as otherwise necessary.

During the year, funds were set aside for development of the GodSpace curriculum, and are shown within the GodSpace redevelopment reserve.

Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Tax Deductible Gift Recipient Funds

The Association maintains certain funds endorsed as deductible gift recipients by the Australian Taxation Office. These funds are as follows:

Baptist Union of NSW Benevolent Fund

Baptist Union of NSW Relief Fund

Baptist Union of NSW Building & Maintenance Fund

Baptist Union of NSW Religious Education in Schools

Baptist Union of NSW Library Fund

Baptist Union of NSW Portable Building Fund

An overview of the movements in these funds is set out below. These funds are reflected in equity within Restricted Funds, and are matched by the Association's cash and liquid assets.

	2021 \$	2020 \$
Balance at the beginning of the year	583,874	621,580
Donations received	1,040,203	477,450
Interest and rebates received	2,571	1,869
Less: project expenditure	(218,492)	(465,202)
Less: Administration and fundraising expenses	(1,079)	(51,823)
Net surplus/(deficit)	823,203	(37,706)
At the end of the reporting period	1,407,077	583,874

25 Financial Risk Management

The Association is exposed to a variety of financial risks through its use of financial instruments.

The Association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Association is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Association are:

- Trade receivables
- Cash at bank

Notes to the Financial Statements

For the Year Ended 31 December 2021

25 Financial Risk Management (cont'd)

- Investments in listed shares
- Investments in unlisted entities
- Loans and advances
- Trade and other payables
- Lease liabilities

		2021 \$	2020 \$
Financial assets			
Held at amortised cost			
Cash and Cash Equivalents	9	18,261,048	11,700,855
Trade and Other Receivables	10	1,564,494	20,665,388
Loans and advances	14	3,788,360	1,195,700
Fair value through Other Comprehensive Income (OCI)			
Shares in listed entities	12	1,759,285	1,501,161
Unlisted debt securities	12	10,230,187	8,717,000
Total financial assets		35,603,374	43,780,104
Financial liabilities			
Financial liabilities measured at amortised cost			
Trade and Other Payables	18	(1,461,332)	(19,802,883)
Borrowings	22	(94)	(90)
Lease liabilities	17	(31,697)	(49,033)
Total financial liabilities		(1,493,123)	(19,852,006)

Objectives, policies and processes

The Assembly Council has overall responsibility for the establishment of Baptist Union of New South Wales's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, liquidity risk, and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities.

The day-to-day risk management is carried out by the Association's finance function under policies and objectives which have been approved by the Assembly Council. The Finance, Audit and Risk Committee has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate risk and assessment of market forecasts for interest rate movements.

The Finance, Audit and Risk Committee receives quarterly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Notes to the Financial Statements

For the Year Ended 31 December 2021

25 Financial Risk Management (cont'd)

Liquidity risk

Liquidity risk arises from the Association's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Association will encounter difficulty in meeting its financial obligations as they fall due.

The Association's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Association maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by the ability to sell long-term financial assets.

The Association manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Association expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to sell any long-term assets.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association.

Credit risk arises from cash and cash equivalent deposits with banks and financial institutions, as well as credit exposure to other parties, including outstanding receivables, committed transactions, and loans and advances.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are either reputable banks with high quality external credit ratings, or Baptist Financial Services, a long-standing related financial services provider, who maintains regular and transparent reporting. The risks are assessed by the Finance, Audit and Risk Committee at least annually.

Trade receivables

Trade receivables consist of a large number of parties, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Association has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each party. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

On a geographical basis, the Association has significant credit risk exposures in Australia and New South Wales given

Notes to the Financial Statements

For the Year Ended 31 December 2021

25 Financial Risk Management (cont'd)

Credit risk (cont'd)

the location of its operations in those regions.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Association is exposed to interest rate risk as funds are invested at short-term rates. Investments at short-term rates expose the Association to fair value interest rate risk.

At the reporting date, the Association is exposed to changes in market interest rates through its cash investments and debt security investments, which are subject to variable interest rates. Loans and advances are issued at fixed term interest rates, which may at times be concessional to assist supporting ministry objectives.

26 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Association is \$ 653,914 (2020: \$ 645,402).

Members of the Assembly Council did not receive any remuneration in respect of their duties as members of the Assembly Council (2020: None).

27 Interests in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%) 2021	Percentage Owned (%) 2020
Associates:			
Baptist Development (NSW) Pty Ltd	NSW	100	100
BU (NSW) Development Trust No. 1	NSW	100	100
GWFC Pty Ltd	NSW	100	100
Greater West For Christ Discretionary Trust	NSW	100	100

The Association conducts some of its ministry activities through separate entities over which it has direct or indirect control. These entities are listed above. The assets, liabilities, revenue and expenses of these entities are not consolidated in the financial statements of the Association.

The percentage of ownership interest held is equivalent to the percentage voting rights for all associates.

Baptist Development (NSW) Pty Ltd

Baptist Development (NSW) Pty Ltd was incorporated to act as trustee of the BU (NSW) Development Trust No. 1. The company does not trade in its own capacity.

Notes to the Financial Statements

For the Year Ended 31 December 2021

27 Interests in Associates (cont'd)

BU (NSW) Development Trust No. 1

The BU (NSW) Development Trust No. 1 (a unit trust) was established in 2017 in relation to a property development joint venture with an unrelated party, the purpose of which was to enable a grant to be paid to Morling Foundation Limited to support the long-term sustainability of Morling College Limited. The Association's contribution to the joint venture was a portion of land at Herring Road, Macquarie Park, owned by the Association and subject to a long-term lease to Morling College. The portion of the land was subdivided and transferred to the unit trust, which held the Association's interest in the joint venture until its completion. Proceeds from the development of mixed-use residential accommodation was distributed from the unit trust to the Association, which paid a grant of that amount to Morling Foundation. The total proceeds from the joint venture was \$49,077,822 - of which \$30,300,000 was received and paid to Morling Foundation in 2017 (being equal to the value of the land agreed with the joint venture partner), \$18,520,312 received from settlements occurring in 2020, and \$257,510 received in 2021 from final settlement adjustments. Amounts from 2020 were receivable and payable at 31 December 2020, and all 2020 and 2021 proceeds were paid to Morling Foundation in 2021.

GWFC Pty Ltd

GWFC Pty Ltd was incorporated to act as trustee of the Greater West For Christ Discretionary Trust. The company does not trade in its own capacity.

Greater West For Christ Discretionary Trust

The Greater West For Christ Discretionary Trust was established to carry out the Association's ministry initiatives for Greater Western Sydney. Any surplus from its operations are distributed to the Association and used to support other ministries in the region.

28 Related Parties

(a) The Association's main related parties

The Association's main related parties are as follows:

Baptist churches in NSW and the ACT - the Association provides support to its member churches, pastors and leaders. During the year, the Association received a total of \$1,490,922 (2020: \$1,573,372) in church partnership contributions from Baptist churches within NSW and the ACT.

Key management personnel - refer to Note 26.

Associates - refer to Note 27.

Other related parties - these include entities that are significantly influenced by the Association, key management personnel, Assembly Council members, or the entity's associates, through common directors, and the ability to appoint and remove directors. The other significant related parties are listed below:

Other related parties

Morling College Limited

Morling Foundation Limited

Baptist Churches of New South Wales Property Trust

Baptist Business College Limited (trading as Bedford College)

Baptist Foundation of NSW Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

28 Related Parties (cont'd)

(a) The Association's main related parties (cont'd)

Baptist Insurance Management Limited
Baptist Union of Australia Incorporated

(b) Transactions with related parties

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

The following transactions occurred with related parties:

	Receipts from		Payments to	
	2021	2020	2021	2020
	\$	\$	\$	\$
Other Related Parties				
Morling College Limited	213,997	335,932	(230,338)	(328,952)
Morling Foundation Limited	-	-	(257,510)	(18,520,312)
Baptist Business College Limited	71,454	68,529	-	(800)
Baptist Insurance Management Limited	-	241,647	-	(76,785)
Baptist Foundation of NSW Limited	6,030	-	-	(1)
Baptist Union of Australia Incorporated	17,545	71,595	(123,515)	(92,057)
Associates				
BU (NSW) Development Trust No. 1	257,510	18,520,312	-	-
Greater West For Christ Discretionary Trust	462,178	694,274	(63,066)	(45,653)
	3,213,226	21,604,798	(4,240,721)	(22,536,550)

Notes to the Financial Statements

For the Year Ended 31 December 2021

28 Related Parties (cont'd)

(c) Receivables and Payables with related parties

Receivables and payables exist with associates and other related parties from time to time. Amounts are unsecured and repayable in cash.

	2021	2020
	\$	\$
Receivables from related parties:		
Morling College Limited	137,814	76,450
Baptist Business College Limited	23,818	-
Baptist Foundation of NSW Limited	505	-
Baptist Union of Australia Incorporated	-	179
BU (NSW) Development Trust No. 1	-	18,520,312
Greater West For Christ Discretionary Trust	685,203	718,438
Payables to related parties		
Morling College Limited	(256)	-
Morling Foundation Limited	-	(18,520,312)
Greater West for Christ Discretionary Trust	(5,690)	-

The Association also received donations from Key Management Personnel, and contributions from churches associated with Key Management Personnel, which are not considered material.

29 Contingencies

In the opinion of the Assembly Council, the Association did not have any contingencies at 31 December 2021 (31 December 2020: None).

30 Commitments and Guarantees

At 31 December 2021, the Association had no commitments for expenditure or guarantees on behalf of other entities (2020: None).

No mortgages or charges affected the assets of the Association at 31 December 2021 (2020: None).

31 Trusteeship

While most Baptist church properties throughout NSW and ACT are held in trust for the churches by the Baptist Churches of New South Wales Property Trust, the Association holds some real property as trustee on behalf of Baptist churches (due to a clerical error at the NSW Land Titles Office when the Property Trust was originally incorporated). These assets are not recorded in the financial statements.

From time to time, Baptist churches may close, and thus no longer require the use of properties held by the Association for their benefit. When this occurs, the beneficial interest in the properties is transferred to the Association, to use for the benefit of its ministry and for other churches. During the year, the Association sold three (3) properties formerly held in trust for closed Baptist churches (2020: 3). The resulting profit has been recorded within Contributions from other entities (refer to Note 4(a)).

Notes to the Financial Statements

For the Year Ended 31 December 2021

32 COVID-19 impact

During the year, the NSW Government's state lockdown orders (between June and October 2021) due to COVID-19 did significantly impact the operations of the Association. However the financial impact from this on the Association was not material. Earlier in the year, the Association received JobKeeper payments from the Federal Government in response to the significant financial impact on the Association as a result of the effects of COVID-19 throughout 2020 and 2021.

The ongoing impact of COVID-19 on the community and the economy is uncertain for 2022 and future years and may have a significant impact on the Association. The Assembly Council and management continue to manage expenditure and income prudently, and are of the opinion that the Association has sufficient net assets and liquidity to enable it to continue as a going concern in relation to the ongoing uncertainty.

33 Events after the end of the Reporting Period

The financial report was authorised for issue on 12 April 2022 by the Assembly Council.

After the end of the financial year, the Association acquired control of Living Hope Funerals Pty Ltd via transfer to the Association of 100% of the company's shares. The company acts as trustee of the Living Hope Funerals Trust, whose primary object is to support the Christian mission of the Association, by shaping funeral services to be a ministry of local Baptist churches.

Apart from this, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

34 Cash Flow Information

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

	2021	2020
	\$	\$
Surplus for the year	9,689,273	2,577,142
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	248,392	237,465
- net (gain)/loss on disposal of non-current assets	(1,395,339)	(20,343)
- fair value movements on investments	(444,609)	9,564
- reversal of prior period impairment losses	(2,948,150)	-
- bad debts written off	-	63,889
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	19,100,893	(19,072,128)
- (increase)/decrease in prepayments	(193,458)	-
- (increase)/decrease in inventories	55,330	(3,352)
- increase/(decrease) in income in advance	137,097	(246,194)
- increase/(decrease) in trade and other payables	(18,181,390)	18,854,601
- increase/(decrease) in provisions	6,514	87,769
- increase/(decrease) in designated funds	156,840	347,007
Cashflows from operations	6,231,393	2,835,420

Baptist Union of New South Wales

ABN: 24 941 624 663

Notes to the Financial Statements

For the Year Ended 31 December 2021

35 Statutory Information

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

Baptist Union of New South Wales

Level 4, 5 Saunders Close

Macquarie Park NSW 2113

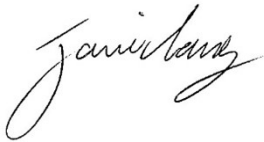
Responsible Persons' Declaration

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

The Assembly Council of the Baptist Union of New South Wales ("the Association") declare that:

1. The financial statements and notes, as set out on pages 5 to 37 for the year ended 31 December 2021 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*; and
 - b. give a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date of the Association.
2. In the Assembly Council's opinion, there are reasonable grounds to believe that the Association 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 Assembly Council.



Rev. Jamie Long



Rev. Scott Morrison

Dated

18-4-22.



Independent Audit Report to the Assembly Council of Baptist Union of New South Wales (trading as the Baptist Association of NSW and ACT)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Baptist Union of New South Wales (trading as the Baptist Association of NSW and ACT) ("the Association"), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

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

- (i) giving a true and fair view of the Association's financial position as at 31 December 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and with Division 60 of 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 Association in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Assembly Council of the Association, would be in the same terms if given to the Assembly Council as at the time of this auditor's report.

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

Emphasis of Matter

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Association to meet the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Assembly Council for the Financial Report

The Assembly Council of the Association 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 Assembly Council 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 Assembly Council are responsible for assessing the Association'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 Assembly Council either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.



Independent Audit Report to the Assembly Council of Baptist Union of New South Wales (trading as the Baptist Association of NSW and ACT)

Auditor's Responsibilities for the Audit of the Financial Report

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

WSC GROUP - AUDIT PTY LTD

A handwritten signature in dark ink, appearing to read 'A F Gilbert'.

A F Gilbert, CA
Director

Sydney, Australia

Dated this22nd..... day ofApril.....2022



MORLING
COLLEGE

Financial Statements

For the Year Ended 31 December 2021

Morling College Limited
ABN 64 122 588 309

enquiries@morling.edu.au

www.morling.edu.au

Morling College Limited

ABN 64 122 588 309

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Morling College Limited

ABN 64 122 588 309

Directors' Report

31 December 2021

The directors present their report on Morling College Limited ("the Company") for the financial year ended 31 December 2021.

General information

Directors

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 2021 and report as follows:

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position
Rev Kelvyn Willis	Chair (to 1 May 2021)
Mr William Rusin	Chair (from 18 May 2021)
Rev. Angelo Gratsounas	Vice Chair (to 1 May 2021)
Dr Beverley Moore	Vice Chair (from 18 May 2021)
Rev. Dr Brian Powell	Vice Chair (from 18 May 2021)
Rev. Neil Dawson	Director (to 1 May 2021)
Rev. Ian Deane	Director (to 1 May 2021)
Rev. Frank Farag	Director (from 17 May 2021)
Ms Hashini Panditharatne	Director
Mr William Peirson	Director
Professor Alan Rice	Director
Rev. Karen Siggins	Director (from 20 January 2021)
Rev. Richard Sindel	Director
Dr. Helen Blanch	Director

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

Review of operations

The operating surplus/(deficit) before depreciation, interest, and extraordinary items amounted to (\$82,594) (2020: \$942,677).

The operating surplus/(deficit) of the Company before extraordinary items was (\$2,351,033) (2020: (\$1,165,490)).

Extraordinary items, comprising amounts provided by Morling Foundation towards construction costs and fair value gain on business combination, was \$2,819,593 (2020: \$3,552,622).

The net increase in cash per the Statement of Cash Flows was \$442,688 (2020: \$443,404).

Principal activities

The principal activities of Morling College Limited during the financial year was the conduct of a Tertiary College for Christian Ministry training and associated activities.

There were no significant changes in the nature of the Company's principal activities during the financial year.

Morling College Limited

ABN 64 122 588 309

Directors' Report

31 December 2021

General information (cont'd)

Principal activities (cont'd)

There were no significant changes in the nature of Morling College Limited's principal activities during the financial year.

Objectives and Strategies

Morling College's 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

Members' guarantee

Morling College Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$20 per member subject to the provisions of the company's constitution.

At 31 December 2021 the collective liability of members was \$20 (2020: \$20).

Morling College Limited

ABN 64 122 588 309

Directors' Report

31 December 2021

Resourcing the Morling Vision

To date the Macquarie Park land sale proceeds have enabled the construction on the remaining site of the new Ministry and Learning Centre (MALC), Residential College and four townhouses to replace all the accommodation lost, as well as retaining a multimillion dollar fund in the Morling Foundation which is essential to provide income which will partly cover the ongoing operational costs of Morling College. This has been actioned without requiring increased denominational grants but rather reducing denominational costs by co-location on the Macquarie Park site. Further measures will be required to support the ongoing objectives of Morling College and the Baptist churches NSW, ACT, and WA.

Auditor's independence declaration

Lawrence R Green of Shedden & Green Associates resigned as auditor during the year, and WSC Group – Audit Pty Ltd was appointed as auditor. The auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 31 December 2021 has been received and can be found on page 4 of the financial report.

