

AGED & INFIRM MINISTERS' TRUST FUND

ABN 78 930 540 234

FINANCIAL REPORT

FOR THE YEAR ENDED 30 APRIL 2022

AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Annual Report

For the Year Ended 30 April 2022

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AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Annual Report

For the Year Ended 30 April 2022

The trustee has pleasure in presenting the report on Aged & Infirm Ministers Fund for the financial year ended 30 April 2022.

1. GENERAL INFORMATION

Baptist Churches of New South Wales Property Trust ("Property Trust") is the trustee of the fund, which was established in 1903 by Hugh Dixon and Emma Elizabeth Dixon. Under the terms of the trust deed income from the fund may be used to assist ministers incapacitated by age after 10 years' service, ministers incapacitated by infirmity, their widows and dependants or students for the ministry. Capital of the fund may be invested, lent to churches or fellowships, lent to new causes or lent to churches to buy a Manse within 5 years of commencement.

2. 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 Fund to continue as a going concern nor significantly affect the state of affairs of the Fund in future financial years.


3. Future developments and results


In the opinion of those charged with governance, there are no likely developments in the operations of the Fund which may affect the result of the Fund in the financial year subsequent to 30 April 2022.

Auditor's Independence Declaration

WSC Group – Audit Pty Ltd was appointed as auditor for the year ended 30 April, 2022. 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 of the trustee.


.....
P J Holding (Chairman)
Date: 11-8-22


.....
D Evans (Secretary, Treasurer)



**AUDITOR'S INDEPENDENCE DECLARATION TO THE RESPONSIBLE PERSONS OF
AGED & INFIRM MINISTERS TRUST FUND**

I declare that, to the best of my knowledge and belief, during the year ended 30 April 2022, 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



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under Professional Standard Legislation

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AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 April 2022

		2022	2021
	Note	\$	\$
Interest received - Fund	4	933	822
Interest received – Committee	4	1	1
Net interest income		934	823
Other income		-	-
Other operating expenses from ordinary activities		-	-
Surplus/(loss) before income tax		934	823
Income tax expense		-	-
Surplus/(loss) for the year		934	823
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		934	823

AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Statement of Financial Position

As At 30 April 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents – Fund		93,992	93,058
Cash and cash equivalents - Committee		79	79
TOTAL CURRENT ASSETS		<u>94,071</u>	<u>93,137</u>
NON CURRENT ASSETS			
TOTAL NON CURRENT ASSETS		<u>94,071</u>	-
TOTAL ASSETS		<u>94,071</u>	<u>93,137</u>
LIABILITIES			
CURRENT LIABILITIES			
TOTAL CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		-	-
NET ASSETS		<u>94,072</u>	<u>93,137</u>
EQUITY			
Trust funds		<u>94,072</u>	<u>93,137</u>
TOTAL EQUITY		<u>94,072</u>	<u>93,137</u>

AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Statement of Changes in Trust Funds For the Year Ended 30 April 2022

2022

	Aged & Infirm Ministers' Committee \$	Aged & Infirm Ministers' Fund \$	Total \$
Balance at 30 April 2021	79	93,058	93,137
Surplus/(loss) for the year	1	934	935
Transfer to/(from) trust funds	-	-	-
Distribution to beneficiaries	-	-	-
Balance at 30 April 2022	80	93,992	94,072

2021

	Aged & Infirm Ministers' Committee \$	Aged & Infirm Ministers' Fund \$	Total \$
Balance at 30 April 2020	78	92,236	92,314
Surplus/(loss) for the year	1	822	823
Transfer to/(from) trust funds	1,500	-	1,500
Distribution to beneficiaries	(1,500)	-	(1,500)
Balance at 30 April 2021	79	93,058	93,137

AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Notes to the Financial Statements For the Year Ended 30 April 2022

The financial report covers Aged & Infirm Ministers Trust Fund as an individual entity.

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

The accounting policies adopted by the Fund 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 of the trustee have determined that the Fund 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 Fund 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.

Other income

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

AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Notes to the Financial Statements For the Year Ended 30 April 2022

(c) Financial Instruments

Financial instruments are recognised initially on the date that the Fund 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 Fund 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 Fund 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 Fund'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 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 trustee 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 Fund 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

AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Notes to the Financial Statements For the Year Ended 30 April 2022

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 Fund 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 Fund 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 Fund has adopted all standards which became effective for the first time at 30 April 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Fund.

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.

4 REVENUE

Revenue from continuing operations

	2022	2021
	\$	\$
Net Interest Income		
Interest received		
- Interest received on deposits	935	823
Total Interest	935	823
Less: Interest paid		
- Interest paid	-	-
Net Interest Income	935	823

AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

Notes to the Financial Statements For the Year Ended 30 April 2022

5 CONTINGENCIES

In the opinion of the Members, the Fund did not have any contingencies at 30 April 2022 (30 April 2021: None).

6 SEGMENT REPORTING INFORMATION

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

7 STATUTORY INFORMATION

The registered office of the Aged & Infirm Ministers Trust Fund is:

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

AGED & INFIRM MINISTERS TRUST FUND

ABN 78 930 540 234

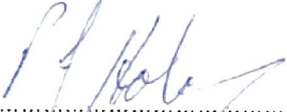
Responsible Persons' Declaration


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

The Members of the trustee of the Fund declare that:

- the financial statements and notes as set out on pages 8 to 14, for the year ended 30 April 2022 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 2022 and the performance for the year ended on that date of the Fund.
- there are reasonable grounds to believe that the Fund 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 of the trustee.


.....
P J Holding (Chairman)


.....
D N Evans (Secretary, Treasurer)

Dated this 11th day of August 2022



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
AGED & INFIRM MINISTERS TRUST FUND

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of **Aged & Infirm Ministers Trust Fund**, which comprises the statement of financial position as at 30 April 2022 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 Fund's financial position as at 30 April 2022 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 Fund 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 Fund 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 Fund 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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SYDNEY (Head Office)

ALSO BRANCHES AT:



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
AGED & INFIRM MINISTERS TRUST FUND (CONT'D)

In preparing the financial report, the responsible entities are responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 12th day of October 2022



**BEDFORD
COLLEGE**

Financial Statements

For the Year Ended 31 December 2022

Baptist Business College Limited
(trading as Bedford College)
ABN 99 000 049 187
www.bedford.edu.au

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

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Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Directors' Report

31 December 2022

The directors present their report on Baptist Business College Limited (trading as Bedford College) for the financial year ended 31 December 2022.

General information

Directors

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

Names	Position
Allen Sibley	Director
Cathy Monro	Chair
David Slinn	Director
Matthew Fletcher	Director
Meighan Heard	Director
Peter Smith	Director
Phillip Nash	Director
Rev. Jamie Long	Director (to 1 November 2022)
Yvette Karwaj	Director (to 22 March 2022)

Information on directors

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

Allen Sibley <i>Qualifications</i> <i>Experience</i>	Director, appointed 10/12/2019 MBA; Dip Teach; GAICD 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
Cathy Monro <i>Qualifications</i> <i>Experience</i>	Chair, appointed 10/12/2019; Director, appointed 18/10/2016 B. International and Global Studies (Hons) Academic and PhD Candidate, Faculty of Medicine & Health, University of Sydney; former Director and Committee Chair, Ashfield Baptist Homes Ltd; former Business Administrator, Ashfield Baptist Childcare Inc.
David Slinn <i>Qualifications</i> <i>Experience</i>	Director, appointed 18/02/2020 B.Com; LLB; LLM; Ad. Dip Fin. Licensing; FCA; MAICD CEO, Baptist Financial Services Australia Limited; Assembly Council member, Baptist Association of NSW & ACT; Director, Morling Foundation.

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Directors' Report

31 December 2022

General information (cont'd)

Information on directors (cont'd)

Matthew Fletcher	Director, appointed 12/10/2021
<i>Qualifications</i>	BCom; B.Min; CPA
<i>Experience</i>	Senior Consultant, Resolve Consulting; former Financial Controller, Compassion Australia
Meighan Heard	Director, appointed 16/06/2020
<i>Qualifications</i>	BBus/LLB (Hons); MBA; GAICD
<i>Experience</i>	Executive Director, Mitsubishi Electric Australia; former General Manager, Gov/legal/CoSec, BaptistCare NSW & ACT
Peter Smith	Secretary, appointed 18/02/2020; Director, appointed 1/8/2010
<i>Qualifications</i>	MBA
<i>Experience</i>	CIO, Mission Australia; CIO Asia Pac, Wolters Kluwer NV
Phillip Nash	Director, appointed 27/01/2021
<i>Qualifications</i>	MBA; BA; Dip. Teaching; TTC
<i>Experience</i>	Principal, Green Point Christian College; Executive Principal, Melos Foundation
Rev. Jamie Long	Director, appointed 10/12/2019, retired 01/11/2022
<i>Qualifications</i>	B. Min; GradDipMin
<i>Experience</i>	Chair of Assembly Council, Baptist Association of NSW & ACT; Minister, Wyong Baptist Church
Yvette Karwaj	Director, appointed 31/01/2012, retired 22/03/2022
<i>Qualifications</i>	B. Education Early Childhood; Diploma of Teaching Early Childhood
<i>Experience</i>	Director and Teacher, St Stephen's Preschool

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

The Company's mission as a Baptist ministry is to:

- Be an innovative provider of quality training that meets society's current and emerging needs and strive for excellence in all that it sets out to do
- Provide students with a caring, Christian environment which enhances their ability to succeed
- Assist individuals of all backgrounds and cultures to work and learn in harmony

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Directors' Report

31 December 2022

General information (cont'd)

The Company's objectives are to:

- be a Baptist ministry arm doing social good
- be a Baptist ministry arm that cares with a holistic approach - mentally, physically and spiritually
- be recognised as a leader in vocational education
- deliver courses that meet current delivery, accessibility, relevance and reaching emerging social needs
- achieve excellence in training delivery - online/hybrid/face-to-face
- have dedicated and highly skilled Christian educators who are making a real difference in the world
- be financially sustainable and able to deliver on Baptist missional intent

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 expenses and cash flows.

Members' guarantee

Baptist Business 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 \$ 2 for members that are corporations and \$ 2 for all other members, subject to the provisions of the company's constitution.

At 31 December 2022 the collective liability of members was \$ 40 (2021: \$ 18).

Review of operations

The deficit of the Company amounted to \$ (1,161,478).

Principal activities and significant changes in nature of activities

The principal activities of the College during the financial year were to provide education and training with a Christian worldview. The College is a Registered Training Organisation which prepares people with the essential skills for life-providing skills-based training, education support and community services.

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

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Directors' Report

31 December 2022

Meetings of directors

During the financial year, 5 meetings of directors were held, 8 meetings of the Finance, Risk and Audit Committee were held, and 4 meetings of the Governance & Nominations Committee were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Risk & Audit Committee		Governance & Nominations Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Allen Sibley	5	5	8	8	-	-
Cathy Monro	5	5	8	8	4	4
David Slinn	5	5	8	8	-	-
Matthew Fletcher	5	5	8	8	-	-
Meighan Heard	5	3	-	-	3	-
Peter Smith	5	5	-	-	4	4
Phillip Nash	5	4	4	2	2	2
Rev. Jamie Long	5	-	-	-	-	-
Yvette Karwaj	1	-	-	-	1	-


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 2022 has been received and can be found on page 5 of the financial report.

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

Director:

 Cathy Monro

Director:

 Matthew Fletcher

Dated this29th..... day ofMarch..... 2023

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187



Auditor's Independence Declaration to the Directors of Baptist Business College Ltd trading as Bedford College

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022, 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 handwritten signature in black ink, appearing to read 'AF Gilbert'.

AF Gilbert CA
Director

4th April 2023

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2022**

	Note	2022 \$	2021 \$
Revenue and other income			
Revenue	5	542,312	600,476
Finance income		325,097	8,256
Other income	5	224,472	622,309
		<u>1,091,881</u>	<u>1,231,041</u>
Operating Expenditure			
Employee benefits expense		(1,155,236)	(850,948)
Depreciation and amortisation expense		(200,523)	(342,628)
Impairment losses on receivables		-	(1,813)
Advertising and marketing		(200,787)	(171,070)
Occupancy costs		(337,712)	(310,614)
Teaching expenses		(109,646)	(183,163)
Computer expenses		(75,565)	(77,868)
Other expenses		(205,789)	(222,562)
		<u>(2,285,260)</u>	<u>(2,160,663)</u>
(Deficit)/Surplus before income tax		(1,193,379)	(929,622)
Income tax expense		-	-
Gain on disposal of non-current assets		1,514	11,493,201
		<u>1,514</u>	<u>11,493,201</u>
(Deficit)/Surplus for the year		(1,191,865)	10,563,579
Other comprehensive income, net of income tax			
Fair value movements on investments held at FVOCI		30,387	-
		<u>30,387</u>	<u>-</u>
Other comprehensive income for the year, net of tax		30,387	-
Total comprehensive income for the year		(1,161,478)	10,563,579

The accompanying notes form part of these financial statements.

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Statement of Financial Position**As At 31 December 2022**

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	11,890,962	571,023
Trade and other receivables	9	456,905	20,317,301
Inventories	10	7,162	9,129
Other financial assets	11	1,096,286	-
TOTAL CURRENT ASSETS		13,451,315	20,897,453
NON-CURRENT ASSETS			
Other financial assets	11	5,044,138	-
Property, plant and equipment	12	12,607,181	10,802,444
TOTAL NON-CURRENT ASSETS		17,651,319	10,802,444
TOTAL ASSETS		31,102,634	31,699,897
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	747,089	185,660
Employee benefits	16	94,503	95,192
Other financial liabilities	14	136,315	83,363
Other liabilities	15	78,723	128,200
TOTAL CURRENT LIABILITIES		1,056,630	492,415
NON-CURRENT LIABILITIES			
Borrowings		1	1
TOTAL NON-CURRENT LIABILITIES		1	1
TOTAL LIABILITIES		1,056,631	492,416
NET ASSETS		30,046,003	31,207,481
EQUITY			
Reserves		2,241,948	2,211,561
Retained earnings		27,804,055	28,995,920
TOTAL EQUITY		30,046,003	31,207,481

The accompanying notes form part of these financial statements.

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

**Statement of Changes in Equity
For the Year Ended 31 December 2022****2022**

	Retained Earnings	Asset Revaluation Surplus	Financial Asset Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2022	28,995,920	2,211,561	-	31,207,481
Loss for the year	(1,191,865)	-	-	(1,191,865)
Total other comprehensive income for the period	-	-	30,387	30,387
Balance at 31 December 2022	27,804,055	2,211,561	30,387	30,046,003

2021

	Retained Earnings	Asset Revaluation Surplus	Financial Asset Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2021	14,652,318	5,991,587	-	20,643,905
Profit for the year	10,563,576	-	-	10,563,576
Transfer from asset revaluation reserve realised increment on freehold property sold during the year	3,780,026	(3,780,026)	-	-
Balance at 31 December 2021	28,995,920	2,211,561	-	31,207,481

The accompanying notes form part of these financial statements.