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

Director: 
Mr William Rusin

Director: 
Rev. Dr Brian Powell

Dated this 29th day of March 2022



Auditor's Independence Declaration to the Responsible Persons of Morling College Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WSC Group - Audit Pty Ltd

A F Gilbert, CA
Director

A handwritten signature in black ink, appearing to read 'AF Gilbert', written over the printed name.

Dated this1st.....day ofApril.....2022

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021

		2021	2020
		\$	\$
	Note		(Restated)
Operating Revenue			
Tuition income		4,566,613	3,699,714
Residential accomodation income		1,444,293	1,886,696
Donations, subsidies and bequests	4(a)	2,216,984	1,058,159
Government grants	4(b)	652,024	2,011,000
Other operating income		333,550	214,251
Interest income		21,632	22,733
Total operating revenue		9,235,096	8,892,553
Operating Expenses			
Employee benefits expense	7	(5,947,878)	(5,434,910)
Tuition expenses		(1,386,466)	(716,191)
Property & occupancy expenses		(597,143)	(499,406)
Administration expenses		(546,046)	(457,669)
Marketing expenses		(351,042)	(195,287)
Catering expenses		(232,085)	(289,380)
Library expenses		(181,818)	(127,144)
Other expenses		(75,212)	(229,889)
Total operating expenses		(9,317,690)	(7,949,876)
Surplus/(deficit) before depreciation and interest		(82,594)	942,677
Depreciation and amortisation expense	5	(2,256,964)	(2,079,452)
Finance costs	5	(11,475)	(28,715)
Surplus/(deficit) from operations		(2,351,033)	(1,165,490)
Extraordinary Income items			
Contributions received for development costs (Morling Foundation)	5	296,312	3,552,622
Fair value gain on business combination	6	2,523,281	-
Surplus for the year		468,560	2,387,132
Total comprehensive income for the year		468,560	2,387,132

The accompanying notes form part of these financial statements.

Morling College Limited

ABN 64 122 588 309

Statement of Financial Position

As At 31 December 2021

		2021	2020
		\$	\$
	Note		(Restated)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	3,117,262	2,674,574
Trade and other receivables	10	170,378	550,919
Inventories	11	21,442	16,948
Other assets	12	102,607	429,300
TOTAL CURRENT ASSETS		3,411,689	3,671,741
NON-CURRENT ASSETS			
Property, plant and equipment	13	52,712,696	51,559,763
Investment properties	14	2,470,316	2,470,316
Intangible assets	15	24,916	66,183
TOTAL NON-CURRENT ASSETS		55,207,928	54,096,262
TOTAL ASSETS		58,619,617	57,768,003
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	940,066	859,718
Employee benefits	20	657,680	531,400
Other financial liabilities	19	402,811	459,280
TOTAL CURRENT LIABILITIES		2,000,557	1,850,398
NON-CURRENT LIABILITIES			
Borrowings	18	1,880,664	1,766,760
Employee benefits	20	566,136	447,144
TOTAL NON-CURRENT LIABILITIES		2,446,800	2,213,903
TOTAL LIABILITIES		4,447,357	4,064,301
NET ASSETS		54,172,260	53,703,702
EQUITY			
Restricted Funds	21	44,896,297	51,492,136
Unrestricted Funds	21	9,275,965	2,211,566
TOTAL EQUITY		54,172,260	53,703,702

The accompanying notes form part of these financial statements.

Morling College Limited

ABN 64 122 588 309

Statement of Changes in Equity For the Year Ended 31 December 2021

2021

	Unrestricted Funds (Restated) \$	Restricted Funds \$	Other Unrestricted Funds \$	Total \$
Balance at 1 January 2021 (restated)				
Accumulated Funds	1,560,958	-	-	1,560,958
Scholarship Reserve	-	25,437	-	25,437
Library Reserve	-	-	-	-
Morling Foundation Construction Development Contribution Reserve	-	51,466,699	-	51,466,699
Special Projects Reserve	-	-	180,843	180,843
Capital Works Reserve	-	-	319,999	319,999
Anniversary Reserve	-	-	149,766	149,766
Balance at 1 January 2021 (restated)	1,560,958	51,492,136	650,606	53,703,700
Surplus/(Deficit) for the year	468,560	-	-	468,560
Transfer from/(to) Scholarship Reserve	(8,887)	8,887	-	-
Transfer from Contribution Reserve (from prior years' result)	6,919,945	(6,919,945)	-	-
Transfer to Contribution Reserve (from current year result)	(296,312)	296,312	-	-
Transfer from/(to) Capital Works Reserve	(31,603)	-	31,603	-
Transfer from/(to) Library Reserve	(18,907)	18,907	-	-
Balance at 31 December 2021	8,593,754	44,896,297	682,209	54,172,260
Balance at 1 January 2020 (restated)				
Accumulated Funds	1,445,682	-	-	1,445,682
Scholarship Reserve	-	39,063	-	39,063
Library Reserve	-	-	-	-
Morling Foundation Construction Development Contribution Reserve	-	49,250,414	-	49,250,414
Special Projects Reserve	-	-	183,070	183,070
Capital Works Reserve	-	-	248,575	248,575
Anniversary Reserve	-	-	149,766	149,766
Balance at 1 January 2020 (restated)	1,445,682	49,289,477	581,411	51,316,570
Surplus/(Deficit) for the year	2,387,132	-	-	2,387,132
Transfer from/(to) Scholarship Reserve	13,627	(13,627)	-	-
Transfer from Contribution Reserve (from prior year result)	1,336,336	(1,336,336)	-	-
Transfer (to) Contribution Reserve (from current year result)	(3,552,622)	3,552,622	-	-
Transfer from/(to) Special Projects Reserve	2,227	-	(2,227)	-
Transfer from/(to) Capital Works Reserve	(71,424)	-	71,424	-
Balance at 31 December 2020 (restated)	1,560,958	51,492,136	650,608	53,703,702

The accompanying notes form part of these financial statements.

Morling College Limited

ABN 64 122 588 309

Statement of Cash Flows

For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students, donors, and other parties	8,982,363	10,232,674
Receipts from government grants	652,024	2,011,000
Payments to suppliers and employees	(8,947,730)	(7,683,921)
Interest received	21,632	22,733
Interest paid	(11,475)	(28,715)
Net cash provided by/(used in) operating activities	26 696,814	4,553,771
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(368,030)	(2,951,140)
Payments for business acquisition costs	-	(278,300)
Other receipts from investing activities	-	39,613
Net cash provided by/(used in) investing activities	(368,030)	(3,189,825)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	113,904	265,919
Payments for other payables	-	(1,186,461)
Net cash provided by/(used in) financing activities	113,904	(920,542)
Net increase/(decrease) in cash and cash equivalents held	442,688	443,404
Cash and cash equivalents at beginning of year	2,674,574	2,231,170
Cash and cash equivalents at end of financial year	9 3,117,262	2,674,574

The accompanying notes form part of these financial statements.

Morling College Limited

ABN 64 122 588 309

Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers Morling College Limited as an individual entity. Morling College Limited ("the Company") is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Morling College Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

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

Tuition income

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) Income Tax

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

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(d) 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.

(e) Inventories

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(f) Property, plant and equipment

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

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Buildings

Buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	10-15%
Motor Vehicles	20%
Computer Equipment	15-50%

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

Financial assets (cont'd)

- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, and other loans.

(h) Intangible assets

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

(i) Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (cont'd)

(j) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured as the accrued liability to be made for those benefits. Changes in the measurement of the liability are recognised in profit or loss.

(k) Economic dependence

The Company received an annual grant of \$150,000 from the Baptist Union of New South Wales & ACT, \$1,560,000 (last year \$617,601) from the Morling Foundation and \$120,000 from the Tinsley Bequest (last year \$150,000). At the date of this report the Directors have no reason to believe that recurrent grants similar to these will not continue.

(l) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note for details of the changes due to standards adopted.

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - useful lives of assets

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Critical Accounting Estimates and Judgments (cont'd)

Key estimates - employee benefits provisions

As described in the accounting policies, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future 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.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - COVID-19 pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Morling College Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Revenue and Other Income

(a) Donations, subsidies and bequests

	2021	2020
	\$	\$
<i>Donations & subsidies - related parties</i>		
Donations - Morling Foundation Ltd	1,573,110	617,602
Donations - Morling Foundation Public Ancillary Fund	-	1,215
Donations - Morling College (Tinsley Bequest) Ltd	120,000	150,000
Subsidy - Baptist Union of NSW	150,000	150,000
	<u>1,843,110</u>	<u>918,817</u>
<i>Donations from other parties</i>		
Donations - other	269,177	139,342
Bequests	104,697	-
	<u>2,216,984</u>	<u>1,058,159</u>

(b) Government Grants

COVID-19 support - JobKeeper & JobSaver payments	644,524	1,911,000
COVID-19 support - other payments	7,500	100,000
	<u>652,024</u>	<u>2,011,000</u>

5 Result for the Year

The result for the year includes the following specific items:

After recognising as income:

Interest income on financial assets at amortised cost	21,632	22,733
Non-recurring COVID-19 government grants	652,024	2,011,000
Fair value gain on business combination	6 2,523,281	-
Contributions to development costs (Morling Foundation)	296,312	3,552,622
	<u>3,493,249</u>	<u>5,586,355</u>

After charging as expense:

Depreciation and amortisation expense		
- Depreciation expense	(2,215,097)	(2,029,076)
- Amortisation expense	(41,867)	(50,376)
	<u>(2,256,964)</u>	<u>(2,079,452)</u>
Bad debts expense	(15,673)	(6,991)
Interest paid	(11,475)	(28,715)
	<u>(2,284,112)</u>	<u>(2,115,158)</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2021

6 Business Combinations

On 01 February 2021, the Company acquired the assets and assumed the employment liabilities of Vose College Limited, a theological college in Western Australia, under an agreement with the Baptist Churches of Western Australia entered into in November 2020. The assets acquired included the Vose campus in Bentley, WA, plant and equipment, and library assets. This combination is expected to increase Morling College Limited's share of this market and reduce costs through economies of scale.

Apart from acquisition costs paid to consultants in relation to the arrangement, no consideration was paid by the Company to the transferor, and the assets acquired have been recorded at their fair values at acquisition dates, where fair value could be reliably measured. The excess of fair value over costs of acquisition and liabilities assumed has been recognised as income in Profit or Loss.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	\$
<i>Assets or liabilities acquired:</i>	
Property	3,000,000
Staff leave provisions	(197,821)
Total net identifiable assets	2,802,179
Less: acquisition costs	(278,898)
Identifiable assets acquired and liabilities assumed	2,523,281
Consideration paid or payable	-
Less: Identifiable assets acquired	(2,523,281)
Gain on business combination	2,523,281

7 Employee benefits expense

	2021	2020
	\$	\$
Salaries, wages and other benefits	5,407,283	4,904,979
Superannuation contributions	485,334	391,098
Workers compensation	7,809	30,525
Annual leave expense	20,514	53,416
Long service leave expense	26,938	54,892
	5,947,878	5,434,910

8 Auditors' Remuneration

Shedden & Green Partners

- auditing the financial statements: - 8,400

WSC Group - Audit Pty Ltd

- auditing the financial statements: 13,850 -

- other assurance services 870 -

Total 14,720 8,400

Notes to the Financial Statements

For the Year Ended 31 December 2021

9 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash on hand	1,735	1,326
Cash at bank - at call	3,115,527	2,673,248
	<u>3,117,262</u>	<u>2,674,574</u>

10 Trade and other receivables

CURRENT		
Trade receivables	137,031	261,642
Less: provision for impairment	(4,242)	(4,242)
Net trade receivables	<u>132,789</u>	<u>257,400</u>
Other receivables	37,589	293,519
Total current trade and other receivables	<u>170,378</u>	<u>550,919</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

11 Inventories

At cost:		
Inventories - Press and other promotional merchandise	21,442	16,948
	<u>21,442</u>	<u>16,948</u>

12 Other Assets

CURRENT		
Prepayments	102,607	151,000
VOSE acquisition costs - in advance	-	278,300
	<u>102,607</u>	<u>429,300</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Property, plant and equipment

(a) Property Plant and Equipment - detailed table

	2021	2020
	\$	\$
<i>Buildings</i>		
At cost	57,596,765	51,632,540
Accumulated depreciation	(6,985,673)	(5,325,852)
	<u>50,611,092</u>	<u>46,306,688</u>
<i>Capital works in progress</i>		
At cost	915,136	3,821,331
<i>Furniture, fixtures and fittings</i>		
At cost	1,082,822	1,049,344
Accumulated depreciation	(485,636)	(262,602)
	<u>597,186</u>	<u>786,742</u>
<i>Motor vehicles</i>		
At cost	73,128	73,128
Accumulated depreciation	(73,128)	(64,523)
	<u>-</u>	<u>8,605</u>
<i>Computer equipment</i>		
At cost	928,510	868,710
Accumulated depreciation	(643,144)	(508,468)
	<u>285,366</u>	<u>360,242</u>
<i>Plant and equipment</i>		
At cost	779,687	660,160
Accumulated depreciation	(475,771)	(384,005)
	<u>303,916</u>	<u>276,155</u>
Total property, plant and equipment	<u>52,712,696</u>	<u>51,559,763</u>

Notes to the Financial Statements For the Year Ended 31 December 2021

13 Property, plant and equipment (cont'd)

(b) Movements in Carrying Amounts

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

	Capital Works in Progress \$	Buildings \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Computer Equipment \$	Plant and Equipment \$	Total \$
Year ended 31 December 2021							
Balance at the beginning of year	3,821,331	46,306,688	786,742	8,605	360,242	276,155	51,559,763
Additions	113,272	-	33,478	-	59,800	119,527	326,077
Additions through acquisition of entity	-	3,000,000	-	-	-	-	3,000,000
Transfers from work in progress	(3,061,420)	3,061,420	-	-	-	-	-
Depreciation expense	-	(1,757,016)	(223,034)	(8,605)	(134,676)	(91,766)	(2,215,097)
Other changes, movements	41,953	-	-	-	-	-	41,953
Balance at the end of the year	915,136	50,611,092	597,186	-	285,366	303,916	52,712,696

Notes to the Financial Statements

For the Year Ended 31 December 2021

14 Investment Properties

	2021	2020
	\$	\$
<i>Residential investment properties</i>		
At cost	2,470,316	2,470,316
	<u>2,470,316</u>	<u>2,470,316</u>

15 Intangible Assets

<i>Computer software</i>		
Cost	87,717	87,717
Accumulated amortisation and impairment	(69,638)	(46,886)
Net carrying value	<u>18,079</u>	<u>40,831</u>
<i>Website Development</i>		
Cost	40,813	49,127
Accumulated amortisation and impairment	(34,407)	(35,011)
Net carrying value	<u>6,406</u>	<u>14,116</u>
<i>Online Content Development</i>		
Cost	68,594	68,594
Accumulated amortisation and impairment	(68,163)	(57,358)
Net carrying value	<u>431</u>	<u>11,236</u>
Total Intangible assets	<u>24,916</u>	<u>66,183</u>

16 Leases

Company as a lessee

Information relating to leases in place and associated balances and transactions are provided below.

Concessionary leases

The Company leases the land on which the College campus is constructed. The land is leased under a long-term agreement with a related party with significantly below-market terms and conditions principally to enable it to further its objectives. The market value of the lease has not been independently assessed. The Company is dependent on this lease to further its objectives. The Company has elected to measure the right-of-use asset arising from the concessionary leases at cost which based on the associated lease liability. As the lease is for no consideration between lessor and lessee, the value of the asset and liability arising is nil.

Notes to the Financial Statements

For the Year Ended 31 December 2021

17 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	720,425	728,456
GST, PAYGW and FBT payable	52,080	(2,761)
Superannuation payable	167,561	134,023
	<u>940,066</u>	<u>859,718</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

18 Borrowings

NON-CURRENT		
Long-term loans from Morling Foundation Limited	1,880,664	1,766,760
	<u>1,880,664</u>	<u>1,766,760</u>

19 Other Financial Liabilities

CURRENT		
Deferred income	131,728	190,423
Accommodation bonds payable	122,531	120,305
Line of credit from Morling Foundation	148,552	148,552
Total	<u>402,811</u>	<u>459,280</u>

20 Employee Benefits

CURRENT		
Provision for long service leave	70,000	60,000
Provision for annual leave	587,680	471,400
	<u>657,680</u>	<u>531,400</u>
NON-CURRENT		
Provision for long service leave	566,136	447,144
	<u>1,223,816</u>	<u>978,544</u>

Morling College Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2021

21 Restricted and Unrestricted Funds

	2021 \$	2020 \$
Unrestricted Funds		
<i>Accumulated Funds</i>		
Opening balance	1,560,958	1,445,682
Transfers in	6,919,945	1,352,190
Transfers out	(355,709)	(3,624,046)
Surplus for the year	468,560	2,387,132
	<u>8,593,754</u>	<u>1,560,958</u>
<i>Special Projects Reserve</i>		
Opening balance	180,843	183,070
Transfers in	-	-
Transfers out	-	(2,227)
	<u>180,843</u>	<u>180,843</u>
<i>Capital Works Reserve</i>		
Opening balance	319,999	248,575
Transfers in	31,603	71,424
Transfers out	-	-
	<u>351,602</u>	<u>319,999</u>
<i>Anniversary Reserve</i>		
Opening balance	149,766	149,766
Transfers in	-	-
Transfers out	-	-
	<u>149,766</u>	<u>149,766</u>
Total Unrestricted Funds	<u>9,275,965</u>	<u>2,211,566</u>
Restricted Funds		
<i>Scholarship Reserve</i>		
Opening balance	25,437	39,064
Transfers in	8,887	-
Transfers out	-	(13,627)
	<u>34,324</u>	<u>25,437</u>
<i>Library Reserve</i>		
Opening balance	-	-
Transfers in	18,907	-
Transfers out	-	-
	<u>18,907</u>	<u>-</u>
<i>Morling Foundation - Construction Development Reserve</i>		
Opening balance	51,466,699	49,250,413
Transfers in	296,312	3,552,622
Transfers out	(6,919,945)	(1,336,336)
	<u>44,843,066</u>	<u>51,466,699</u>
Total Restricted Funds	<u>44,896,297</u>	<u>51,492,136</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

22 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Term loans and line of credit
- Trade and other payables

Objectives, policies and processes

Those charged with governance have overall responsibility for the establishment of Morling College Limited's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Morling College Limited's activities.