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Statement of Cash Flows For the Year Ended 31 December 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	452,452	587,647
Payments to suppliers and employees	(1,955,467)	(1,728,847)
Rent received	184,177	525,878
Interest received	103,958	8,254
Net cash provided by/(used in) operating activities	23 <u>(1,214,880)</u>	<u>(607,068)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	20,150,038	18,524
Purchase of property, plant and equipment	(1,505,182)	(42,916)
Purchase of financial assets	<u>(6,110,037)</u>	-
Net cash provided by/(used in) investing activities	<u>12,534,819</u>	<u>(24,392)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	11,319,939	(631,460)
Cash and cash equivalents at beginning of year	<u>571,023</u>	1,202,483
Cash and cash equivalents at end of financial year	8 <u><u>11,890,962</u></u>	<u>571,023</u>

The accompanying notes form part of these financial statements.

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Notes to the Financial Statements For the Year Ended 31 December 2022

The financial report covers Baptist Business College Limited (trading as Bedford College) as an individual entity. Baptist Business College Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of the Company 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 - Simplified Disclosures and the *Australian Charities and Not for profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Change in Accounting Policy

In the previous year, the Company prepared general purpose financial statements which complied with Australian Accounting Standards - Reduced Disclosure Requirements.

There were no changes in accounting policies due to transition to Australian Accounting Standards - Simplified Disclosures.

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

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

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

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

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

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

(b) Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(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) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

(e) Inventories

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

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

(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.

Land and buildings

Land and buildings are measured using the revaluation model. Building improvements are measured at cost until revalued as part of the building.

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 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%
Motor Vehicles	15%
Computer Equipment	33.33%

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.

(g) Financial instruments

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).

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:

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

Financial assets (cont'd)

- 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

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 an investment in an unlisted entity 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.

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
- equity and 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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

Financial assets (cont'd)

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.

Trade receivables and contract assets

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 contract asset 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, bank and other loans and lease liabilities.

(h) Impairment of non-financial assets

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

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

(h) Impairment of non-financial assets (cont'd)

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

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(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.

(j) Leases

At inception of a contract, the Company assesses whether a lease exists.

Lessee accounting

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

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Employee benefits

Provision is made for the Company's liability for employee benefits, those 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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

4 Critical Accounting Estimates and Judgments

The directors 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 - fair value of financial instruments

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 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 - property held at fair value

An independent valuation of property (land and buildings) carried at fair value was obtained in March 2020. The directors have reviewed this valuation and updated it based on valuation indexes for the area in which the property is located. The valuation is an estimation which would only be realised if the property is sold.

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.

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Notes to the Financial Statements For the Year Ended 31 December 2022

5 Other Revenue and Income

(a) Revenue from continuing operations

	2022	2021
	\$	\$
<i>Revenue from contracts with customers</i>		
- sale of books and uniforms	6,394	13,179
- tuition fees	494,725	581,318
- admin fees	13,830	5,017
	<u>514,949</u>	<u>599,514</u>
<i>Revenue from other sources</i>		
- other trading revenue	27,363	962
	<u>27,363</u>	<u>962</u>
Total Revenue	<u><u>542,312</u></u>	<u><u>600,476</u></u>

Other Income

- rental income	223,752	525,877
- recoveries	-	1,344
- reversal of impairment losses on receivables	720	900
- donations	-	200
- government COVID-19 grants	-	93,988
	<u>224,472</u>	<u>622,309</u>
Total Revenue and Other Income	<u><u>766,784</u></u>	<u><u>1,222,785</u></u>

6 Finance Income and Expenses

Finance income

Interest income

- Assets measured at amortised cost	325,097	8,256
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Total finance income

	<u><u>325,097</u></u>	<u><u>8,256</u></u>
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7 Result for the Year

The result for the year includes the following specific expenses:

Other expenses:

Employee benefits expense	1,155,236	850,948
Depreciation expense	200,523	342,628

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Notes to the Financial Statements For the Year Ended 31 December 2022

8 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	453,229	250,914
Short-term deposits	11,437,733	320,109
	<u>11,890,962</u>	<u>571,023</u>

9 Trade and Other Receivables

CURRENT		
Trade receivables	138,320	65,143
Provision for impairment	(1,302)	(3,836)
	<u>137,018</u>	<u>61,307</u>
Prepayments	61,515	65,037
GST receivable	167,135	40,808
Other receivables	91,237	20,150,149
Total current trade and other receivables	<u>456,905</u>	<u>20,317,301</u>

10 Inventories

CURRENT		
At cost:		
Other inventories for sale	7,162	9,129
	<u>7,162</u>	<u>9,129</u>

Write downs of inventories to net realisable value during the year were \$ NIL (2021: \$ NIL).

11 Other Financial Assets

Financial assets at fair value

CURRENT

Listed Equity securities - at fair value through Other Comprehensive Income

1,096,286 -

Total

1,096,286 -

1,096,286 -

NON-CURRENT

Unlisted Equity securities - at fair value through Other Comprehensive Income

5,044,138 -

5,044,138 -

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

12 Property, Plant and Equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
<i>Freehold land</i>		
At fair value	5,030,000	5,030,000
Total freehold land	<u>5,030,000</u>	<u>5,030,000</u>
<i>Buildings</i>		
At fair value	6,000,000	6,000,000
At cost	1,951,681	9,600
Accumulated depreciation	(459,745)	(300,422)
Total buildings	<u>7,491,936</u>	<u>5,709,178</u>
Total land and buildings	<u>12,521,936</u>	<u>10,739,178</u>
PLANT AND EQUIPMENT		
<i>Furniture, fixtures and fittings</i>		
At cost	235,420	223,989
Accumulated depreciation	(208,718)	(192,688)
Total furniture, fixtures and fittings	<u>26,702</u>	<u>31,301</u>
<i>Computer equipment</i>		
At cost	514,346	463,456
Accumulated depreciation	(455,803)	(431,491)
Total computer equipment	<u>58,543</u>	<u>31,965</u>
Total property, plant and equipment	<u>12,607,181</u>	<u>10,802,444</u>

(a) 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	Buildings	Furniture, Fixtures and Fittings	Computer Equipment	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2022					
Written down value at the beginning	5,030,000	5,709,178	31,301	31,965	10,802,444
Additions	-	1,942,081	11,431	50,890	2,004,402
Depreciation	-	(159,323)	(16,030)	(24,312)	(199,665)
Balance at the end of the year	<u>5,030,000</u>	<u>7,491,936</u>	<u>26,702</u>	<u>58,543</u>	<u>12,607,181</u>

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Notes to the Financial Statements For the Year Ended 31 December 2022

12 Property, Plant and Equipment (cont'd)

(b) Fair value measurement

The freehold land and building were measured at directors' valuation based on independent valuation obtained in March 2020. The critical assumptions adopted in the valuation were: location of the land and buildings, current storage demand for land and building and recent sales date for similar properties.

13 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	564,145	87,619
Accrued expenses	118,657	50,911
Payroll payables	64,287	47,130
	<u>747,089</u>	<u>185,660</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.