The day-to-day risk management is carried out by Morling College Limited's finance function under policies and objectives which have been approved by those charged with governance. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

Those charged with governance receive regular reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Notes to the Financial Statements

For the Year Ended 31 December 2021

22 Financial Risk Management (cont'd)

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Those charged with governance receive regular reports summarising the turnover, trade receivables balance and

Notes to the Financial Statements

For the Year Ended 31 December 2021

22 Financial Risk Management (cont'd)

Credit risk (cont'd)

aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

(i) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

23 Retrospective restatement

(a) The Company previously showed its Sydney library collect at Directors' valuation from 2017 of \$1,137,097. An independent valuation for the collection could not be obtained due to the difficulties in valuing the collection, so the Company has reversed the effect of the revaluation.

(b) Previously, the Company reversed amounts held in Reserves, designated for specific purposes, to Profit or Loss when such funds were expended. The Company has reversed the effect of this accounting treatment, and such movements are disclosed within the statement of changes in equity as movements from restricted funds to unrestricted funds.

The aggregate effect of the restatement on the annual financial statements for the year ended 31 December 2021 is as follows:

	Previously stated \$	31 December 2020 Adjustments \$	Restated \$
Statement of Profit or Loss and Other Comprehensive Income			
Total comprehensive income	3,723,467	(1,336,335)	2,387,132
Statement of Financial Position			
Non-current assets	55,233,359	(1,137,097)	54,096,262
Total equity	54,840,799	(1,137,097)	53,703,702

Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Related Parties

(a) The Company's main related parties:

The Company's main related parties are as follows:

Key management personnel - refer to Note 25.

Associates - these include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

The Company's associates are:

Baptist Union of New South Wales

The Baptist Union of New South Wales ("the Association") provides funding from its Ministry Budget to the Company, 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, which is used by Morling College under a long-term lease for a 99-year term, entered into in 2010, for notional consideration. The Association also holds 2 strata units in trust for the College, classed as investment properties in the Company's financial statements.

The Association also has partial occupancy rights of the Ministry And Learning Centre owned by the Company, for no consideration apart from reimbursement of outgoings.

Morling Foundation Limited

Morling Foundation Limited is a 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. provided a zero-interest loan of \$600,000 payable in five years.

The Foundation provide an interest-only loan of \$600,000 (2020: \$600,000) related to investment property purchases by the Company, in addition to a 5-year zero-interest loan of \$600,000 for operating purposes (2020: \$600,000).

Morling College (Tinsley Bequest) Limited

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 \$120,000 (last year \$150,000) for College operations.

Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Related Parties (cont'd)

(b) Transactions with related parties

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

The following transactions occurred with related parties:

	2021 \$	2020 \$
Receipts from:		
Baptist Union of New South Wales	230,338	328,952
Morling College (Tinsley Bequest)	120,000	150,000
Morling Foundation	1,869,422	4,171,439
Payments to:		
Baptist Union of New South Wales	(213,997)	(335,932)
Receivables from:		
Baptist Union of New South Wales	256	-
Morling Foundation	-	48,653
Payables to:		
Baptist Union of New South Wales	(137,814)	(33,969)
Loans from:		
Morling Foundation	(2,029,216)	(1,915,312)

25 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 2021 comprised the College Principal, Chief Academic Officer, Chief Community Life Officer, Chief Operating Officer, and Chief Administrative 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 \$658,830 (2020: \$529,750).

No director received any remuneration.

Notes to the Financial Statements

For the Year Ended 31 December 2021

26 Cash Flow Information

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

	2021	2020
	\$	\$
Profit for the year	468,560	2,387,132
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	2,256,964	2,079,452
- fair value gain on business combination	(2,523,281)	-
- net loss on disposal of property, plant and equipment	-	263,670
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	380,541	49,291
- (increase)/decrease in prepayments	48,393	(4,913)
- (increase)/decrease in inventories	(4,494)	90
- increase/(decrease) in trade and other payables	23,280	(329,262)
- increase/(decrease) in provisions	46,853	108,311
Cashflows from operations	<u>696,816</u>	<u>4,553,771</u>

27 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 20 each towards meeting any outstandings and obligations of the Company. At 31 December 2021 the number of members was 1 (2020: 1).

28 Contingencies

In the opinion of the directors, the Company did not have any contingencies at 31 December 2021 (31 December 2020:None).

29 Events after the end of the Reporting Period

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

30 Statutory Information

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

Morling College Limited
122 Herring Road
Macquarie Park NSW 2113

Morling College Limited

ABN 64 122 588 309


Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Responsible person



Responsible person



Dated

29 March 2022



Independent Audit Report to the members of Morling College Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Morling College Limited, which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

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:

- (i) giving a true and fair view of the Registered Entity's financial position as at 31 December 2021 and of its financial performance for then year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of 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 Registered Entity in accordance with the auditor independence requirements of 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 (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.

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible persons are responsible for assessing the Registered Entity'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 responsible entities either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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



Independent Audit Report to the members of Morling College Limited

A F Gilbert, CA 

Director
Dated this 1st day of April 2022



Financial Statements

For the Year Ended 31 December 2021

Morling Foundation Limited
ABN 22 104 797 739

Morling Foundation Limited

ABN 22 104 797 739

Contents

For the Year Ended 31 December 2021

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Morling Foundation Limited

ABN 22 104 797 739

Directors' Report

31 December 2021

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 2021.

General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Rev Kelvyn Willis (Chair)

Mr Brian McSweeney

Mr Desmond Ong

Mr David Slinn

Rev Dr Ross Clifford

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 and significant changes in nature of activities

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

Objectives and strategies

The Company'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 2021, the total amount that members of the company are liable to contribute if the company is wound up was \$350 (2020: \$350).

Operating results and review of operations for the year

Activities for the year resulted in a (loss) of \$ (1,315,599) after distributions to Morling College Ltd totalling \$1,956,147 for development and operations (2020: Surplus of \$397,785 after distributions of \$4,521,234).

Morling Foundation Limited

ABN 22 104 797 739

Directors' Report

31 December 2021

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 31 December 2021 has been received and can be found on page 3 of the financial report.

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

Director: 

Dated this 4th day of April 2022



Auditor's Independence Declaration to the Directors of Morling Foundation Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'A F Gilbert'.

A F Gilbert, CA
Director

WSC Group - Audit Pty Ltd

5th April 2022

Morling Foundation Limited

ABN 22 104 797 739

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2021

		2021	2020
	Note	\$	\$
Finance income	4	362,798	255,956
Other income	3	277,741	4,665,306
Distributions to Morling College Ltd		(1,956,147)	(4,521,232)
Other expenses		8	(2,243)
(Deficit)/Surplus before income tax		(1,315,599)	397,787
Other comprehensive income, net of income tax		74,045	-
Fair value adjustments on financial assets			
Total comprehensive income for the year		(1,241,554)	397,787

The accompanying notes form part of these financial statements.

Morling Foundation Limited

ABN 22 104 797 739

Statement of Financial Position

As At 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	5,062,182	13,089,365
Trade and other receivables	7	2,945,889	2,872,416
Financial assets	8	6,574,045	-
Loans and advances	9	2,029,216	1,915,312
TOTAL CURRENT ASSETS		<u>16,611,331</u>	<u>17,877,093</u>
NON-CURRENT ASSETS			
TOTAL ASSETS		<u>16,611,331</u>	<u>17,877,093</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		<u>6,875</u>	<u>31,083</u>
TOTAL CURRENT LIABILITIES		<u>6,875</u>	<u>31,083</u>
TOTAL LIABILITIES		<u>6,875</u>	<u>31,083</u>
NET ASSETS		<u>16,604,456</u>	<u>17,846,010</u>
EQUITY			
Financial Asset Revaluation Reserves		74,045	-
Retained earnings		<u>16,530,411</u>	<u>17,846,010</u>
TOTAL EQUITY		<u>16,604,456</u>	<u>17,846,010</u>

The accompanying notes form part of these financial statements.

Morling Foundation Limited

ABN 22 104 797 739

Statement of Changes in Equity For the Year Ended 31 December 2021

2021

	Retained Earnings	Financial Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2021	17,846,010	-	17,846,010
Deficit for the year	(1,315,599)	-	(1,315,599)
Financial Asset Revaluation Reserve	-	74,045	74,045
Balance at 31 December 2021	16,530,411	74,045	16,604,456

2020

	Retained Earnings	Financial Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2020	17,448,225	-	17,448,225
Surplus for the year	397,785	-	397,785
Balance at 31 December 2020	17,846,010	-	17,846,010

The accompanying notes form part of these financial statements.

Morling Foundation Limited

ABN 22 104 797 739

Statement of Cash Flows

For the Year Ended 31 December 2021

	2021	2020
		Restated
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from investments	587,633	2,174,721
Payments to suppliers and related parties	(2,000,912)	(5,149,795)
Net cash provided by/(used in) operating activities	12 (1,413,279)	(2,975,074)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(6,500,000)	-
Net cash provided by/(used in) investing activities	(6,500,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments for loans to related parties	(113,904)	(566,760)
Net cash provided by/(used in) financing activities	(113,904)	(566,760)
Net increase/(decrease) in cash and cash equivalents held	(8,027,183)	(3,541,834)
Cash and cash equivalents at beginning of year	13,089,365	16,631,199
Cash and cash equivalents at end of financial year	6 5,062,182	13,089,365

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers Morling Foundation Limited as an individual entity. Morling Foundation Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Morling Foundation Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the directors the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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 financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

The financial statements and material accounting policies all comply with the recognition and measurement requirements in Australian Accounting Standards.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Interest income

Interest income is recognised on an accrual basis.

Other income

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

(b) Income Tax

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

(c) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

(d) Cash and cash equivalents

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

3 Revenue and Other Income

	2021 \$	2020 \$
Other Income		
- Grants from property development proceeds via Baptist Union of NSW	277,341	4,663,656
- Donations - deductible	400	1,650
	<u>277,741</u>	<u>4,665,306</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Finance Income

2021	2020
\$	\$
- Interest income	
362,798	255,956

5 Result for the Year

The result for the year includes the following specific items:

Distributions to Morling College Ltd

- Grants for MCL Capital Works, etc	41,641	369,120
- Development: Eldridge (net of GST)	259,960	2,518,681
- Development: MALC (net of GST)	-	980,478
- Fellowship & Scholarships	22,500	33,300
- Operational	1,632,046	619,653
	1,956,147	4,521,232

6 Cash and Cash Equivalents

Cash at bank and in hand	1,138,523	1,150,479
Investments - Baptist Financial Services	3,923,659	11,938,886
	5,062,182	13,089,365

7 Trade and other receivables

CURRENT

Interest receivable	79,389	5,916
Funds receivable from related parties	2,866,500	2,866,500

Total current trade and other receivables

2,945,889	2,872,416
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8 Other Financial Assets

CURRENT

Investment in Baptist Impact Fund	5,074,045	-
Units held in Ethical Partners Managed Fund	1,500,000	-

Total

6,574,045	-
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9 Loans and Advances

CURRENT - Loans to Morling College

Loans - interest bearing	600,000	600,000
Loans - non-interest bearing	1,429,216	1,315,312

2,029,216	1,915,312
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Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Nature of Foundation

The Foundation is incorporated under the *Corporations Law* 2001 as a Non-profit public company limited by guarantee. Upon winding up members 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 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.

11 Movements in Deductible Gift Funds

Morling Foundation Building Fund

	2021	2020
	\$	\$
Balance at the beginning of the year	-	-
Donations Received	-	-
Interest Received	-	-
Available Funds	-	-
Expended during the year	-	-
Balance at the end of the year	-	-

Morling Foundation Public Fund

Balance at the beginning of the year	9	9
Donations Received	400	1,250
Interest Received	-	5
Available Funds	409	1,264
Expended During the year	-	(1,255)
Balance at the end of the year	409	9

12 Cash Flow Information

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

Profit for the year	(1,315,599)	397,787
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(73,472)	(2,767,108)
- increase/(decrease) in trade and other payables	(24,207)	(605,753)
Cashflows from operations	(1,413,278)	(2,975,074)

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Related Parties

The Directors during the financial year were:

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

Reve 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 \$1,956,146 (2020: \$4,203,523) to Morling College Limited during the year predominantly for the purpose of building developments.

The Foundation received grants from the Baptist Association of \$257,510 (2020: \$4,345,949) from current year surplus.

14 Statutory Information

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

Morling Foundation Limited
122 Herring Road
MACQUARIE PARK NSW 2113

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.

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Responsible person 

Dated

4/4/2022

Independent Audit Report to the members of Morling Foundation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Morling Foundation Limited, which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Morling Foundation Limited has 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 Registered Entity's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of 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 Registered Entity in accordance with the auditor independence requirements of 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 (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.

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 Registered Entity's 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.

Responsibilities of Responsible Entities for the Financial Report

The responsible persons 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 described in Note 1 to 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 persons are responsible for assessing the Registered Entity'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 responsible entities either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

Independent Audit Report to the members of Morling Foundation Limited
Auditor's Responsibilities for the Audit of the Financial Report

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

WSC GROUP - AUDIT PTY LTD



AF Gilbert, CA
Director

Dated this5th..... day ofApril.....2022

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



FINANCIAL REPORT

For the year ended

31st December 2021

DIRECTOR'S REPORT

Your directors present their report on the company for the financial year ended 31 December 2021.

DIRECTORS

Mr Matthew Fletcher	Appointed 12/10/2021
Ms Meighan Heard	
Mrs Yvette Karwaj	
Rev. Jamie Long	
Mrs Cathy Monro	
Mr Phillip Nash	Appointed 9/02/2021
Mr Allen Sibley	
Mr David Slinn	
Mr Peter Smith	

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

PRINCIPAL ACTIVITIES

The principal activities of the entity during the financial year were to teach vocational courses. These activities will continue in the following year. No significant change in the nature of activities occurred during the year.

The entity's short term objectives are to:

- Seek to expand course offerings to address industry skill shortages
- Offer specialist teaching and mentoring services to support the well-being of enrolled students
- Seek to become the training provider of choice to school leavers

The entity's long term objectives are to:

- Ensure compliance with the national regulator
- Seek to maintain continuous improvement of its educational services and standards
- Be a recognised leader in the field of vocational education and to offer industry best practice training and assessment services
- Increase our market share in all markets
- Develop new business opportunities
- Provide professional development opportunities to all staff

Strategies

- Consult with external bodies to examine possible growth areas
- Develop online learning opportunities for students
- Build ongoing relationships with employers
- Build ongoing relationships with higher education providers

KEY PERFORMANCE MEASURES

The financial performance of the Company is measured against the budget drafted by management and adopted by the Board. It includes review of student numbers, revenue and expense analysis and cash flows.