14 Other Financial Liabilities

CURRENT		
Government grants	-	12,707
Deferred income	136,315	70,656
Total	<u>136,315</u>	<u>83,363</u>

15 Other Liabilities

CURRENT		
Scholarship funds	10,000	10,000
Rental bonds	68,723	118,200
	<u>78,723</u>	<u>128,200</u>

16 Employee Benefits

CURRENT		
Long service leave	46,268	55,160
Annual leave	48,235	40,032
	<u>94,503</u>	<u>95,192</u>

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Notes to the Financial Statements For the Year Ended 31 December 2022

17 Financial Risk Management

	2022	2021
	\$	\$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	11,890,962	571,023
Trade and other receivables	456,905	20,317,301
Equity securities - at fair value through Other Comprehensive Income	6,140,424	-
Total financial assets	18,488,291	20,888,324
Financial liabilities		
Financial liabilities measured at amortised cost	825,814	313,859
Total financial liabilities	825,814	313,859

18 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 \$ 2 each towards meeting any outstanding obligations of the Company. At 31 December 2022 the number of members was 20 (2021: 9).

19 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$ 176,259 (2021: \$ 218,860).

20 Auditors' Remuneration

Remuneration of the auditor:		
- auditing the financial statements	11,500	11,250
Total	11,500	11,250

21 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021: None).

22 Related Parties

The Company's main related parties are as follows:

The board of directors exercise control over the Company and are responsible for managing and directing the activities of the Company. The board has delegated the daily management of operations to the Chief Executive Officer.

Other related parties 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.

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Notes to the Financial Statements For the Year Ended 31 December 2022

23 Cash Flow Information

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

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

	2022	2021
	\$	\$
Profit for the year	(1,161,479)	10,563,579
Cash flows excluded from profit attributable to operating activities		
- (increase) in payables attributable to investing activities	(494,239)	-
Non-cash flows in profit:		
- depreciation	200,523	342,644
- net gain on disposal of property, plant and equipment	(1,514)	(11,488,817)
- fair value movements on investments	(30,387)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(293,967)	(34,600)
- (increase)/decrease in inventories	1,554	(1,965)
- increase/(decrease) in trade and other payables	565,317	(23,528)
- increase/(decrease) in provisions	(689)	35,619
Cashflows from operations	<u>(1,214,880)</u>	<u>(607,068)</u>

24 Capital commitments

During the year the Company entered into an agreement to upgrade the cladding on its building at 2 Columbia Court, Norwest. To the end of the reporting period, \$1,586,007 was paid or payable, and at the date of this report the Company expects to pay an additional amount of \$188,000 in 2023 to complete the works.

25 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.

26 Statutory Information

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

2 Columbia Court
NORWEST NSW 2153

Baptist Business College Ltd (trading as Bedford College)

ABN 99 000 049 187

Responsible Persons' Declaration

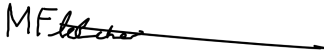
The responsible persons declare that in the responsible persons' opinion:

- 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*.

Director

Cathy Monro

Director

Matthew Fletcher

Dated this29th..... day ofMarch..... 2023



Independent Audit Report to the members of Baptist Business College Ltd trading as Bedford College

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Baptist Business College Ltd trading as Bedford College (the Company), which comprises the statement of financial position as at 31 December 2022, 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 Company is in accordance with the *Australian Charities and Not for profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Australian Charities and Not for profits Commission Regulations 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (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 directors of the Company, would be in the same terms if given to the directors 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.

Responsibilities of 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 related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent Audit Report to the members of Baptist Business College Ltd trading as Bedford College

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 black ink, appearing to read 'A F Gilbert', is written over a faint horizontal line.

A F Gilbert
Director

Dated this4th..... day ofApril.....2023



Baptist
Financial
Services

Annual Report

2022

Enabling
Christian
ministry
to *thrive*

Welcome

It is my pleasure to welcome you to Baptist Financial Services (BFS)'s 2022 Annual Report.

The BFS team has achieved great strides in the last 12 months, and I am pleased to share this report detailing our results and impact with you.

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.

A handwritten signature in black ink that reads "Ross Langford". The signature is written in a cursive style with a large initial 'R'.

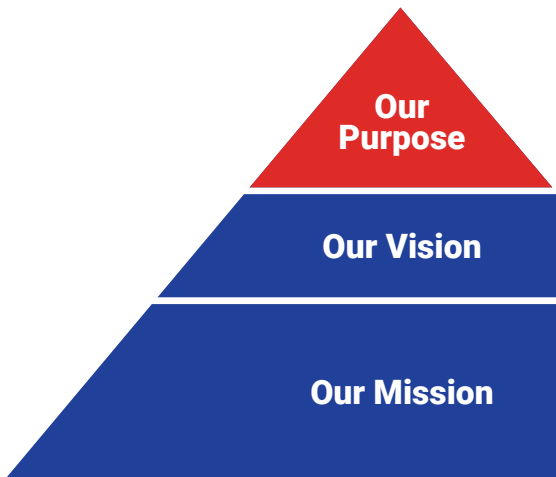
Ross Langford

Board Chair

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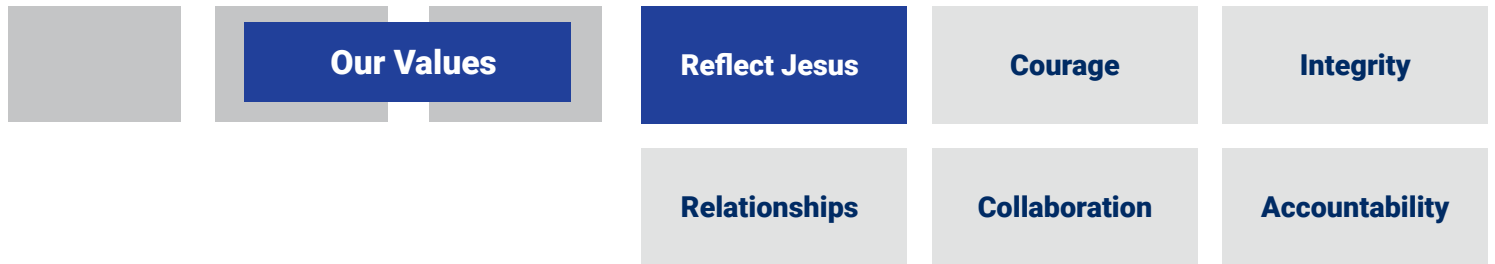
About us



To enable Christian ministry to thrive

To be the financial service provider of choice for ministries in Australia

1. Engaging, missional relationships
2. Efficient and empathetic services
3. Evolving capability
4. Effective stewardship



Our approach

Every ministry should thrive. That's why they're built, isn't it? To answer the call of the great commission? From Schools to local Churches. From global ministries to the next big thing.

And while it's not easy – We know that it's necessary. Because, if it were easy, anyone could do it.

We get it. We understand how to expand, how to grow and how to build. With a unique insight into what might be missing, and even the bits that are hard to describe. Instead, we're accountable for being both competitive and relevant. With the courage to explore and grow.

Because we believe in enabling Christian ministry to thrive.

**We're passionate about
Christian ministry.**

**We want to see it grow and
thrive, all over Australia.**

For nearly 40 years, we've helped ministries get the funding and support they need to build and expand their ministry operations. And we've done so by walking side-by-side with our clients, understanding their needs and sharing our experience and insight along the way.

And it's not just a baptist thing, either. We firmly believe we're one of the most approachable financial services providers for Christian ministries in Australia.



CEO Report



A handwritten signature in black ink, appearing to read 'D. Slinn', with a stylized flourish at the end.

David Slinn

Chief Executive Officer

Jesus described the kingdom of God as a treasure worth investing in. Thank you for your faithfulness and for walking alongside us as we continue sowing resources into God's kingdom.