INFORMATION ON DIRECTORS

Mr Matthew Fletcher	Director, appointed 12/10/2021
Qualifications:	B.Com; B.Min; CPA
Experience:	Consultant, Resolve Consulting; former Financial Controller, Compassion Australia
Ms Meighan Heard	Director, appointed 16/06/2020
Qualifications:	BBus/LLB (Hons); MBA; GAICD
Experience:	Executive Director, Mitsubishi Electric Australia; former General Manager, Governance and Legal/Company Secretary at BaptistCare NSW & ACT; former General Counsel and Company Secretary at Arcadis Australia Pacific Pty Ltd
Mrs Yvette Karwaj	Director, appointed 31/01/2012
Qualifications:	B.Education Early Childhood; Diploma of Teaching Early Childhood
Experience:	Director and Teacher, St Stephen's Preschool
Rev Jamie Long	Director, appointed 10/12/2019
Qualifications:	B.Min; GradDipMin
Experience:	Chair of Assembly Council, Baptist Churches of NSW and ACT; Minister, Wyong Baptist Church
Mrs Cathy Monro	Chair, appointed 10/12/2019, Director, appointed 18/10/2016
Qualifications:	BIGS (Hon)
Experience:	Sessional Academic and PhD Candidate, University of Sydney; former Director and Committee Chair, Ashfield Baptist Homes Ltd
Mr Phillip Nash	Director, appointed 9/02/2021
Qualifications:	BA; Dip.Teaching; MA (Leadership)
Experience:	Principal, Green Point Christian College; Director, New Hope International
Mr Allen Sibley	Director, appointed 10/12/2019
Qualifications:	MBA; DipTeach; GAICD
Experience:	Chief Operating Officer, PeaceWise Management Consultant; Chair 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
Mr David Slinn	Director, appointed 18/2/2020
Qualifications:	B.Com; LLB; LLM; Ad. Dip.Fin. Licensing; FCA; MAICD
Experience:	CEO, Baptist Financial Services Australia Limited
Mr Peter Smith	Secretary, appointed 18/2/2020; Director, appointed 01/08/2010
Qualifications:	MBA
Experience:	Chief Information Officer, Mission Australia

MEETING OF DIRECTORS

During the financial year, 9 meetings of directors were held and 5 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 Matthew Fletcher	2	2	4	4
Ms Meighan Heard	9	8	-	-
Mrs Yvette Karwaj	9	9	-	-
Rev. Jamie Long	9	-	-	-
Mrs Cathy Monro	9	9	5	4
Mr Phillip Nash	9	8	5	3
Mr Allen Sibley	9	9	5	5
Mr David Slinn	9	8	5	4
Mr Peter Smith	9	9	-	-

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 2021 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 2021 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

29 March 2022



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 2021, 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,

29 March 2022

Liability limited by a scheme approved under Professional Standards Legislation

A member of



Independent legal & accounting firms

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Sydney 2000 Sydney 2001 F: (02) 9231 6792

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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 2021

2020 \$		Notes	2021 \$
	Income		
1,019,096	Revenue	2	600,123
835,496	Other Income	2	12,118,836
<u>1,854,592</u>	Total Revenue and Other Income		<u>12,718,959</u>
	Expenses		
348,746	Depreciation and Amortisation		342,644
9,240	Repairs, Maintenance and Vehicle Running		5,816
81,484	Fuel, Light and Power		66,529
24,191	Audit, Legal and Consultancy		20,064
6,384	Accreditation		1,627
135,996	Advertising & Marketing		171,070
-	Bad Debts Written Off		(900)
1,688	Bank Fees		1,824
12,040	Board Expenses		29,246
34,325	Cleaning		28,148
21,866	Commissions		21,638
82,162	Computer		77,868
-	Conferences		585
41,893	Consultancy Fees		42,263
22,931	Council & Water Rates		22,948
14,260	Cost of Sales		9,538
-	Donations/Contributions		-
(388)	Doubtful Debts Expense		1,813
10,456	Graduation		9,040
73,967	Insurance		79,521
8,795	Leasing Expenses		4,320
9,615	Memberships		2,142
5,067	Office & Sundry Expenses		17,762
1,049,888	Payroll and Employee Expenses		902,803
4,936	Postage & Freight		3,133
16,458	Printing & Stationery		16,158
72,603	Repairs & Maintenance		132,456
5,335	Security		5,953
25,425	Staff Development & Recruitment		24,893
43,146	Teaching Resources and Expenses		64,178
30,180	Telephone		34,691
261	Travel		40
11,179	Property & Other expenses		15,569
<u>2,204,129</u>	Total Expenses		<u>2,155,380</u>
(349,537)	Profit/(Loss) before income tax expense		10,563,579
-	Income tax expense	1(h)	-
<u>(349,537)</u>	Net Profit/(Loss) for the year		<u>10,563,579</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 2021

2020 \$	Notes	2021 \$
	Other Comprehensive Income after income tax:	
-	Net gain on revaluation of non-current assets 8	-
-	Other Comprehensive Income for the year, net of tax	-
(349,537)	Total Comprehensive Income/(Loss) for the year	10,563,579
(349,537)	Total Comprehensive Income/(Loss) attributable to the members of the Company	10,563,579

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 2021

2020 \$		Notes	2021 \$
	CURRENT ASSETS		
1,202,483	Cash and cash equivalents	4	571,023
59,740	Trade and Other Receivables	5	20,210,445
7,164	Inventory	6	9,129
72,810	Other Assets	7	106,743
<u>1,342,197</u>	TOTAL CURRENT ASSETS		<u>20,897,340</u>
	NON-CURRENT ASSETS		
19,781,917	Property, Plant & Equipment	8	10,802,444
<u>19,781,917</u>	TOTAL NON-CURRENT ASSETS		<u>10,802,444</u>
<u><u>21,124,114</u></u>	TOTAL ASSETS		<u><u>31,699,784</u></u>
	CURRENT LIABILITIES		
420,639	Trade and Other Payables	9	397,111
59,573	Provisions	10	95,192
<u>480,212</u>	TOTAL CURRENT LIABILITIES		<u>492,303</u>
	NON - CURRENT LIABILITIES		
1	Borrowings	11	1
<u>1</u>	TOTAL NON - CURRENT LIABILITIES		<u>1</u>
<u><u>480,213</u></u>	TOTAL LIABILITIES		<u><u>492,304</u></u>
<u><u>20,643,901</u></u>	NET ASSETS		<u><u>31,207,480</u></u>
	MEMBERS' FUNDS		
14,652,315	Retained Earnings		28,995,920
5,991,586	Reserves		2,211,560
<u>20,643,901</u>	TOTAL MEMBERS' FUNDS		<u>31,207,480</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 2021

	Retained Earnings	Revaluation Surplus	Total
Balance at 1 January 2020	15,001,852	5,991,586	20,993,438
Total Comprehensive Income for the year			
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>
Total Comprehensive Income attributable to members of the entity	(349,537)	-	(349,537)
Balance at 31 December 2020	<u>14,652,315</u>	<u>5,991,586</u>	<u>20,643,901</u>
Balance at 1 January 2021	14,652,315	5,991,586	20,643,901
Total Comprehensive Income for the year			
Profit attributable to members	10,563,579	-	10,563,579
Other Comprehensive Income for the year			
- net gain on revaluation of assets	-	-	-
Total Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income attributable to members of the entity	<u>10,563,579</u>	<u>-</u>	<u>10,563,579</u>
Transactions with owners, in their capacity as owners, and other transfers			
Transfer to/(from) reserves			
- sale of property	3,780,026	(3,780,026)	-
Balance at 31 December 2021	<u>28,995,920</u>	<u>2,211,560</u>	<u>31,207,480</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 CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2021

2020 \$ Inflows (Outflows)		Notes	2021 \$ Inflows (Outflows)
	CASH FLOWS FROM OPERATING ACTIVITIES		
1,490,133	Revenue from Operations		587,647
(1,987,068)	Payments to Suppliers and Employees		(1,728,847)
439,584	Rent Received		525,878
-	Interest paid		-
12,445	Interest Received		8,254
(44,906)	NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	16	(607,068)
	CASH FLOWS FROM INVESTING ACTIVITIES		
(10,763)	Payment for Property, Plant & Equipment		(42,916)
13,638	Proceeds from Sale of Property, Plant & Equipment		18,524
2,875	NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(24,392)
	CASH FLOWS FROM FINANCING ACTIVITIES		
-	Repayment of Borrowings		-
-	NET CASH USED IN INVESTING ACTIVITIES		-
(42,031)	NET INCREASE/(DECREASE) IN CASH HELD		(631,460)
1,244,514	Cash and cash equivalents at the beginning of the Financial Year		1,202,483
1,202,483	CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4	571,023

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 2021

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 29 March 2022 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
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 2021

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:

Class of Fixed Asset	Depreciation Rate
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.

BAPTIST BUSINESS COLLEGE LIMITED
A.B.N. 99 000 049 187
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

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
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 2021

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.

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 2021

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
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 2021

2020 \$		2021 \$
	NOTE 2 - REVENUE AND OTHER INCOME	
	<i>Operating Activities</i>	
19,480	Sales Revenue	13,179
999,616	Student Fees	586,944
<u>1,019,096</u>		<u>600,123</u>
	<i>Other Income</i>	
439,584	Rent Received	525,878
12,445	Interest Received	8,254
1,309	Other Income	1,699
370,450	Government COVID-19 Stimulus	93,988
11,708	Profit on Sale of Fixed Assets	20,195
-	Profit on Sale of Property	11,468,622
-	Donations Received	200
<u>835,496</u>		<u>12,118,836</u>
<u><u>1,854,592</u></u>		<u><u>12,718,959</u></u>
	NOTE 3 - PROFIT FOR THE YEAR INCLUDES THE FOLLOWING SPECIFIC EXPENSES	
	<i>Expenses</i>	
348,746	Depreciation and amortisation	342,644
(388)	Bad and Doubtful Debts	913
<u>10,850</u>	Auditing of the Accounts	<u>11,000</u>
	NOTE 4 - CURRENT ASSETS - CASH AND CASH EQUIVALENTS	
957	Cash on Hand	399
1,096,526	Cash at Bank	452,347
105,000	Cash on Deposit	118,277
<u>1,202,483</u>		<u><u>571,023</u></u>
	NOTE 5 - CURRENT ASSETS - TRADE AND OTHER RECEIVABLES	
21,954	Trade Receivables	23,437
(4,420)	Less: Provision for Doubtful Debts	(3,836)
<u>17,534</u>		<u>19,601</u>
-	Other Debtor - Sale of Property	20,150,038
42,206	Other Receivables	40,806
<u>59,740</u>		<u><u>20,210,445</u></u>
	NOTE 6 - CURRENT ASSETS - INVENTORY	
7,164	Inventory	9,129
<u>7,164</u>		<u><u>9,129</u></u>
	NOTE 7 - CURRENT ASSETS - OTHER	
-	Accrued Income	41,706
72,810	Prepayments	65,037
<u>72,810</u>		<u><u>106,743</u></u>

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 2021

2020 \$				2021 \$
NOTE 8 - NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT				
7,530,000	Freehold Land - at directors' valuation			5,030,000
12,500,000	Buildings - at directors' valuation	6,000,000		
9,600	Buildings - at cost	9,600		
(312,682)	Less: Accumulated Depreciation	(300,422)		
12,196,918				5,709,178
229,390	Plant & Equipment - at cost	223,989		
(182,014)	Less: Accumulated Depreciation	(192,688)		
47,376				31,301
68,461	Motor Vehicles - at cost	-		
(64,417)	Less: Accumulated Depreciation	-		
4,044				-
435,838	Computers - at cost	463,456		
(432,259)	Less: Accumulated Depreciation	(431,491)		
3,579				31,965
19,781,917				10,802,444

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:

	Freehold Land & Buildings 2020	2021	Plant & Equipment 2020	2021	Total (\$) 2021
Balance at the beginning of the year	20,030,000	19,726,918	91,830	54,999	19,781,917
Additions	9,600	-	1,163	42,916	42,916
Revaluation Increments	-	-	-	-	-
Depreciation for the year	(312,682)	(312,740)	(36,064)	(29,904)	(342,644)
Sales/assets written off	-	(8,675,000)	(1,930)	(4,745)	(8,679,745)
Carrying amount at the End of the Year	19,726,918	10,739,178	54,999	63,266	10,802,444

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.

Sale of Property

The college sold its Glebe premises during the year. The contract was entered into and signed on 18 November 2021 with the sale brought to account in the 2021 year. Settlement occurred in January 2022 with net sale proceeds of \$20,150,038 reflected as Debtors at Note 5.

The derecognition of the property asset resulted in a Profit on Sale of \$11,468,622. Previous period revaluations amounting to \$3,780,026 transferred from Asset Revaluation Reserve to Retained Earnings.

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 2021

2020 \$		2021 \$
NOTE 9 - CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
76,543	Trade Payables	87,586
105,000	Rental Bonds	118,200
189,263	Deferred Income	123,273
49,833	Other Creditors & Accruals	68,052
<u>420,639</u>		<u>397,111</u>
Financial liabilities classified as trade and other payables		
Trade and Other Payables:		
420,639	- total current	397,111
105,000	Less: Rental Bonds	118,200
189,263	Less: Deferred Income	123,273
49,833	Less: Other Payables	68,052
<u>76,543</u>		<u>87,586</u>
NOTE 10 - CURRENT LIABILITIES - PROVISIONS		
189,056	Opening Balance at 1 January 2020	59,573
<u>(129,483)</u>	Movements in provisions during year	<u>35,619</u>
59,573	Balance at 31 December 2021	<u>95,192</u>
Analysis of total provisions		
Current:		
14,217	- Annual Leave Entitlements	40,032
45,356	- Long Service Entitlements	55,160
<u>59,573</u>		<u>95,192</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 continued to have 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 Federal and State government funding provided by both Jobkeeper, JobSaver and Business Grants to a total of \$93,988.

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 2021

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 2021 and 2020 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 \$	Post- Employment benefits \$	Other long-term benefits \$	Termination benefits \$	Total \$
2021	125,114	11,246	-	-	136,360
2020	120,039	15,906	5,831	133,307	275,083

The company paid consultancy fees amounting to \$82,500 - (2020 - \$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.

2020 \$		2021 \$
	RECURRING FAIR VALUE MEASUREMENTS	
7,530,000	Freehold Land - at directors' valuation	5,030,000
12,500,000	Buildings - at directors' valuation	6,000,000
<u>20,030,000</u>		<u>11,030,000</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

2020 \$		2021 \$
(349,537)	Profit/(Loss) after Income Tax from Ordinary Activities	10,563,579
-		
348,746	Depreciation	342,644
(11,708)	(Profit) / Loss on Sale of Fixed Assets	(20,195)
-	(Profit) / Loss on Sale of Property	(11,468,622)
(129,483)	Increase/ (Decrease) in Employee Provisions	35,619
	<i>Change in Assets & Liabilities</i>	
672	(Increase)/Decrease in Inventories	(1,965)
81,093	(Increase)/Decrease in Trade & Other Receivables	(667)
71,441	(Increase)/Decrease in Accrued Income	(41,706)
2,400	(Increase)/Decrease in Prepayments	7,773
(53,256)	Increase/(Decrease) in Deferred Income	(65,990)
(5,274)	Increase/(Decrease) in Trade & Other Payables	42,462
<u>(44,906)</u>		<u>(607,068)</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 2021 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,

29 March 2022



THOMAS DAVIS & CO
CHARTERED ACCOUNTANTS
ESTABLISHED 1894

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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 2021, 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, 2021 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 2021, 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

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CHARTERED ACCOUNTANTS
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Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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,
29 March 2022



Baptist Foundation of NSW Limited

ABN 31 000 871 821

Financial Report
for the year ended 30 June 2021



BAPTIST FOUNDATION OF NSW LIMITED
ABN 31 000 871 821

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Revenues From Ordinary Activities	5	\$2,661	\$4,566
Less: Expenditure:			
Other expenses from ordinary activities		(414)	(1,041)
Surplus from Ordinary Activities Before Income Tax Expense		\$2,247	\$3,525
Income Tax Expense Relating To Ordinary Activities	2	0	0
Net Surplus from Ordinary Activities After Income Tax Expense	9	\$2,247	\$3,525
Total Changes in accumulated funds from non-member related transactions		\$2,247	\$3,525

BAPTIST FOUNDATION OF NSW LIMITED
ABN 31 000 871 821

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Balance at the beginning Of the year	9	255,449	251,924
Surplus for the year		<u>2,247</u>	<u>3,525</u>
Balance at the end Of the year		<u>\$257,696</u>	<u>\$255,449</u>

BAPTIST FOUNDATION OF NSW LIMITED
ABN 31 000 871 821

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS:</u>			
Cash	6	137,106	135,940
Investments	7	128,690	128,000
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		<u>\$265,796</u>	<u>\$ 263,940</u>
<u>NON-CURRENT ASSETS:</u>			
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		<u>\$ 0</u>	<u>\$ 0</u>
		<hr/>	<hr/>
TOTAL ASSETS		<u>\$265,796</u>	<u>\$263,940</u>
<u>CURRENT LIABILITIES</u>			
Payables	8	8,100	8,491
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		<u>\$8,100</u>	<u>\$8,491</u>
 <u>NET ASSETS</u>			
		<hr/>	<hr/>
		<u>\$257,696</u>	<u>\$255,449</u>
 <u>ACCUMULATED FUNDS AND RESERVES</u>			
Accumulated Funds	9	<u>\$257,696</u>	<u>\$255,449</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 2021

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Interest received	2,579	4,382
Donations received	0	0
Management Fees Received from Trusts	82	184
Cash paid for Grants and Administration	<u>(805)</u>	<u>(960)</u>
<u>Net Cash Flows from Operating Activities</u>	<u>\$ 1,856</u>	<u>\$ 3,606</u>
<u>Net Cash Flows from Investing Activities</u>	<u>\$ (690)</u>	<u>\$ 0</u>
Net Increase in cash held	1,166	3,606
Add: Cash at beginning of financial year	<u>135,940</u>	<u>132,334</u>
<u>Cash at End of Financial Year</u>	<u>6</u>	<u>\$137,106</u>
		<u>\$135,940</u>

BAPTIST FOUNDATION OF NSW LIMITED
ABN 31 000 871 821

**Notes to and forming part of the Accounts for the
Year ended 30 June 2021**

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.

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.

BAPTIST FOUNDATION OF NSW LIMITED
ABN 31 000 871 821

Notes to and forming part of the Accounts for the
Year ended 30 June 2021

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 2021

Note 3: Trusts Administered

The Company is the Trustee and Custodian Trustee for thirty-five (35) Trusts (2020: 36) for the ministry purposes of the Baptist Churches of NSW & ACT. At 30 June 2021 the Company had incurred liabilities on behalf of these Trusts in its capacity as Trustee and Custodian Trustee amounting to \$Nil (2020: \$Nil).

The Company has a right of indemnity in respect of any liabilities out of the Assets of the Trusts which comprise - Current Assets \$1,980,858 (2020: \$1,973,502) Non-Current Assets \$Nil (2020: \$Nil).

The Trusts administered by the Company in serving the ministry of the Baptist Churches of NSW & ACT as at 30 June 2021 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
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
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

BAPTIST FOUNDATION OF NSW LIMITED
ABN 31 000 871 821
Notes to and forming part of the Accounts for the
Year ended 30 June 2021

	<u>2021</u>	<u>2020</u>
<i>Note 4: Contingent Liabilities</i>		
No contingent liabilities exist as at 30 June 2021.		
<i>Note 5: Revenues from Ordinary Activities</i>		
Interest Received	2,579	4,382
Management Fees	82	184
Donations	<u>0</u>	<u>0</u>
	<u>\$ 2,661</u>	<u>\$4,566</u>
<i>Note 6: Cash</i>		
Cash at bank	<u>137,106</u>	<u>135,940</u>
	<u>\$ 137,106</u>	<u>\$ 135,940</u>
<i>Note 7: Investments - at cost</i>		
AMP	32,690	32,000
Baptist Financial Service	20,000	20,000
Rural Bank	<u>76,000</u>	<u>76,000</u>
	<u>\$128,690</u>	<u>\$128,000</u>
<i>Note 8: Payables</i>		
Accounts Payable	<u>\$8,100</u>	<u>\$8,491</u>
<i>Note 9: Statement of Changes in Accumulated Funds and Reserves</i>		
Balance at beginning of Year	255,449	251,924
Surplus for the Year	<u>2,247</u>	<u>3,524</u>
Balance at end of Year	<u>\$257,696</u>	<u>\$255,449</u>
<i>Note 10: Auditor's Remuneration</i>		
Auditing Services	\$ 0	\$ 0
Other Services	\$ 0	\$ 0

BAPTIST FOUNDATION OF NSW LIMITED

ABN 31 000 871 821

Notes to and forming part of the Accounts for the Year ended 30 June 2021

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 2021 the number of members was 37 (2020: 37).

Note 12: Company Details

The Registered Office of the company is:

Level 4, 5 Saunders Close
Macquarie Park NSW 2113

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 \$643 (last year \$640)

The Accompanying notes form part of the Annual Financial Report.

BAPTIST FOUNDATION OF NSW LIMITED

ABN 31 000 871 821

DIRECTORS' DECLARATION

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 2021 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.



Matthew M Duggan
Director



Nigel Glasby
Director

Dated at Sydney this 22nd day of April 2022

The Accompanying notes form part of the Annual Financial Report.

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Baptist Financial Services

2021

Annual Report

Welcome

It is my pleasure to welcome you to Baptist Financial Services (BFS)'s 2021 Annual Report.

The BFS team has navigated significant uncertainty throughout the last 12 months, and yet I am pleased to say we have ended 2021 in yet another strong position.

On behalf of the BFS Board, I thank you for your support and contribution to this ministry, and look forward to continuing to serve God's Kingdom together.

Ross Langford
Board Chair

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About Us

We're here to serve Christian Ministry.

Baptist Financial Services (BFS) has been supporting Christian ministry since 1984. We offer a range of savings and term investments to help pool funds to resource Christian ministry. Loans and other assistance are made to churches and Christian organisations to support their work and activities.



BFS is a delegated body of Australian Baptist Ministries.

BFS is a public company limited by guarantee and a Registered Charity. 'BFS' is a registered trademark. BFS has been endorsed by the Australian Charities and Not-for-Profits Commission (and formerly, the Australian Taxation Office) as an Income Tax Exempt Charitable Institution on the basis of Advancement of Religion for the operation of financial services. BFS has the ACNC Tick of Charity Registration.



CEO Report



“God has continued to use us, and we have had fantastic opportunities this year to serve and invest in Christian work around Australia.”



David Slinn

Chief Executive Officer

Like the one before it, this past year has presented many challenges. COVID related disruptions have impacted each of us in ways we could not have imagined just a few short years ago.

Nonetheless, God has continued to use us, and we have had fantastic opportunities this year to serve and invest in Christian work around Australia. We have been pleased to see our staff, partners and the Board flourish, and together Baptist Financial Services (BFS) had a very successful 2021.

We must first thank our Board of Directors and our staff for their resilience and hard work. They have all had to adapt to new ways of thinking, working and connecting as we continue our work in enabling Christian ministry to thrive. It has not always been easy, but it has been worthwhile. The steadfast commitment of our team, along with their trust in God, and good grace shown to one another has seen us through another abnormal year.

Likewise, we thank our investors for their continued trust in us to faithfully invest and grow their capital. With a healthy growth in client funds of 5.7%, we are now holding assets exceeding \$500m. Moreover, we thank you for partnering with us in sowing resources into God's kingdom. Jesus described the kingdom of God as a treasure worth investing in. Thank you for your faithfulness. It is only through these investments that BFS can play our part in growing God's kingdom.

We recognise that 2021 was a difficult year for many of our church, school, and Christian organisation partners. Lockdowns have meant that some services and other activities had to be halted or go online, and in some cases, projects have had to be postponed. While this has naturally meant that BFS has had fewer lending opportunities, we are very thankful that no BFS loans require additional support due to Covid at the time of writing this report. We look forward to partnering in the future with those who had had to put projects on hold over the past year.

With many going online for a significant portion of 2021, BFS took the opportunity to invest in online ministries. Our capital increased to over \$40 million, and over \$2 million of grants were made by BFS to Baptist work nationally. This included support to develop a web-based domestic violence training program for Baptist leaders and significantly

increased support to Australian Baptist Ministries. BFS also continues to sponsor the online Church Finance Handbook which had a major revamp during the year. Additionally, BFS has sponsored and attended a wide range of ministry events around Australia.

Also in the online space, in 2021 BFS performed some important work on our online giving platform, Giveway. Giveway is designed to make it possible for churches and organisations to collect electronic payments simply and safely. Over the past year, Giveway has been successfully upgraded and migrated to a new platform, and now offers the significant benefits of reporting and receipting functions. Our hope is that Giveway will help Christians to continue faithfully supporting ministries in what is an increasingly online world.

Looking forward to the year ahead, we have no doubt that the good God who has sustained us so far, will continue to do so in 2022. Our team are ready and enthusiastic to walk with you in your ministry. As Australia continues to open again, we hope to see more connection between BFS and our partners. Whether this is in person, or through online technology, we want to build and continue relationships that see Christian ministry thrive.



Luke 12:34

For where your treasure is, there your heart will be also.

Highlights

Baptist Financial Services continues to resource Christian ministry notwithstanding the COVID crises we have been experiencing over the last two years.

We continue to thank our many supporters who utilise our financial services. In doing so, you help us enable churches and Christian ministry across Australia.

Strong Financial Position

We have been able to continue to grow and thrive, with total assets exceeding \$500m at 31 December 2021. It is helpful to pause and recognise that this is only possible due to the support of our clients and our collective partnership in ministry.

Over \$2 million of grants were made by BFS to Baptist work nationally.

Assets

\$533m

Loans

\$276m

Capital

\$40m

+5.7%
**Growth in
client funds**

Overall lending to ministries across Australia totalled \$276m at year end. Fortunately, our loan clients have navigated the COVID crises remarkably well and we are very blessed that we have no loans requiring COVID related support at the present time.

In our local church communities

BFS continues to make an impact by supporting local churches and Christian ministries across Australia.

Christian Impact Centre & Edxcellence (WA):

Since 2018 Pastor Adusei has pastored the Christian Impact Centre and running Edxcellence, a charity geared to helping migrants access education. In 2021, this church moved from their first property into a more suitable building. In the process, they helped another Baptist ministry to migrants to find a home in the old building.

Safer Spaces: 2021 saw the launch of Safer Spaces Toolkit, a collection of video resources carefully constructed to sensitively address the problem of domestic abuse within our churches and the wider community. BFS is pleased to have partnered in this important step forward.

Baptist Ministries Tour (WA): BFS Relationship Manager, Shelley Bartels had the opportunity to represent BFS alongside colleagues from Baptist World Aid Australia, Baptist Insurance Services and Interim Director of Ministries WA, Karen Siggins as they visited some of our churches in the Pilbara region.

Christies Beach Baptist Church (SA): Using the lockdowns in 2020 to do extensive renovations, this Adelaide church was able to start 2021 well equipped to offer a range of community services from their Family Enrichment Centre. Their new entrance, meeting spaces, showering facilities and expansion of the foodbank make them better equipped to care for the local community, especially those experiencing homelessness.

iSee Church (TAS):

This Launceston church undertook a large renovation project in 2021 to emerge with some incredible ministry spaces. They are now much better equipped to offer ministry to people of all ages.

Cru (NSW):

Crusaders Union of Australia were able to open their redeveloped Lake Macquarie site after a \$21M project. The project transformed the site into a modern 300+ bed conference and recreation facility for Christian ministry.

Norwest Christian College (NSW):

After 18 months of creative design and development, in 2021 this Sydney school completed a project to include a two-storey atrium with multiple open collaboration areas, eight classrooms and a 150-seat lecture theatre.

St Joseph Syro-Malabar Church (WA):

This Perth church ministers to the many Malayalee Catholic families who have settled in WA from India and other parts of the world. In 2021, BFS partnered with them to build a facility of their own.

Atlantis Beach Baptist College (WA):

Atlantis Beach Baptist College was able to complete some important works: a two storey multi-purpose centre comprising art and science labs, classrooms, administration and staff areas.

Perth Siyin Baptist (WA):

Ministering primarily to Burmese refugees, this church had been leasing space for their Sunday services. In 2021, BFS partnered with them to construct a church building of their very own.



Cru, Lake Macquarie



Norwest Christian College



Christies Beach Baptist Church



Christian Impact Centre



WA Baptist Ministries Tour



iSee Church, Launceston

Baptist Financial Services Australia Limited

ABN 56 002 861 789

Consolidated Financial Report for the year ended 31
December 2021

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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 2021 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; Member 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; Chair of Investment Committee (Baptist Impact Fund) since 2 July 2021 and Director of Baptist Development Australia Pty Ltd from 25 October 2019.

Member of Gynea 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), FCPA, 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 Director 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, Board member 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 Blakehurst 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.

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, 24 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	6	6			5	5				
Gregory P Holland	WA	6	6	6	6	5	5				
Ross M Langford	NSW	6	6			5	5	4	4	3	3
Darren L McDonald	SA	6	3	6	6	5	5			3	3
Sally A Mullins	VIC	6	5					4	4		
Alan L Soden	NSW	6	6	6	6			4	4		
Karen James	NSW	6	6					4	4	3	2
Peter Murphy	NSW	6	6	6	6			4	4	3	3
Debbie Uy	VIC	6	6			5	5			3	3

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 Net Operating Surplus for the year was \$4,974,632 (2020: \$4,329,209). The Net Operating Surplus includes sponsorship expenditure of \$176,275 (2020: \$193,157) which was previously presented as part of Grants to Baptist entities in prior periods. Grants to Baptist entities amounted to \$778,404 (2020: \$860,084) and transfers to the Future Grants Reserve to be paid to Baptist entities during 2022 amounted to \$1,181,529 (2020: \$1,061,725). Taken together (sponsorship and grants) the total funds made available to support Baptist and other Christian ministry was \$2,136,207 (2020: \$2,114,977).

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 20 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.

	2021		2020	
	Actual	Benchmark	Actual	Benchmark
Growth in total client investments	4.9%	7.0%	7.2%	7.0%
Growth in loans advanced	-5.0%	7.0%	5.6%	7.0%
Growth in total assets	4.9%	5.0%	7.3%	5.0%
Ratio of loans advanced to total client investments	55.6%	65.0%	61.4%	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 (2020: \$900).

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 13th day of April 2022

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 2021, 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



Claire Scott
Partner – Audit & Assurance

Sydney, 13 April 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Gross interest revenue	23	13,439,402	15,460,726
Gross interest expense	23	(4,830,285)	(6,550,336)
Net interest income		8,609,117	8,910,390
Other income		744,303	6,155
Impairment expense	7	278,295	(91,802)
Employee benefits & costs	21	(2,634,545)	(2,401,808)
Other expenses	22	(2,022,538)	(2,023,726)
NET OPERATING SURPLUS	22	4,974,632	4,399,209
Other Comprehensive Income (OCI)			
Change in derivative liability	19(c)	572,088	(39,246)
Fair value change in investments at fair value through other comprehensive income (FVOCI)	9	51,813	64,651
TOTAL COMPREHENSIVE INCOME		5,598,533	4,424,614

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

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 \$	2020 \$
Assets			
Cash and cash equivalents	4	37,123,070	32,123,545
Other receivables and prepayments	8	2,008,011	1,531,530
Investment securities at fair value through other comprehensive income	9	221,232,940	187,056,041
Loans and advances - interest bearing	5	272,522,464	286,753,786
Property, plant and equipment	10	159,215	173,059
Intangibles	11	142,045	255,480
Right-of-use-assets	12	414,767	578,440
Total assets		533,602,512	508,471,881
Liabilities			
Payables - interest bearing	13	489,928,934	467,108,854
Swap derivative liability	17	367,096	939,184
Trade and other payables	14	1,549,994	2,306,770
Provisions	15	427,628	386,962
Lease liability	16	436,234	595,890
Total liabilities		492,709,886	471,337,660
Net assets		40,892,626	37,134,221
Equity			
Accumulated funds	18	24,511,243	21,496,543
Contributions reserve	19(a), 3(l)	14,950,000	14,950,000
Future grants reserve	19(b), 3(m)	1,181,529	1,061,725
Fair value through other comprehensive income reserve	19(c)	249,854	(374,047)
Total equity		40,892,626	37,134,221

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 2021

	Accumulated Funds \$	Contributions Reserve \$	Future Grants Reserve \$	FVOCI Reserve \$	Total \$
2021					
Balance brought forward	21,496,543	14,950,000	1,061,725	(374,047)	37,134,221
Net Operating Surplus	4,974,632	-	-	-	4,974,632
Change in derivative liability	-	-	-	572,088	572,088
Fair value change in investments at FVOCI	-	-	-	51,813	51,813
Total Comprehensive Income	4,974,632	-	-	623,901	5,598,533
Grants to Baptist Entities	(778,404)	-	(1,061,725)	-	(1,840,129)
Transfer (to)/from reserves	(1,181,529)	-	1,181,529	-	-
Balance at 31 December 2021	24,511,243	14,950,000	1,181,529	249,854	40,892,626
2020					
Balance carried forward	19,019,154	14,950,000	966,138	(399,452)	34,535,840
Net Operating Surplus	4,399,208	-	-	-	4,399,208
Change in derivative liability	-	-	-	(39,246)	(39,246)
Fair value change in investments at FVOCI	-	-	-	64,651	64,651
Total Comprehensive Income	4,399,208	-	-	25,405	4,424,613
Grants to Baptist Entities	(860,094)	-	(966,138)	-	(1,826,232)
Transfer (to)/from Reserves	(1,061,725)	-	1,061,725	-	-
Balance at 31 December 2020	21,496,543	14,950,000	1,061,725	(374,047)	37,134,221

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Operating services			
Interest received from loans		10,299,142	11,700,667
Interest from other investments		3,654,701	4,036,922
Donations, subscriptions & sundry income		744,303	5,285
Interest paid to investors		(4,990,174)	(6,497,021)
Cash paid to suppliers and employees		(4,866,483)	(4,231,858)
Sponsorships		(176,275)	(193,157)
Net cash provided by operating activities	25(2)	4,665,214	4,820,838
Investing activities			
Church & other loans advanced		(37,252,413)	(49,455,990)
Church & other loan payments received		51,762,029	34,087,549
Payments for leasehold improvements, software & web design, furniture & computers		(48,152)	(257,666)
Grants paid to Baptist Entities		(1,840,127)	(1,826,233)
(Increase)/Decrease in other receivables		(559,050)	(828,207)
(Increase)/Decrease in investments		(34,548,056)	(10,993,199)
Received from investors (net)		22,820,080	31,325,479
Net cash provided by / (used in) investing activities		334,311	2,051,733
Net change in cash and cash equivalents		4,999,525	6,872,571
Cash and cash equivalents, beginning of year		32,123,545	25,250,974
Cash and cash equivalents, end of year	4, 25(1)	37,123,070	32,123,545

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*. 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 2021, 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 2021 were approved and authorised for issue by the Board of Directors on 13 April 2022.

2. Changes in accounting policies

2.1 New standards adopted as at 1 January 2021

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 2021 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 2021. 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	3 years
Furniture and Equipment	10 years
Leasehold Improvements	3 – 5 years

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)

Loans and advances

Loans and advances are measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs and subsequently their amortised cost using the effective interest method.

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. Investment securities are classified as Fair Value through Other Comprehensive Income.

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.

3. Summary of Significant Accounting Policies (continued)

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.

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.

g) Other receivables and prepayments

Other receivables and prepayments are recognised and accounted for as financial assets classified at amortised cost.