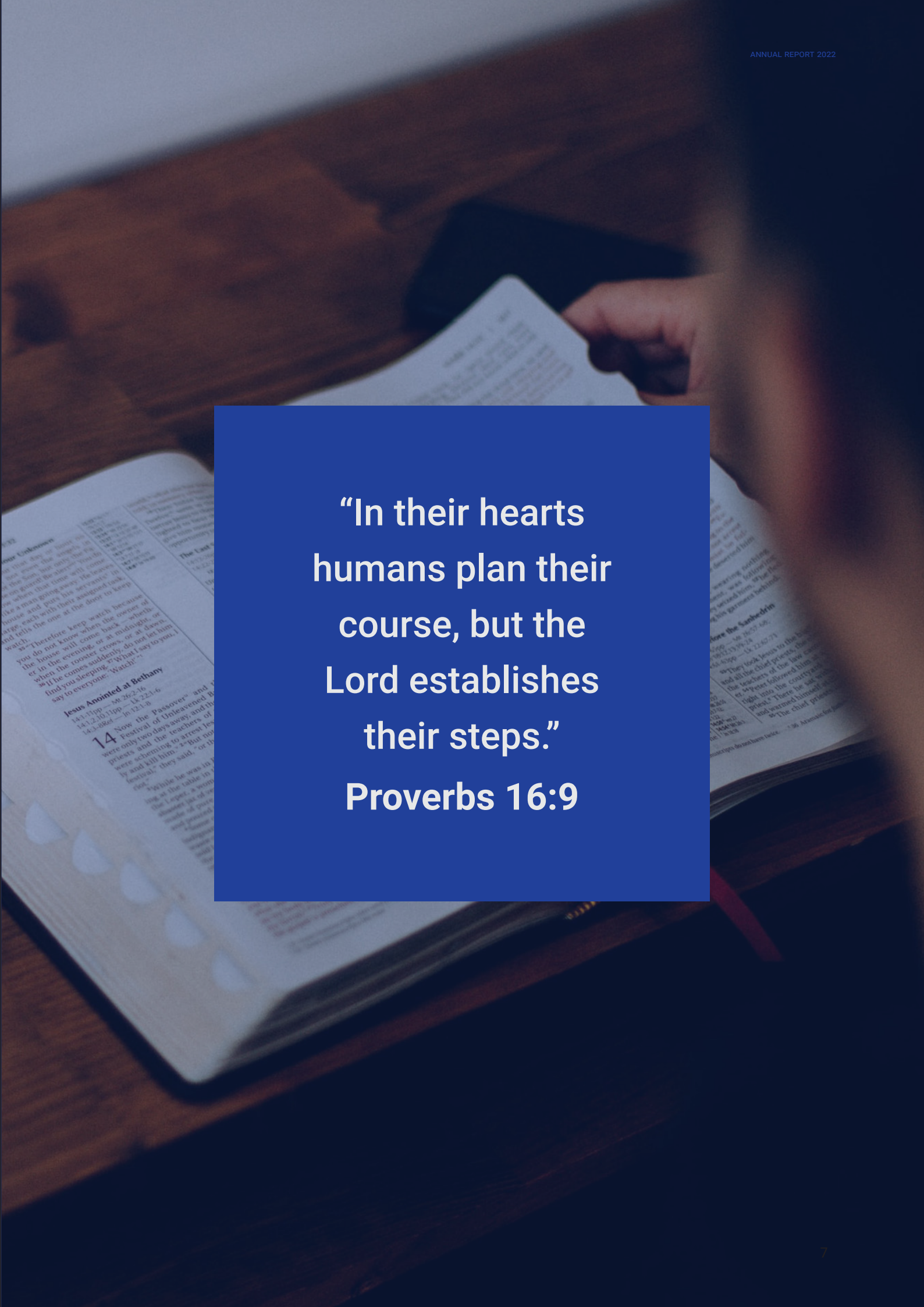
Thank you to our stakeholders, supporters and investors for their continued trust in us. It is only through this support that BFS can achieve our purpose of enabling Christian ministry to thrive.

During 2022, loans to our clients grew by approximately 2% with overall lending over \$280m at year end. Construction loan activity was up over 130% compared to the previous year, indicating recovery in ministry projects post COVID-19 disruptions. Total assets exceeded \$500m at 31 December 2022.

BFS capital remains over \$40 million. Over \$2 million of grants were made by BFS to Baptist work nationally.

I am proud of the numerous key sponsorships we provided to support ministry events and activities around Australia, supporting thousands of individuals and church leaders.

Praise God that He has continued to work through the entire team at BFS, both our staff and Directors, as we serve and invest in Christian ministry around Australia.

A close-up photograph of a person's hands holding an open Bible. The Bible is resting on a dark wooden surface. The person's right hand is visible, holding the top edge of the right page. The text on the pages is partially visible but mostly obscured by a large, semi-transparent blue rectangular overlay. The overlay contains a white quote in a serif font. The background is softly blurred, showing the texture of the wood and the edges of the Bible's pages.

“In their hearts
humans plan their
course, but the
Lord establishes
their steps.”
Proverbs 16:9

Enabling ministry across Australia and beyond



Supporting key activities through Sponsorship

In 2022, numerous key sponsorships were provided to support ministry events and activities around Australia.

These causes, ministries and resources that BFS supports through our sponsorships and grants program touches the lives of thousands of individuals and church leaders.

This included support toward Australian Baptist Ministries Future Thinking Forum and a partnership with NCLS Research reporting on the health of Australian churches. This research was presented via a series of webinars attended by multi-denominational church leaders around Australia. We also partnered with other national ministries such as Baptist World Aid, BaptistCare Australia and Baptist Mission Australia and supported many local and state-based ministries.

Our team attended dozens of events across Australia to show their support, both at a national level and within local and state-based ministry activity.