3. Summary of Significant Accounting Policies (continued)

h) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs, and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or the Group is reasonably certain to exercise a purchase option. In that case, the right-of-use asset is depreciated over the underlying asset's useful life, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group obtains interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

The Group has not elected to recognise right-of-use assets and leases liabilities (for leases of low-value assets and short-term leases). Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise IT equipment and small items of office furniture.

i) Intangible assets

Items of computer software which are not integral to the computer hardware and web design owned by the Group are capitalised using the cost model and classified as intangible assets. Computer software and web design are amortised on straight line basis over the expected useful life of three years. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

j) Classification and measurement of financial liabilities

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).

Derivative financial instruments that are designated and effective as hedging instruments are classified as Fair Value through Other Comprehensive Income. The fair value of interest rate swaps is calculated as the present value of estimated future cashflows.

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)

k) Provision for employee benefits

Employee benefits expected to be settled within 12 months of the end of the reporting period have been measured at their nominal amount. Employee benefits not expected to be settled within 12 months of the end of the reporting period are stated at present value, using expected settlement timings and discount rates equivalent to government - guaranteed securities of a similar term. Employee benefits consist of annual leave and long service leave.

l) 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.

m) 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. There is no expectation of any refund of these grants from the recipients as these funds will be applied to Baptist ministry (refer Note 23).

n) 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.

3. Summary of Significant Accounting Policies (continued)

Management fees

Management fees are based on a percentage of the portfolio value of the fund and are calculated in accordance with the Investment Management Agreement or Trust Deed.

Performance fees

Performance fees may be earned from funds. The group's entitlement to a performance fee for any given performance period is dependent on outperforming certain benchmarks.

o) Comparative Figures

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

p) 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.

q) 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.

r) 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.

Expected Credit Losses

In assessing Expected Credit Losses management assesses the expected recovery rate to determine Loss Given Default. The assumed recovery rate is a matter of judgement based upon a number of factors including the nature of the security, current and expected economic conditions, the outlook for property prices and estimates of the costs of recovery. Management also assesses the probability of default applying judgement based upon internal credit risk categories. Consideration has also been given to the level of undue cost and effort involved in utilising complex statistical models, which is not considered appropriate for the size and complexity of the portfolio.

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.

3. Summary of Significant Accounting Policies (continued)

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

AASB 9 provides a framework for management to assess fair value of financial instruments in the following hierarchy reflecting the varying degree of management judgement that may be required in making the assessment. The levels are specified as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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:

	2021 \$	2020 \$
Cash and cash equivalents at call	37,123,070	32,123,545
Cash and cash equivalents at 31 days' notice	-	-
Total	37,123,070	32,123,545

5. Loans and Advances – interest bearing

	2021 \$	2020 \$
Secured Loans (see below)	270,432,170	287,518,250
Other interest bearing loans (unsecured)	328,017	426,754
Secured Loans to related entities (Note 26)	4,916,792	2,241,592
Less: Allowance for Impairment of loans (see below)	(3,154,515)	(3,432,810)
Total Net Loans	272,522,464	286,753,786

Mortgage securities over land and buildings, 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 2021 was 33% (2020: 35%) with a median ratio of 32% (2020: 35%). 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.

Loan to Valuation Ratio (LVR) analysis of secured loans

	2021 \$	2020 \$
LVR bands		
0 - 50%	161,903,217	167,831,893
51 - 75%	105,359,089	115,082,415
76 - 80%	7,589,392	-
81 - 100%	-	6,337,510
100%+	497,264	508,024
Total	275,348,962	289,759,842

The amount shown in 2020 (81-100%) and 2021 (76-80%) bands relates to a single exposure where the BFS is funding a program of construction works. Subsequent to balance date, a valuation of the property security was obtained following completion of construction. Based on the revised security value this exposure would now be presented in the 51-75% band. The loan with LVR 100%+ relates to a church premises in a remote area where property values are impacted by local mining activity which explains the deterioration of LVR since the loan was written. The loan facility is fully performing and not in arrears.

6. Financial Commitments

	2021 \$	2020 \$
Outstanding Loan Commitments		
Loans approved but not advanced	42,440,495	49,672,497
Loan Redraw Facilities		
Loan redraw facilities available	34,837,429	30,815,074
Undrawn Overdraft Loan Facilities		
Loan facilities available for overdraft loans are as follows:		
Total value of facilities approved	32,793,224	26,263,842
Amounts advanced (included in Secured Loans – Note 5)	(19,215,134)	(18,081,106)
Net undrawn value	13,578,090	8,182,736

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

Computer Software Licensing & Maintenance

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

	2021 \$	2020 \$
Not later than one year	221,380	348,473
Later than one year but not later than two years	42,000	154,753
Later than two years but not later than five years	-	38,507
Over five years	-	-
	263,380	541,733
Bureau and Settlement Services		
The Company has costs committed under a contract for Bureau & Settlement services as follows:		
Not later than one year	215,280	163,200
Later than one year but not later than two years	215,280	-
Later than two years but not later than five years	376,740	-
Over five years	-	-
	807,300	163,200

Analysis of Loans and Advances

	2021 \$	2020 \$
Debts Receivable:		
Overdrafts	18,776,415	18,240,274
No longer than 3 months	11,590,489	15,961,790
Longer than 3 months and not longer than 12 months	28,553,902	30,729,788
Longer than 1 year and not longer than 5 years	68,911,716	76,393,776
Longer than 5 years	147,844,458	148,860,968
Allowance for Impairment of Loans	(3,154,515)	(3,432,810)
	272,522,465	286,753,786

7. Impairment of Financial Assets

	2021 \$	2020 \$
<i>Expected credit loss on loans:</i>		
Opening balance	3,432,810	3,341,009
Charge for the year	(278,295)	91,802
Amount written off	-	-
Closing balance	3,154,515	3,432,810

The expected credit loss breakdown is as follows:

	Stage 1 12 months ECL Collectively assessed	Stage 2 Lifetime ECL Individually assessed	Stage 3 Lifetime ECL Individually assessed	Total
2021				
Secured lending	1,020,119	2,091,059	-	3,111,178
Unsecured lending	32,357	10,980	-	43,337
Total	1,052,476	2,102,039	-	3,154,515
2020				
Secured lending	1,449,420	1,927,537	-	3,376,957
Unsecured lending	39,818	16,035	-	55,853
Total	1,489,238	1,943,572	-	3,432,810

'12-month expected credit losses' are recognised for the Stage 1 category while 'lifetime expected credit losses' are recognised for the Stage 2 and Stage 3 category. Measurement of the expected credit losses ("ECL") is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument. Management exercise judgment in making key assumptions about the probability of default in the respective timeframe. For Stage 1 this assumption is made on a portfolio basis and for Stage 2 is assessed for each individual exposure. Expected losses in the event of default are a function of the amount of security (LVR) and the assumed rate of recovery. The recovery rate is a matter of judgment that depends upon a number of factors including the nature of the security, current and expected economic conditions, the outlook for property prices and estimates of the costs of recovery.

These key assumptions have not been changed in the period other than in reviewing probability of default assumptions for Stage 2 exposures. As outlined below there are no significant movements between the Stages. Therefore, the movement in ECL is principally explained by the decline in loans.

Measures to support loan clients impacted by COVID-19 were implemented during 2020. At their peak these measures applied to approximately 15% of the loan book. However, by the end of 2020 the majority of these clients no longer required this temporary support, with measures remaining in place for approximately 3% of the loan book. During 2021 the remaining clients returned to normal loan terms and there were no clients requiring COVID support measures at year end.

During 2020 one loan clients moved from Stage 1 to Stage 2 following the onset of COVID-19 due to a combination of COVID related and other factors and has since moved back to Stage 1.

During 2021 one loan client moved from Stage 1 to Stage 2. The loan balance is less than \$200k and is not in arrears. As mentioned above one loan client moved from Stage 2 to Stage 1 in the period.

8. Other Receivables & Prepayments

	2021 \$	2020 \$
Interest Accrued	271,544	289,874
Other Receivables	1,736,467	1,241,656
	2,008,011	1,531,530

9. Investments

	2021 \$	2020 \$
<i>Investments held at fair value through other comprehensive income by credit rating (S&P)</i>		
AAA	74,077,476	56,546,305
AA	108,506,801	101,081,108
A	17,703,903	8,406,500
BBB	16,835,925	13,694,615
BB	2,892,835	6,111,512
Not rated	1,216,000	1,216,000
	221,232,940	187,056,041

	2021 \$	2020 \$
<i>Reconciliation of fair value movement during the year:</i>		
Opening Balance	565,137	500,486
Fair value adjustments during the year	51,813	64,651
Closing Balance	616,950	565,137

Fair value of Investment Securities is assessed on a Level 2 basis in both 2021 and 2020 as the relevant securities are traded in over the counter ("OTC") markets.

Investments – Maturity Analysis	2021 \$	2020 \$
At call	-	-
Not longer than 3 months	69,636,310	67,238,246
Longer than 3 months and not longer than 12 months	53,040,656	37,028,098
Longer than 1 year and not longer than 2 years	34,411,222	28,430,856
Longer than 2 years and not longer than 3 years	40,415,572	26,827,736
Longer than 3 years and not longer than 4 years	10,905,318	20,521,743
Longer than 4 years and not longer than 5 years	12,823,862	6,024,531
Longer than 5 years	-	-
Maturity at discretion of issuer	-	984,830
	221,232,940	187,056,041

10. Property, plant and equipment

	2021 \$	2020 \$
Property, Plant & Equipment		
Leasehold Improvements, Furniture & Computers - at cost (opening)	430,302	283,138
Additions	24,835	147,164
Disposals	(25,562)	-
Leasehold Improvements, Furniture & Computers - at cost (closing)	429,575	430,302
Accumulated Depreciation (opening)	(257,243)	(218,895)
Disposals	25,562	-
Depreciation	(38,679)	(38,348)
Accumulated Depreciation (closing)	(270,360)	(257,243)
	159,215	173,059

11. Intangible assets

	2021 \$	2020 \$
Intangible Assets		
Software & Web Design - at cost (opening)	676,928	566,425
Additions	23,317	110,503
Disposals	(140,242)	-
Software & Web Design - at cost (closing)	560,003	676,928
Accumulated Amortisation (opening)	(421,448)	(304,458)
Amortisation	(136,752)	(116,990)
Disposals	140,242	-
Accumulated Amortisation (closing)	(417,958)	(421,448)
	142,045	255,480

12. Right-Of-Use Assets

	2021 \$	2020 \$
Right-of-use Assets		
Right-of-use assets	703,518	727,308
Less: Accumulated Depreciation	(288,751)	(148,868)
	414,767	578,440

No new right-of-use assets and lease liabilities were recognised during 2021. 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.

13. Payables

Payables – Interest bearing based on actual maturity date

	2021 \$	2020 \$
Investments at call	178,297,975	160,046,451
Investments at 31 days' notice	107,577,298	101,014,371
Term Investments	204,053,661	206,048,032
	489,928,934	467,108,854

Payables – Interest bearing based on withdrawal experience

<i>Current Liabilities – payable not later than 12 months</i>		
Investments from Baptist & Christian organisations	37,378,358	35,525,352
Loan offset Savings Accounts	7,831,189	6,978,019
Investments from Individuals & other organisations	13,581,925	13,549,691
	58,791,472	56,053,062
<i>Non-Current Liabilities - payable later than 12 months</i>		
Investments from Baptist & Christian organisations	274,107,955	260,519,248
Loan offset Savings Accounts	57,428,720	51,172,140
Investments from Individuals & other organisations	99,600,787	99,364,404
	431,137,462	411,055,792

Investments are classified according to maturity date and the rollover experience

Term Investments and BFS Borrowings from Clients – Maturity Analysis

At call	178,297,795	160,046,451
Longer than at call and not longer than 3 months	194,382,596	173,880,332
Longer than 3 months and not longer than 12 months	105,318,805	116,032,612
Longer than 1 year and not longer than 2 years	9,039,787	15,539,647
Longer than 2 years and not longer than 5 years	2,889,771	1,609,812
Longer than 5 years	-	-
	489,928,934	467,108,854

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.

14. Trade and Other Payables

	2021 \$	2020 \$
Accrued term investment interest	1,129,684	1,716,863
Sundry creditors	420,310	589,907
Total trade and other payables	1,549,994	2,306,770

15. Provisions

	2021 \$	2020 \$
Employee benefits – annual leave	244,299	232,498
Employee benefits – long service leave	183,329	154,464
Total provisions	427,628	386,962

16. Lease Liability

	2021 \$	2020 \$
Lease liability	436,234	595,890
Lease liability	436,234	595,890

The incremental borrowing rate used as the discount rate to determine lease liabilities on initial recognition was 4.0% (refer to Note 12).

17. Swaps Liability

	2021 \$	2020 \$
Swaps liability	367,096	939,184
Swaps liability	367,096	939,184

	2021 \$	2020 \$
<i>Reconciliation of fair value movement during the year:</i>		
Opening Balance	939,184	899,938
Fair value adjustments during the year	(572,088)	39,246
Closing Balance	367,096	939,184

Interest rate swaps are used in the normal course of business to hedge exposure to fluctuations in interest rates.

Fair value of Swaps Liability is assessed on a Level 2 basis in both 2021 and 2020 as the relevant securities are traded in over the counter ("OTC") markets.

18. Accumulated Funds

	2021 \$	2020 \$
Accumulated Funds - Total		
Balance at beginning of year	21,496,543	19,019,154
Operating Surplus	4,974,633	4,399,208
Grants expended to Baptist ministries	(778,404)	(860,095)
Transfer (to)/from Reserves	(1,181,529)	(1,061,725)
Balance at end of year	24,511,243	21,496,543
Accumulated Funds - New South Wales & ACT		
Balance at beginning of year	12,160,551	10,620,333
Share of Operating Surplus before Grants	2,794,784	2,660,553
Share of Grants expended to Baptist ministries	(416,537)	(460,250)
Transfer (to)/from Reserves	(669,641)	(660,085)
Balance at end of year	13,869,157	12,160,551
Accumulated Funds - Victoria		
Balance at beginning of year	2,901,787	2,594,306
Share of Operating Surplus before Grants	824,350	626,234
Share of Grants expended to Baptist ministries	(169,218)	(186,977)
Transfer (to)/from Reserves	(184,465)	(131,776)
Balance at end of year	3,372,454	2,901,787
Accumulated Funds - South Australia		
Balance at beginning of year	2,655,385	2,412,039
Share of Operating Surplus before Grants	469,073	420,989
Share of Grants expended to Baptist ministries	(66,386)	(73,353)
Transfer (to)/from Reserves	(113,384)	(104,290)
Balance at end of year	2,944,688	2,655,385
Accumulated Funds - Northern Territory		
Balance at beginning of year	67,208	55,644
Share of Operating Surplus before Grants	17,613	16,520
Share of Grants expended to Baptist ministries	-	-
Transfer (to)/from Reserves	(4,959)	(4,956)
Balance at end of year	79,862	67,208
Accumulated Funds - Tasmania		
Balance at beginning of year	385,415	350,846
Share of Operating Surplus before Grants	75,975	73,835
Share of Grants expended to Baptist ministries	(22,129)	(24,451)
Transfer (to)/from Reserves	(15,162)	(14,815)
Balance at end of year	424,099	385,415
Accumulated Funds - Western Australia		
Balance at beginning of year	3,095,884	2,777,145
Share of Operating Surplus before Grants	654,281	541,637
Share of Grants expended to Baptist ministries	(78,101)	(86,297)
Transfer (to)/from Reserves	(162,235)	(136,601)
Balance at end of year	3,509,828	3,095,884
Accumulated Funds - Baptist Union of Australia		
Balance at beginning of year	230,313	208,842
Share of Operating Surplus before Grants	138,557	59,439
Share of Grants expended to Baptist ministries	(26,034)	(28,765)
Transfer (to)/from Reserves	(31,683)	(9,202)
Balance at end of year	311,153	230,313

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.

19. Reserves

a. Contributions Reserve

	2021 \$	2020 \$
Contributions Reserve - Total		
Balance at beginning of year	14,950,000	14,950,000
Contributions Received	-	-
Balance at end of year	14,950,000	14,950,000
Contributions Reserve - New South Wales		
Balance at beginning of year	8,000,000	8,000,000
Contribution Received	-	-
Balance at end of year	8,000,000	8,000,000
Contributions Reserve - Victoria		
Balance at beginning of year	3,250,000	3,250,000
Contribution Received	-	-
Balance at end of year	3,250,000	3,250,000
Contributions Reserve - South Australia		
Balance at beginning of year	1,275,000	1,275,000
Contribution Received	-	-
Balance at end of year	1,275,000	1,275,000
Contributions Reserve - Tasmania		
Balance at beginning of year	425,000	425,000
Contribution Received	-	-
Balance at end of year	425,000	425,000
Contributions Reserve - Western Australia		
Balance at beginning of year	1,500,000	1,500,000
Contribution Received	-	-
Balance at end of year	1,500,000	1,500,000
Contributions Reserve - Baptist Union of Australia		
Balance at beginning of year	500,000	500,000
Contribution Received	-	-
Balance at end of year	500,000	500,000

19. Reserves (continued)

b. Future Grants Reserve

	2021 \$	2020 \$
<i>Future Grants Reserve - Total</i>		
Balance at beginning of year	1,061,725	966,138
Transfer (to)/from accumulated funds (See Note 18)	1,181,529	1,061,725
Expended during current year	(1,061,725)	(966,138)
Balance at end of year	1,181,529	1,061,725
<i>Future Grants Reserve - New South Wales</i>		
Balance at beginning of year	660,085	571,924
Transfer (to)/from accumulated funds	669,641	660,085
Grants expended to Baptist ministries	(660,085)	(571,924)
Balance at end of year	669,641	660,085
<i>Future Grants Reserve - Victoria</i>		
Balance at beginning of year	131,776	128,548
Transfer (to)/from accumulated funds	184,465	131,776
Grants expended to Baptist ministries	(131,776)	(128,548)
Balance at end of year	184,465	131,776
<i>Future Grants Reserve - South Australia</i>		
Balance at beginning of year	104,290	106,656
Transfer (to)/from accumulated funds	113,384	104,290
Grants expended to Baptist ministries	(104,290)	(106,656)
Balance at end of year	113,384	104,290
<i>Future Grants Reserve - Northern Territory</i>		
Balance at beginning of year	4,956	3,915
Transfer (to)/from accumulated funds	4,959	4,956
Grants expended to Baptist ministries	(4,956)	(3,915)
Balance at end of year	4,959	4,956
<i>Future Grants Reserve - Tasmania</i>		
Balance at beginning of year	14,815	13,585
Transfer (to)/from accumulated funds	15,162	14,815
Grants expended to Baptist ministries	(14,815)	(13,585)
Balance at end of year	15,162	14,815
<i>Future Grants Reserve - Western Australia</i>		
Balance at beginning of year	136,601	136,428
Transfer (to)/from accumulated funds	162,235	136,601
Grants expended to Baptist ministries	(136,601)	(136,428)
Balance at end of year	162,235	136,601
<i>Future Grants Reserve - Baptist Union of Australia</i>		
Balance at beginning of year	9,202	5,082
Transfer (to)/from accumulated funds	31,683	9,202
Grants expended to Baptist ministries	(9,202)	5,082
Balance at end of year	31,683	9,202

19. Reserves (continued)

c. Fair value through other comprehensive income reserve

	2021 \$	2020 \$
Balance at beginning of year	(374,047)	(399,452)
Changes in derivative liability (Note 17)	572,088	(39,246)
Fair value change in investments at FVOCI (Note 9)	51,813	64,651
Balance at end of year	249,854	(374,047)

Fair value of Investments at FVOCI and Swaps Liability are assessed on a Level 2 basis in both 2021 and 2020 as the relevant securities are traded in over the counter ("OTC") markets.

20. 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. During the period CCo transitioned to a management committee.

20. 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. The company uses interest rate swaps in the normal course of business to hedge exposure to fluctuations in interest rates.

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 over land and buildings, 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.

20. 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 \$	Interest (At rates applicable at balance date) \$	Average Rate %
2021			
Financial Assets			
Cash and liquid assets	59,334,445	119,601	0.20
Investments with other financial institutions	190,442,028	3,419,584	1.80
Loans and Advances	280,154,418	12,164,074	4.34
	429,930,891	15,703,259	2.96
Financial Liabilities			
Client Investments	485,587,605	6,327,126	1.30
2020			
Financial Assets			
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
	490,454,813	17,377,906	3.54
Financial Liabilities			
Client Investments	453,212,245	8,053,757	1.78

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 \$272,522,464 (2020: \$286,753,786). 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 \$153,349,503 representing 37 borrowers (2020: 38 totalling \$163,086,453). 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 \$33,810 at year end (2020: \$49,945), of which \$11,408 is greater than 90 days

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.

21. Employee benefits & costs

	2021 \$	2020 \$
Net movement in provision for annual leave	11,801	61,194
Net movement in provision for long service leave	28,865	26,009
Other employee costs	2,593,879	2,314,605
Total Employee benefits & costs	2,634,545	2,401,808

22. Other Expenses

	2021 \$	2020 \$
Website, Software and Computer Systems	412,664	414,353
Occupancy	86,429	56,389
Depreciation and Amortisation	315,314	301,360
Sponsorship expense	176,275	193,157
Other General Administration Expenses	1,031,856	1,058,467
Total other expenses	2,022,538	2,023,726

23. Net Operating Surplus

	2021 \$	2020 \$
Operating surplus	4,974,632	4,399,209
<i>Is arrived at after including as revenue:</i>		
• Interest earned	13,439,402	15,460,726
<i>And after charging as expenses:</i>		
• Auditor's Remuneration		
▪ Audit Fees – Grant Thornton Audit Pty Ltd	76,065	73,630
(No other benefits were received by the auditor)		
• Amortisation and Depreciation of software, furniture & equipment and leasehold improvements	175,431	155,337
• Depreciation of right-of-use assets	139,883	146,023
• Interest incurred	4,830,285	6,550,336
• Employee benefits and costs	2,634,545	2,401,808
<i>Payment of Grants are shown in the Statement of Changes in Accumulated Funds and Reserves</i>		
• Grants paid from current year result	778,404	860,094
• Grants paid from Future Grants Reserve	1,061,725	966,138

The total number of employees at balance date was 27 (2020: 22) which represented 24.8 (2020: 20.2) full-time equivalent (FTEs).

24. 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.

25. Notes to the Statement of Cash Flows

(1) Reconciliation of Cash

	2021 \$	2020 \$
Cash at call	37,123,070	32,123,545
Cash at 31 days' notice	-	-
	37,123,070	32,123,545

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 \$164,602,373 (2020: \$146,135,334) at balance date.

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

	2021 \$	2020 \$
Operating surplus	4,974,632	4,399,209
Amortisation and Depreciation	315,314	301,360
(Decrease)/Increase in accrued term investment interest	(587,179)	(328,705)
Decrease/(Increase) in sundry debtors and accrued income	369,673	149,978
(Decrease)/Increase in trade and other payables	(169,596)	119,902
(Decrease)/Increase in allowance for Impairment of loans	(278,295)	91,802
Increase /(Decrease) in employee benefits	40,666	87,292
Net Cash from Operating Activities	4,665,214	4,820,838

26. 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:

	2021 \$	2020 \$
Baptist Association of NSW & ACT	205,611	320,595
Baptist Union of Victoria	7,768	7,983
Baptist Churches Western Australia	5,418	5,103
Payment made by BFS to a company associated with a Company Secretary	42,100	3,600
Payment made by BDA to a company associated with a Company Secretary	214,222	631,593

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.

BFS is the Trustee, Investment Manager and Custodian of investments for the Baptist Impact Fund ("Fund"). BFS earns an Investment Management fee of 30bp per annum, a Custody & Administration fee of 15bp per annum as well as a Performance Fee of 15% of returns in excess of the target return.

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

BFS provides an overdraft facility to the Fund at a concessional interest rate of 2.5%.

The following transactions occurred between BFS and the Fund the related parties:

	2021 \$	2020 \$
Amounts received or receivable from the Baptist Impact Fund:		
Investment Management Fees	42,399	-
Custody & Administration Fees	21,200	-
Performance Fees	59,775	-
Interest received on overdraft	4,772	4,747
Investments sold on commercial terms	2,700,000	1,000,000
Amounts paid to the Baptist Impact Fund:		
Investments purchased on commercial terms	1,527,775	-
Interest credited to the Fund on accounts invested with BFS	5,923	465

26. Related Parties (continued)

	Principal 2021 \$	Principal 2020 \$
<i>New South Wales</i>		
Investments held:	36,985,939	38,745,864
Loans and Advances:	211,227	221,208
<i>Victoria</i>		
Investments held:	21,216,073	25,371,182
Loans and Advances:	4,431,964	1,736,539
<i>South Australia</i>		
Investments held:	17,758,985	23,736,713
<i>Northern Territory</i>		
Investments held:	276,079	249,610
<i>Tasmania</i>		
Investments held:	2,291,678	1,648,416
<i>Western Australia</i>		
Investments held:	3,763,441	3,733,173
Loans and Advances:	273,601	283,845
<i>Baptist Union of Australia Inc.</i>		
Investments held:	6,635,291	1,014,594
<i>Totals</i>		
Investments held:	88,927,486	94,499,552
Loans and Advances:	4,916,792	2,241,592

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 9 (2020: 10) Directors of the Company, the Chief Executive Officer and two 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:

	2021 \$	2020 \$
Key Management Personnel Compensation	834,819	973,811
	834,819	973,811

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.

26. Related Parties (continued)

Loans to Key Management Personnel (KMP)

	2021 \$	2020 \$
Aggregate value of 5 year term loans to KMP at beginning of year	-	3,051
Aggregate value of 5 year term loans to KMP at balance date	-	-
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
Aggregate of interest earned on 5 year term loans to KMP during the year	-	-
Aggregate of interest earned if 5 year term loans to KMP were made on an arm's length basis	-	-
Number of KMP in the group	-	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

	2021 \$	2020 \$
Total value of term and savings investments from KMP	24,506	59,424
Total interest paid on investments to KMP	335	855

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.

27. Parent Entity Information

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

	2021 \$	2020 \$
Statement of financial position		
Total assets	533,713,934	508,492,670
Total liabilities	492,729,158	471,289,097
Net assets	40,984,676	37,203,573
Accumulated funds	24,601,093	21,427,201
Statement of profit or loss and other comprehensive income		
Surplus for the year	4,995,130	4,628,177
Other comprehensive income	623,901	25,404
Total comprehensive income	5,619,031	4,653,581

28. 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.

29. Contingent Liabilities

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

30. Post-reporting Date Events

There are no adjusting or significant non-adjusting events that 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 2021 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 13th day of April 2022

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 2021, 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 2021 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 2021, 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. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Claire Scott
Partner – Audit & Assurance
Sydney, 13 April 2022

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Macquarie Park NSW 2113

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ABN 56 002 861 789 AFSL 311 062

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

FINANCIAL REPORT

FOR THE YEAR ENDED 30 APRIL 2021

propertytrust@nswactbaptists.org.au

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

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BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Annual Report

For the Year Ended 30 April 2021

The members have pleasure in presenting their report on Baptist Churches of New South Wales Property Trust for the financial year ended 30 April 2021.

Baptist Churches of New South Wales Property Trust ("Property Trust") is an incorporated body, separate from The Baptist Union of New South Wales. It was constituted on 14 September 1984 when a NSW Act of Parliament was proclaimed, titled *Baptist Churches of New South Wales Property Trust Act 1984*.

1. GENERAL INFORMATION

Information on officeholders

The names of each person who has been a member during the year and to the date of this report are:

Name	Office
Paul Holding	Chairman
David Evans	Secretary, Treasurer
Richard Brading	Member
Ross Low (October 2020 to May 2021)	Member
Geoff Moore	Member
Cameron Phipps (to October 2020)	Member
Mike Williams	Member
Graham Jones (to August 2020)	Member

Members have been in office since the start of the financial year to the date of this report unless otherwise stated. Under the Act, seven members of the Property Trust are elected by the Assembly for 3 years on a rotational basis. The Chairman and the Secretary/Treasurer are appointed annually by the members.

During the financial year, six (6) meetings of the Property Trust were held. Attendances by each member during the year were as follows:

Members (in office since 1 May 2020 unless indicated otherwise below)	Members' Meetings	
	No. Eligible to Attend	Attended
Paul Holding	6	6
David Evans	6	6
Richard Branding	6	5
Ross Low (elected October 2020)	3	3
Geoff Moore	6	6
Cameron Phipps (to October 2020)	3	1
Mike Williams	6	4
Graham Jones (resigned August 2020)	2	0

Principal activities

In brief, the functions of the Property Trust are:

1. To act as trustee for individual Baptist Churches and District Associations,
2. To act as trustee of the Denominational Trust Funds,
3. To administer, and in many cases to invest in its Common Fund, the proceeds of sale of Baptist properties.

No significant changes in the nature of the Property Trust's activity occurred during the financial year.

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Annual Report

For the Year Ended 30 April 2021

2. CHURCH PROPERTIES

Under the Australian system of property holding, title to any real estate requires registration into the name or names of an incorporated body or individuals. This means that title cannot be registered in the name of any unincorporated body such as a local church. The Property Trust offers a valuable service to churches by holding title to church properties in its name, free of charge, as trustee for the purposes and objects of each local church. The trusts and objects are set out in the Act.

It is the privilege and responsibility of the local church to give directions to the Property Trust on selling, buying, borrowing and leasing. These directions are given by resolutions passed in accordance with the procedure set out in the Act. The autonomy of the local church is thus preserved and other functions and activities of the church are entirely a matter for the local congregation. The Property Trust has posted some relevant information on the Baptist Union website www.nswactbaptists.org.au under Administration. There you will find a number of helpful guides such as "Selling, Buying & Borrowing – a Guide", "The Obligations of Members of Local Churches in relation to Baptist Church Property", "The Concept of a Trust" and "Frequently Asked Questions".

Neither the church nor the Property Trust is entitled to act contrary to the trusts. Among other things, this means that proceeds of sale and borrowed money can only be used for purposes sanctioned by the Act. These purposes are typically the purchase or development of other properties, and the construction or repair of buildings. On the website you will also find a Policy Document which touches another aspect, entitled "Funding a pastor's housing allowance from the proceeds of sale of a manse".

Property dealings will invariably require the Property Trust to sign documents on behalf of the church. Churches need to be aware that documents for signature will have to be in the hands of the solicitors acting for the Property Trust in sufficient time for the solicitors to check that they are in order for signing, and for the solicitors to submit those documents to the Property Trust. Special arrangements have been put in place by the Property Trust to deal as expeditiously as practicable with such documentation, but the local church needs to do its part. Between May, 2020 and April, 2021 members of the Property Trust met on 26 occasions to process 59 property transactions on behalf of 33 churches.

The solicitors for the Property Trust since its formation have been Messrs. Church & Grace, Sydney. We are indebted to the firm, and to Partner Mr. J.A. Creech who has been handling Property Trust matters since 2009, for their efficient attention to detail and for their valued advice. In compliance with its obligations as trustee, the Property Trust instructs its solicitors to inspect all documents which are to be executed by the Property Trust, in order that the solicitors can ensure that the Property Trust will assume liability as trustee only (i.e. limited to the assets of the local church), and that the Property Trust has been authorised, by the congregation of the church, to sign those documents. Any complex legal issues will also be referred to its solicitors for advice. Like any other trustee, the Property Trust is entitled to look to the church for reimbursement of legal expenses and out of pocket expenses incurred.

The local church is also entitled to legal advice, and should obtain it. There is usually no conflict of interest between the Property Trust and the church, so it is open to the church to engage the services of the same solicitors as those who act for the Property Trust. However, the church can appoint any solicitor of its own choosing, the church of course being responsible for payment of its own legal costs, stamp duty, GST, survey fees, local Council fees and so on.

3. OTHER ITEMS

Denominational Trust Funds

The Property Trust is the trustee of the following denominational trust funds:

1. Baptist Ministers Support Fund
2. Aged & Infirm Ministers Fund

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Annual Report

For the Year Ended 30 April 2021

Common Fund

The Property Trust maintains a Common Fund, which obviates the need to keep separate bank accounts for each amount of money held.

Various amounts, including proceeds arising from the sale of some church properties, have been placed in investments in the name of the Property Trust as trustee for the respective churches. As at 30 April 2021, there was \$1,973,488 (2019: \$1,455,950) invested in the Common Fund for the benefit of individual churches and organisations.

Other Investments

Further amounts totalling \$9,567,753 as at 30 April 2021 have been placed in other approved investments in the name of the Property Trust as trustee for the respective churches.

Insurance

It is the important duty of church officers and members to ensure that adequate insurance exists for cover against loss of property by fire or other hazard, and also against public liability risk and workers compensation. The Property Trust has no independent responsibility to take out insurance, and in any case could not do so in the absence of funds supplied by the local church.

Government Grants

During the year, the Property Trust submitted applications for various government grants for eight churches, three of which resulted in some grant funding being approved.

Income Tax

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

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Property Trust during the year.

Events after the reporting date

In the opinion of those charged with governance, no events have occurred after the end of the financial year that materially prejudice the ability of the Property Trust to continue as a going concern nor significantly affect the state of affairs of the Property Trust in future financial years.

Future developments and results

In the opinion of those charged with governance, there are no likely developments in the operations of the Property Trust which may affect the result of the Property Trust in the financial year subsequent to 30 April 2021.

Members' Interests

No member of the Property Trust has received or has become entitled to receive a benefit by reason of a contract made by the Property Trust or a related corporation with him or with a firm of which he is a member, or with a company in which he has a substantial interest.

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Annual Report

For the Year Ended 30 April 2021

Environmental regulation

The Property Trust's operations are regulated by various environmental regulations under both Commonwealth and State legislation. Those charged with governance believe that the Property Trust has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Property Trust.

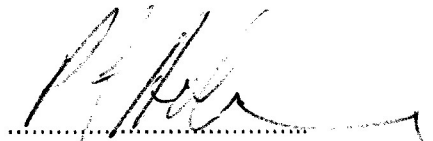

Indemnification and insurance of officers and auditors

During the financial year the Property Trust has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums to insure each of the officeholders against liabilities for cost and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officeholder other than a wilful breach of duty in relation to the Property Trust.