Here to serve

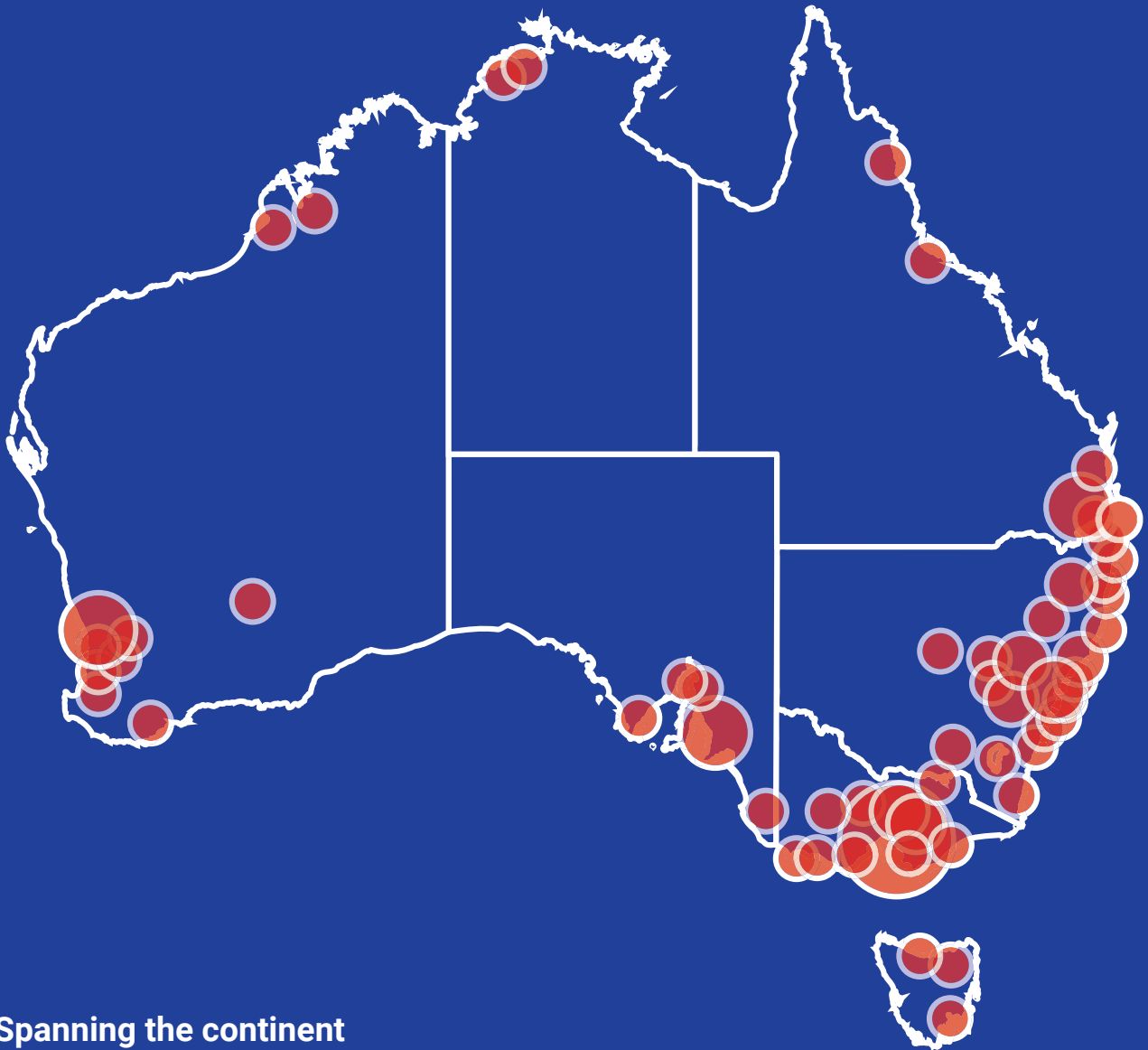
We understand the needs of Christian ministry

BFS continues to make an impact by supporting local churches and Christian ministries across Australia through loans to purchase, renovate and construct property and to develop ministries.

We assess loan applications using our unique ministry insights, friendly terms and relationship approach, to provide the capital and services required for ministries to operate and grow.



Our reach



Spanning the continent

The map above is an illustration of our current loans to churches and ministries. This illustrates the significant depth of our impact in all corners of church and ministry life in our nation, whether Baptist or non-Baptist we can see that the reach of BFS is widespread and making a tangible difference.

Whether it is helping an African church in Brisbane, a Christian radio station in Adelaide, Christian school in Perth, a Chin or Ethiopian church in Melbourne, or a small rural church in Derby, it all makes a difference and it is supporting Christian ministry to grow and to thrive all across Australia.



Meeting ministry needs

BFS is well received by our clients and our clients say we offer good value for money for our products and services.

97% of clients are satisfied with BFS and 97% of clients say our products meet their needs.

*Source: Nov 2022 Client Survey

Hear from our clients

We're proud to support a diverse mix of churches and ministries, including Christian schools and aged care and community services.

Snowy Mountains Christian School

"This is our 26th year for Snowy Mountains Christian School and BFS have been a source of help with our finances in either loans or accounts or services. We would like to extend our gratitude to BFS for their consistent professionalism, trustworthiness and help during tight spots - from everyone involved! We wish you all the best for the coming years and may God bless you richly."

Lucy Gotts, Financial Administrator

Snowy Mountains Christian School

Syndal Baptist Church

"I started my job in Syndal Baptist Church in September and became involved in a lot of activities with BFS including setting up a new administrator, issuing of Corporate cards, investigating account transactions and payments. I feel that the BFS team are well responsive and their follow ups actions are always up to date to assist me to get problems resolved and the job done. I would like to express my appreciation to the BFS team and wish for another successful year under God's guidance and protection."

Thomas Tan, Finance Manager

Syndal Baptist Church, Victoria

Overflow Church



Baptist Financial Services Australia Limited

ABN 56 002 861 789

Consolidated Financial Report for the year ended 31 December
2022

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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 2022 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

Former 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 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.FINSA**

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; Member of the Board Governance & Remuneration Committee from 27 June 2019; Chair of Investment Committee (Baptist Impact Fund) since 28 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.

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, GAICD

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

Member of New Peninsula 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 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, MAICD

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, 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.

Rev. Lance Blythe
M.Div, B.Pod

Member of Assets and Liabilities Committee from 15 September 2023.

Appointed a Director from 15 September 2023.

Member of NewHope Baptist Church, VIC

12 years leadership experience within church ministry context, 8 years as an Associate Pastor at NewHope Baptist Church. Current chair of NewHope Baptist Preschool, Committee of Management. Former chair and board member of Surrey Hills Baptist Childcare Centre. Graduate of the CMA Board Internship program 2021/22. Practiced Podiatry in the private sector, aged care and public health systems.

Company Secretaries

David Slinn

Alan Soden (resigned 25 May 2022)

Meetings of Directors

During the year, 22 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	
		H	A	H	A	H	A	H	A
Owen H Chew Lee	NSW	9	8			5	5		
Gregory P Holland	WA	9	9	4	4	5	5		
Ross M Langford	NSW	9	9			5	5	4	4
Darren L McDonald	SA	9	9	4	4	5	5		
Sally A Mullins	VIC	9	9					4	4
Alan L Soden	NSW	9	9	4	4			4	4
Karen James	NSW	9	8					4	4
Peter Murphy	NSW	9	7	4	3			4	3
Debbie Uy	VIC	9	8			5	4		
Lance Blythe	VIC	3	2			1	1		

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.

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 \$5,523,058 (2021: \$4,974,632). The Net Operating Surplus includes sponsorship expenditure of \$267,164 (2021: \$176,275). Grants to Baptist entities amounted to \$811,703 (2021: \$778,404) and transfers to the Future Grants Reserve to be paid to Baptist entities during 2023 amounted to \$1,356,946 (2021: \$1,181,529). Taken together (sponsorship and grants) the total funds made available to support Baptist and other Christian ministry was \$2,435,813 (2021: \$2,136,208).

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.

	2022		2021	
	Actual	Benchmark	Actual	Benchmark
Growth in total client investments	-5.2%	7.0%	4.9%	7.0%
Growth in loans advanced	1.9%	7.0%	-5.0%	7.0%
Growth in total assets	-4.2%	5.0%	4.9%	5.0%
Ratio of loans advanced to total client investments	59.8%	65.0%	55.6%	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.

Directors' Benefits

No Director has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the company, a subsidiary, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, other than that disclosed in Note 27 of the Financial Report.

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 \$1000 (2021: \$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 4th day of April 2023

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

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 2022, 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

Tari Makanda.