Auditor's Independence Declaration

Lawrence R Green of Shedden & Green Associates resigned as auditor during the year, and WSC Group – Audit Pty Ltd was appointed as auditor. A copy of the Auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012* is included in the financial report.

Signed in accordance with a resolution of the members.


P J Holding (Chairman)
Date:
D Evans (Secretary, Treasurer)



**AUDITOR'S INDEPENDENCE DECLARATION TO THE RESPONSIBLE PERSONS OF
BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST**

I declare that, to the best of my knowledge and belief, during the year ended 30 April 2021, there have been:

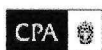
- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WSC GROUP – AUDIT PTY LTD

A F Gilbert, CA

Director

Authorised Audit Company No. 527749



WSC Group
is a CPA Practice

Liability Limited by a scheme approved
under Professional Standard Legislation

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ALSO BRANCHES AT:

• BRISBANE
• CANBERRA
• GOLD COAST
• MELBOURNE
• NEWCASTLE
• PERTH



BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

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

		2021	2020
	Note	\$	\$
Interest received	4	19,899	28,139
Interest paid	4	(10,816)	(13,019)
Net interest income		9,083	15,120
Other income	5	20	1,342
Other operating expenses from ordinary activities	6	(12,567)	(14,721)
Surplus/(loss) before income tax		(3,464)	(1,741)
Income tax expense		-	-
Surplus/(loss) for the year		(3,464)	(1,741)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		(3,464)	(1,741)

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Statement of Financial Position As At 30 April 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,973,488	1,455,940
Trade and other receivables	8	222	1,116
TOTAL CURRENT ASSETS		1,973,710	1,457,056
NON CURRENT ASSETS			
Loans receivable	9	158,369	211,045
TOTAL NON CURRENT ASSETS		158,369	211,045
TOTAL ASSETS		2,132,079	1,668,101
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	2,628	2,283
Other financial liabilities	11	1,230,239	761,642
TOTAL CURRENT LIABILITIES		1,232,867	763,925
TOTAL LIABILITIES		1,232,867	763,925
NET ASSETS		899,212	904,176
EQUITY			
Trust funds		899,212	904,176
TOTAL EQUITY		899,212	904,176

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Statement of Changes in Trust Funds

For the Year Ended 30 April 2021

2021

	Note	Church Loans Fund \$	Administration Fund \$	Aged & Infirm Ministers' Committee \$	Aged & Infirm Ministers' Fund \$	Baptist Ministers' Support Fund \$	Total \$
Balance at 30 April 2020		374,218	218,141	78	92,236	219,503	904,176
Surplus/(loss) for the year	13	(1,160)	(4,842)	1	822	1,715	(3,464)
Transfer to/(from) trust funds		-	-	1,500	-	(1,500)	-
Distribution to beneficiaries		-	-	(1,500)	-	-	(1,500)
Balance at 30 April 2021		373,058	213,299	79	93,058	219,718	899,212

2020

		Church Loans Fund \$	Administration Fund \$	Aged & Infirm Ministers' Committee \$	Aged & Infirm Ministers' Fund \$	Baptist Ministers' Support Fund \$	Total \$
Balance at 30 April 2019		372,576	222,365	77	90,892	219,616	905,526
Surplus/(loss) for the year	13	1,642	(4,224)	1	1,344	2,977	1,740
Transfer to/(from) trust funds		-	-	3,090	-	(3,090)	-
Distribution to beneficiaries		-	-	(3,090)	-	-	(3,090)
Balance at 30 April 2020		374,218	218,141	78	92,236	219,503	904,176

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2021

The financial report covers Baptist Churches of New South Wales Property Trust as an individual entity. The Baptist Churches of New South Wales Property Trust ("Property Trust") is a not-for-profit corporation created by act of New South Wales Parliament *Baptist Churches of New South Wales Property Trust Act 1984 (NSW)*, incorporated and domiciled in Australia.

The functional and presentation currency of the Baptist Churches of New South Wales Property Trust is Australian dollars.

The accounting policies adopted by the Property Trust and comparatives are consistent with prior years, unless otherwise stated.

1 BASIS OF PREPARATION

The financial statements are special purpose financial statements as the members have determined that the Property Trust is not a reporting entity as there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. The financial statements have been prepared to meet the reporting requirements of the Australian Charities and Not-for-profits Commission and have been prepared in accordance with the Australian Accounting Standards and Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

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.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Income Tax

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

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

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

Interest revenue

Interest is recognised using the effective interest method.

Notes to the Financial Statements

For the Year Ended 30 April 2021

Other income

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

(c) Financial Instruments

Financial instruments are recognised initially on the date that the Property Trust becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Property Trust classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Property Trust changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Property Trust's financial assets measured at amortised cost comprise trade and other receivables, loans receivable, and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Property Trust has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Notes to the Financial Statements

For the Year Ended 30 April 2021

Where the Property Trust renegotiates the terms of trade receivables due from certain debtors, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Property Trust measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Property Trust comprise trade payables and deposits repayable at call.

(d) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

(e) Cash and cash equivalents

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

(f) Adoption of new and revised accounting standards

The Property Trust has adopted all standards which became effective for the first time at 30 April 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Property Trust.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The officeholders make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates – loans receivable

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements For the Year Ended 30 April 2021

4 REVENUE

Revenue from continuing operations

	2021	2020
	\$	\$
Net Interest Income		
Interest received		
- Interest received on bank deposits	16,788	21,022
- Interest received on loans	3,111	7,117
Total Interest	19,899	28,139
Less: Interest paid		
- Interest paid to depositors	(10,816)	(13,019)
Net Interest Income	9,083	15,120

5 OTHER INCOME

Commissions received	20	42
Loan application fees	-	1,300
Total Other Income	20	1,342

6 RESULT FOR THE YEAR

The result for the year includes the following specific expenses:

Other expenses:

Auditor's remuneration	2,200	1,850
Clerical administration fees	9,600	9,600
Postage & general expenses	262	242
Legal fees	-	2,500
Travel expenses	62	48
Sundry administration expenses	443	481
Total Other expenses	12,567	14,721

7 CASH AND CASH EQUIVALENTS

Cash at bank – at call deposits	49,301	25,940
Cash at bank – notice of withdrawal deposits	1,924,187	-
Term Deposits – maturity of less than 12 months	-	1,430,000
	1,973,488	1,455,940

8 TRADE AND OTHER RECEIVABLES

CURRENT

Accrued Interest receivable	222	1,116
Total current trade and other receivables	222	1,116

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

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements For the Year Ended 30 April 2021

9 LOANS RECEIVABLE

The Property Trust, from time to time, makes loans to Baptist churches, from the Church Loans Fund.

Loans outstanding at the end of the financial year were:

	2021 \$	2020 \$
Loans receivable from:		
Auburn Baptist Church	-	8,003
Blackheath Baptist Church	43,620	57,707
Erina Community Church	46,104	75,019
St Ives Baptist Church	68,645	70,316
Total loans receivable	158,369	211,045

10 TRADE AND OTHER PAYABLES

CURRENT

Accruals	2,420	2,036
GST payable	208	247
Total current trade and other payables	2,628	2,283

11 OTHER FINANCIAL LIABILITIES

The Property Trust holds deposits in a Common Fund, on behalf of Baptist churches, predominantly from previous sales of church properties. The Property Trust invests the funds and credits interest to the churches. Deposits in the Common Fund are repayable by the Property Trust at call.

Deposits held on behalf of churches at the end of the year were:

Deposits repayable at call

Deposits from churches	1,230,239	761,642
Total deposits repayable at call	1,230,239	761,642

12 CONTINGENCIES

In the opinion of the Members, the Property Trust did not have any contingencies at 30 April 2021 (30 April 2020: None).

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements For the Year Ended 30 April 2021

13 TRUST FUNDS

DETAILED STATEMENTS OF FUND INCOME & EXPENDITURE

(a) Common Fund (Baptist Churches of New South Wales Property Trust)

INCOME & EXPENDITURE

	2021 \$	2020 \$
Income		
Interest received on bank deposits	16,788	21,022
Interest from Church Loans Fund	1,385	2,547
Total Income	18,173	23,569
Less: Expenses		
Interest credited to Funds:		
- Church Loans Fund	(1,734)	(1,692)
- Administration Fund	(1,940)	(3,233)
- Aged & Infirm Ministers' Committee	(1)	(1)
- Aged & Infirm Ministers' Fund	(822)	(1,344)
- Baptist Ministers Support Fund	(1,957)	(3,208)
Total interest credited to Funds	(6,454)	(9,478)
Interest paid to depositors	(10,816)	(13,019)
Commission to Administration Fund	(903)	(1,072)
Total Expenses	(18,173)	(23,569)
Net surplus/(loss)	-	-

(b) Church Loans Fund (Baptist Churches of New South Wales Property Trust)

Income		
Interest received on loans	3,111	7,117
Interest from Common Fund	1,734	1,692
Total Income	4,845	8,809
Less: Expenses		
Interest credited to Common Fund	(1,385)	(2,547)
Administration fee	(4,620)	(4,620)
Total Expenses	(6,005)	(7,167)
Net surplus/(loss)	(1,160)	1,642

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2021

(c) Administration Fund (Baptist Churches of New South Wales Property Trust)

	2021	2020
	\$	\$
Income		
Interest from Common Fund	1,940	3,233
Commission from Common Fund	903	1,072
Other commissions	20	42
Administration fees from Funds	4,420	4,410
Loan application fee	-	1,300
Total Income	7,283	10,057
Less: Expenses		
Auditor's remuneration	(2,200)	(1,850)
Clerical administration fees	(9,600)	(9,600)
Postage & general expenses	(262)	(242)
Legal fees	-	(2,500)
Travel expenses	(62)	(48)
Sundry administration expenses	(1)	(41)
Total Expenses	(12,125)	(14,281)
Net surplus/(loss)	(4,842)	(4,224)

(d) Aged & Infirm Ministers' Fund (ABN 78 930 540 234)

Income		
Interest from Common Fund	822	1,344
Total Income	822	1,344
Less: Expenses	-	-
Net surplus/(loss)	822	1,344

The Property Trust is trustee of the Aged & Infirm Ministers' Fund. The net surplus of \$822 (2019: \$1,344) was added to the Fund, increasing Accumulated Funds to \$93,058 (2019: \$92,236). An amount of \$1,500 (2019: \$3,090) was requested from the committee which is responsible for its disbursements in the form of allowances to beneficiaries.

(e) Aged & Infirm Ministers' Fund Committee (ABN 78 930 540 234)

Income		
Interest from Common Fund	1	1
Total Income	1	1
Less: Expenses	-	-
Net surplus/(loss)	1	1

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2021

(f) Baptist Ministers' Support Fund (ABN 13 836 779 051)

	2021	2020
	\$	\$
Income		
Interest from Common Fund	1,957	3,208
Total Income	<u>1,957</u>	<u>3,208</u>
Less: Expenses		
Trustee administration fees	(242)	(231)
Total Expenses	<u>(242)</u>	<u>(231)</u>
Net surplus/(loss)	<u>1,715</u>	<u>2,977</u>

The Property Trust is trustee of the Baptist Ministers' Support Fund. The net surplus of \$1,715 (2019: \$2,977) was added to the Fund, after distributing a subsidy of \$1,500 (2019: \$3,090), increasing Accumulated Funds to \$52,933 (2019: \$52,718). An amount of \$1,500 (2019: \$3,090) was requested from the committee which is responsible for its disbursements in the form of a subsidy to the Aged & Infirm Ministers' Fund. The Capital Account of the Fund remains at \$166,785 (2019: \$166,785).

DETAILED STATEMENTS OF FUND CAPITAL

(a) Common Fund (Baptist Churches of New South Wales Property Trust)

Accumulated Funds	-	-
Represented by;		
Assets		
Cash and cash equivalents	1,973,488	1,455,940
Accrued interest receivable	-	789
Total Assets	<u>1,973,488</u>	<u>1,456,729</u>
Liabilities		
Deposits repayable to churches at call	1,230,239	761,642
Deposits repayable to funds	742,820	694,654
GST payable	429	433
Total Liabilities	<u>1,973,488</u>	<u>1,456,729</u>
Net assets	<u>-</u>	<u>-</u>

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2021

(b) Church Loans Fund (Baptist Churches of New South Wales Property Trust)

	2021 \$	2020 \$
Accumulated Funds		
Opening balance	374,218	372,576
Add: surplus/(loss) for year	(1,160)	1,642
Closing balance	373,058	374,218
Represented by;		
Assets		
Deposits in Common Fund	214,467	162,846
Loans to churches	158,369	211,045
Accrued interest receivable	222	327
Total Assets	373,058	374,218
Liabilities		
Total Liabilities	-	-
Net assets	373,058	374,218

(c) Administration Fund (Baptist Churches of New South Wales Property Trust)

Accumulated Funds		
Opening balance	218,141	222,365
Add: surplus/(loss) for year	(4,842)	(4,224)
Closing balance	213,298	218,141
Represented by;		
Assets		
Deposits in Common Fund	215,498	219,991
Accrued interest receivable	220	185
Total Assets	215,718	220,176
Liabilities		
Sundry creditors	2,420	2,035
Total Liabilities	2,420	2,035
Net assets	213,298	218,141

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2021

(d) Aged & Infirm Ministers' Fund (ABN 78 930 540 234)

	2021	2020
	\$	\$
Capital Account		
Opening balance	92,236	90,892
Add: surplus/(loss) for year	822	1,344
Closing balance	93,058	92,236
Represented by;		
Assets		
Deposits in Common Fund	93,058	92,236
Total Assets	93,058	92,236
Liabilities		
Total Liabilities	-	-
Net assets	93,058	92,236

(e) Aged & Infirm Ministers' Committee (ABN 78 930 540 234)

Accumulated Funds		
Opening balance	78	77
Add: surplus/(loss) for year	1	1
Add: subsidy from Baptist Ministers' Support Fund	1,500	3,090
Less: Distribution to one (1) beneficiary (2019: one (1))	(1,500)	(3,090)
Closing balance	79	78
Represented by;		
Assets		
Deposits in Common Fund	79	78
Total Assets	79	78
Liabilities		
Total Liabilities	-	-
Net assets	79	78

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2021

(f) Baptist Ministers' Support Fund (ABN 13 836 779 051)

	2021	2020
	\$	\$
Capital Account		
Opening balance	166,785	166,785
Closing balance	166,785	166,785
Accumulated Revenue		
Opening balance	52,718	52,831
Add: surplus/(loss) for year	1,715	2,977
Less: subsidy to Aged & Infirm Ministers' Committee	(1,500)	(3,090)
Closing balance	52,933	52,718
Total Funds	219,718	219,503
Represented by;		
Assets		
Deposits in Common Fund	219,718	219,503
Total Assets	219,718	219,503
Liabilities		
Total Liabilities	-	-
Net assets	219,718	219,503

14 SEGMENT REPORTING INFORMATION

As the Property Trust operates in one geographic area and obtains its income from a single stream of activity no segment reporting is required.

15 TRUSTEESHIP

In addition to acting as Trustee of the Funds represented within this financial report, the Property Trust acts as nominee for various Baptist churches, holding legal title in approved investments in trust for the respective churches. These investments are held in deposits with Baptist Financial Services Australia Limited, and with listed investments, totalling \$9,567,753 as at 30 April 2021. In addition, the Property Trust holds title to Baptist church properties in New South Wales under the terms of the Act, for and on behalf of Baptist church congregations. The value of properties held cannot be reliably estimated.

16 STATUTORY INFORMATION

The registered office of the Baptist Churches of New South Wales Property Trust is:

c/- Church & Grace Solicitors
306 Miller Street
NORTH SYDNEY NSW 2060

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

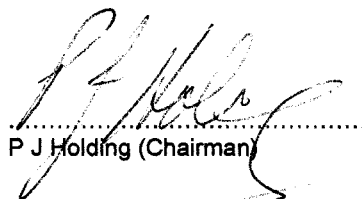
Responsible Persons' Declaration

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

The Members of the Baptist Churches of New South Wales Property Trust declare that:

- the financial statements and notes as set out on pages 8 to 21, for the year ended 30 April 2021 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and:
 - Comply with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*; and,
 - Give a true and fair view of the financial position as at 30 April 2021 and the performance for the year ended on that date of the Property Trust.
- there are reasonable grounds to believe that the Property Trust is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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


P J Holding (Chairman)


D N Evans (Secretary, Treasurer)

Dated this 7th day of June 2021



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of **Baptist Churches of New South Wales Property Trust**, which comprises the statement of financial position as at 30 April 2021 and the statement of profit or loss and other comprehensive income and statement of changes in trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and responsible persons' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Trust's financial position as at 30 April 2021 and of its financial performance for the year ended; and
- (ii) complying with Division 60 of 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 Trust in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Trust to meet the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance

The responsible entities of the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the responsible entities 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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ALSO BRANCHES AT:

• BRISBANE
• CANBERRA
• GOLD COAST
• MELBOURNE
• NEWCASTLE
• PERTH





**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST (CONT'D)**

In preparing the financial report, the responsible entities are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

WSC Group - Audit Pty Ltd

A F Gilbert CA
Director

Dated this 10th day of June 2021



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