Tari Makanda
Partner – Audit & Assurance

Sydney, 4 April 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
Gross interest revenue	21a	16,851,382	13,439,402
Gross interest expense		(5,218,814)	(4,830,285)
Net interest income		11,632,568	8,609,117
Other income	21b	326,810	744,303
Impairment expense	7	(670,589)	278,295
Employee benefits & costs	22	(3,095,395)	(2,634,545)
Other expenses	23	(2,670,336)	(2,022,538)
NET OPERATING SURPLUS	24	5,523,058	4,974,632
Other Comprehensive Income (OCI)			
Change in derivative liability	19(c)	488,018	572,088
Fair value change in investments at fair value through other comprehensive income (FVOCI)	9	(546,224)	51,813
TOTAL COMPREHENSIVE INCOME		5,464,852	5,598,533

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 \$	2021 \$
Assets			
Cash and cash equivalents	4	21,679,002	37,123,070
Other receivables and prepayments	8	2,688,433	2,008,011
Investment securities at fair value through other comprehensive income	9	208,314,169	221,232,940
Loans and advances - interest bearing	5	277,828,749	272,522,464
Property, plant and equipment	10	140,706	159,215
Intangibles	11	43,474	142,045
Right-of-use-assets	12	283,410	414,767
Swap derivative asset	17	120,922	-
Total assets		511,098,865	533,602,512
Liabilities			
Payables - interest bearing	13	464,370,211	489,928,934
Trade and other payables	14	1,624,822	1,549,994
Provisions	15	436,058	427,628
Lease liability	16	303,529	436,234
Swap derivative liability	17	-	367,096
Total liabilities		466,734,620	492,709,886
Net assets		44,364,245	40,892,626
Equity			
Accumulated funds	18	27,865,651	24,511,243
Contributions reserve	19(a), 3(l)	14,950,000	14,950,000
Future grants reserve	19(b), 3(m)	1,356,946	1,181,529
Fair value through other comprehensive income reserve	19(c)	191,648	249,854
Total equity		44,364,245	40,892,626

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 2022

	Accumulated Funds	Contributions Reserve	Future Grants Reserve	FVOCI Reserve	Total
	\$	\$	\$	\$	\$
2022					
Balance brought forward	24,511,243	14,950,000	1,181,529	249,854	40,892,626
Net Operating Surplus	5,523,058	-	-	-	5,523,058
Change in derivative liability	-	-	-	488,018	488,018
Fair value change in investments at FVOCI	-	-	-	(546,224)	(546,224)
Total Comprehensive Income	5,523,058	-	-	(58,206)	5,464,852
Grants to Baptist Entities	(811,703)	-	(1,181,530)	-	(1,993,233)
Transfer (to)/from reserves	(1,356,946)	-	1,356,946	-	-
Balance at 31 December 2022	27,865,651	14,950,000	1,356,946	191,648	44,364,245
2021					
Balance carried 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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
Operating activities			
Inflows			
Interest received from loans		10,094,709	10,299,142
Interest from other investments		7,131,316	3,654,701
Donations, subscriptions & sundry income		326,810	744,303
Outflows			
Interest paid to investors		(5,083,444)	(4,990,174)
Cash paid to suppliers and employees		(5,409,200)	(4,866,483)
Sponsorships		(267,164)	(176,275)
Net cash from revenue activities		6,793,027	4,665,214
Inflows (outflows) from other operating activities			
Loans and advances and payables – interest bearing (net)		(5,976,874)	14,509,616
Investment portfolio (net)		11,554,101	(34,548,056)
Client investments (net)		(25,558,723)	22,820,080
Net cash provided by operating activities	25(2)	(13,188,469)	7,446,854
Investing activities			
Payments for leasehold improvements, software & web design, furniture & computers		(49,043)	(48,152)
Change in other receivables		(213,325)	(559,050)
Net cash provided by / (used in) investing activities		(262,368)	(607,202)
Financing activities			
Grants paid to Baptist Entities		(1,993,231)	(1,840,127)
Net cash provided by / (used in) financing activities		(1,993,231)	(1,840,127)
Net change in cash and cash equivalents		(15,444,068)	4,999,525
Cash and cash equivalents, beginning of year		37,123,070	32,123,545
Cash and cash equivalents, end of year	4, 25(1)	21,679,002	37,123,070

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"). Baptist Financial Services Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia. All amounts are presented in Australian dollars.

These consolidated financial statements are general purpose statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures, 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 consolidated financial statements for the year ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 4 April 2023. The directors have the power to amend and reissue the financial statements.

2. Changes in accounting policies

2.1 New standards adopted as at 1 January 2022

AASB 1060 - General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

AASB 1060 is applicable to periods commencing on or after 1 July 2021 and establishes disclosure requirements applicable to entities that are preparing general purpose financial statement and elect to apply the Tier 2 reporting requirement under AASB 1053 Application of Tiers of Australian Accounting Standards. Changes in the disclosure requirements have been incorporated in these financial statements.

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 2022 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 2022. 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 on which control commences until the date on which control ceases.

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 10 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 interest expense, interest revenue, other revenue and impairment expense, 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

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

Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group does not have any assets in the categories FVTPL.

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 scope include 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.

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.

Interest is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term investment. Interest expense on is brought to account on an accrual basis and is recognised on an effective interest basis.

3. Summary of Significant Accounting Policies (continued)

g) Other receivables and prepayments

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

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.

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) Provision for employee benefits

Employee benefits consist of annual leave and long service leave. 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 bonds of a similar term.

k) 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.

l) 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 19).

3. Summary of Significant Accounting Policies (continued)

m) 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 discount

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.

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.

n) Comparative Figures

Certain comparatives in the statement of profit or loss and other comprehensive income, the statement of financial position and notes to the financial statements have been reclassified, where necessary, to be consistent with current year presentation.

o) 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.

3. Summary of Significant Accounting Policies (continued)

p) 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.

q) 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.

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:

	2022 \$	2021 \$
Cash and cash equivalents at call	21,679,002	37,123,070
Cash and cash equivalents at 31 days' notice	-	-
Total	21,679,002	37,123,070

5. Loans and Advances – interest bearing

	2022 \$	2021 \$
Secured Loans	275,540,703	270,432,170
Other interest bearing loans (unsecured)	1,423,942	328,017
Secured Loans to related entities (Note 27)	4,689,208	4,916,792
Less: Allowance for Impairment of loans (Note 7)	(3,825,104)	(3,154,515)
Total Net Loans	277,828,749	272,522,464

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 2022 was 34% (2021: 33%) with a median ratio of 32% (2021: 32%). 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

	2022 \$	2021 \$
LVR bands		
0 - 50%	163,744,394	161,903,217
51 - 75%	116,002,132	105,359,089
76 - 100%	-	7,589,392
100%+	483,385	497,264
Total	280,229,911	275,348,962

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.

Analysis of Loans and Advances

	2022 \$	2021 \$
<i>Debts Receivable:</i>		
Overdrafts	23,542,187	18,776,415
No longer than 3 months	21,345,481	11,590,489
Longer than 3 months and not longer than 12 months	25,272,992	28,553,902
Longer than 1 year and not longer than 5 years	54,451,256	68,911,716
Longer than 5 years	157,041,937	147,844,457
Allowance for Impairment of Loans	(3,825,104)	(3,154,515)
	277,828,749	272,522,464

6. Financial Commitments

	2022 \$	2021 \$
Outstanding Loan Commitments		
Loans approved but not advanced	92,874,542	42,440,495
Loan Redraw Facilities		
Loan redraw facilities available	33,877,494	34,837,429
Undrawn Overdraft Loan Facilities		
Loan facilities available for overdraft loans are as follows:		
Total value of facilities approved	38,090,159	32,793,224
Amounts advanced (included in Secured Loans – Note 5)	(23,281,063)	(19,215,134)
Net undrawn value	14,809,096	13,578,090
Total undrawn Loan Commitments	141,561,132	90,856,014

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

	2022 \$	2021 \$
Computer Software Licensing & Maintenance		
<i>The Company has costs committed under contracts for software licensing & maintenance as follows:</i>		
Not later than one year	559,600	221,380
Later than one year but not later than two years	-	42,000
Later than two years but not later than five years	-	-
Over five years	-	-
	559,600	263,380
Bureau and Settlement Services		
<i>The Company has costs committed under a contract for Bureau & Settlement services as follows:</i>		
Not later than one year	215,280	215,280
Later than one year but not later than two years	215,280	215,280
Later than two years but not later than five years	161,460	376,740
Over five years	-	-
	592,020	807,300

7. Impairment of Financial Assets

	2022 \$	2021 \$
<i>Expected credit loss on loans:</i>		
Opening balance	3,154,515	3,432,810
Charge/(reversal) for the year	670,589	(278,295)
Closing balance	3,825,104	3,154,515

An amount of \$16,675 relating to two unsecured loans was written off during the period.

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
2022				
Secured lending	2,367,350	1,429,966	-	3,797,316
Unsecured lending	27,788	-	-	27,788
Total	2,395,138	1,429,966	-	3,825,104
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

'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 increase in loan commitments.

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

During 2022 there were no loan clients moved from Stage 1 to Stage 2. Four loan clients moved from Stage 2 to Stage 1 in the period, two Stage 2 exposures were written off (unsecured loans) and one Stage 2 exposure was repaid in full.

8. Other Receivables & Prepayments

	2022	2021
	\$	\$
Interest Accrued	715,346	271,544
Other Receivables	1,973,087	1,736,467
	2,688,433	2,008,011

9. Investments

	2022	2021
	\$	\$
<i>Investments held at fair value through other comprehensive income by instrument</i>		
Term deposits	44,216,000	75,468,241
Floating rate notes	11,357,892	13,465,130
Residential mortgage-backed securities	138,296,595	110,990,329
Direct Lending securities (units in discrete mortgage trusts)	14,443,682	21,309,240
	208,314,169	221,232,940

	2022	2021
	\$	\$
<i>Investments held at fair value through other comprehensive income by credit rating (S&P or equivalent)</i>		
AAA	57,548,196	74,077,476
AA	66,528,675	108,506,801
A	61,938,412	17,703,903
BBB	19,729,386	16,835,925
BB	1,353,500	2,892,835
Not rated	1,216,000	1,216,000
	208,314,169	221,232,940

The "Not rated" investment amount is lodged in a term deposit with an ADI without an external credit rating.

	2022	2021
	\$	\$
<i>Reconciliation of fair value movement during the year:</i>		
Opening Balance	616,950	565,137
Fair value adjustments during the year	(546,224)	51,813
Closing Balance	70,726	616,950

Fair value of Investment Securities is assessed on a Level 2 basis in both 2021 and 2022 as the relevant securities are traded in over the counter ("OTC") markets.

Investments – Maturity Analysis	2022	2021
	\$	\$
At call	-	-
Not longer than 3 months	44,131,271	69,636,310
Longer than 3 months and not longer than 12 months	70,806,489	53,040,656
Longer than 1 year and not longer than 2 years	59,888,801	34,411,222
Longer than 2 years and not longer than 3 years	31,136,608	40,415,572
Longer than 3 years and not longer than 4 years	2,351,000	10,905,318
Longer than 4 years and not longer than 5 years	-	12,823,862
Longer than 5 years	-	-
	208,314,169	221,232,940

10. Property, plant and equipment

	2022 \$	2021 \$
Property, Plant & Equipment		
Leasehold Improvements, Furniture & Computers - at cost (opening)	429,575	430,302
Additions	29,243	24,835
Disposals	(166,954)	(25,562)
Leasehold Improvements, Furniture & Computers - at cost (closing)	291,864	429,575
Accumulated Depreciation (opening)	(270,360)	(257,243)
Disposals	166,954	25,562
Depreciation	(47,752)	(38,679)
Accumulated Depreciation (closing)	(151,158)	(270,360)
	140,706	159,215

11. Intangible assets

	2022 \$	2021 \$
Intangible Assets		
Software & Web Design - at cost (opening)	560,003	676,928
Additions	19,800	23,317
Disposals	(233,014)	(140,242)
Software & Web Design - at cost (closing)	346,789	560,003
Accumulated Amortisation (opening)	(417,958)	(421,448)
Amortisation	(118,371)	(136,752)
Disposals	233,014	140,242
Accumulated Amortisation (closing)	(303,315)	(417,958)
	43,474	142,045

12. Right-Of-Use Assets

	2022 \$	2021 \$
Right-of-use Assets		
Right-of-use assets	716,308	703,518
Less: Accumulated Depreciation	(432,898)	(288,751)
	283,410	414,767

No new right-of-use assets and lease liabilities were recognised during 2022. The right-of-use assets related to office premises and items of office equipment. The small increase is due to the remeasurement of the office premises lease due to rental escalation. 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

	2022	2021
	\$	\$
Investments at call	204,981,489	178,297,975
Investments at 31 days' notice	107,471,151	107,577,298
Term Investments	151,917,571	204,053,661
	464,370,211	489,928,934

Payables – Interest bearing based on withdrawal experience

<i>Current Liabilities – payable not later than 12 months</i>		
Investments from Baptist & Christian organisations	33,608,159	37,378,358
Loan offset Savings Accounts	9,234,625	7,831,189
Investments from Individuals & other organisations	12,875,951	13,581,925
	55,718,735	58,791,472
<i>Non-Current Liabilities - payable later than 12 months</i>		
Investments from Baptist & Christian organisations	246,459,835	274,107,955
Loan offset Savings Accounts	67,720,581	57,428,720
Investments from Individuals & other organisations	94,423,640	99,600,787
	408,604,056	431,137,462

Investments are classified according to maturity date and the rollover experience

Term Investments and BFS Borrowings from Clients – Maturity Analysis

At call	204,981,489	178,297,975
Longer than at call and not longer than 3 months	166,649,397	194,382,596
Longer than 3 months and not longer than 12 months	78,968,376	105,318,805
Longer than 1 year and not longer than 2 years	8,234,876	9,039,787
Longer than 2 years and not longer than 5 years	5,536,073	2,889,771
Longer than 5 years	-	-
	464,370,211	489,928,934

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

	2022	2021
	\$	\$
Accrued term investment interest	1,041,357	1,129,684
Sundry creditors	583,465	420,310
Total trade and other payables	1,624,822	1,549,994

15. Provisions

	2022 \$	2021 \$
Employee benefits – annual leave	243,846	244,299
Employee benefits – long service leave	192,212	183,329
Total provisions	436,058	427,628

16. Lease Liability

	2022 \$	2021 \$
Lease liability	303,529	436,234
Lease liability	303,529	436,234

The incremental borrowing rate used as the discount rate to determine lease liabilities on initial recognition was 4.0% (refer to Note 12). No new right-of-use assets and lease liabilities were recognised during 2022. The decline in lease liability reflects implied repayments of principal during the lease term.

17. Swaps Liability / (Asset)

	2022 \$	2021 \$
Swaps liability / (asset)	(120,922)	367,096
Swaps liability	(120,922)	367,096

	2022 \$	2021 \$
<i>Reconciliation of fair value movement during the year:</i>		
Opening Balance	367,096	939,184
Fair value adjustments during the year	(488,018)	(572,088)
Closing Balance	(120,922)	367,096

Interest rate swaps are used in the normal course of business to hedge exposure to fluctuations in interest rates. The instruments are used to hedge loans or investments at fixed rates of interest by entering interest rate swap contracts under which BFS is obliged to received interest at variable rates and pay interest at fixed rates. The cashflows relating to these instruments are expected to occur in 2023 and 2024.

Fair value of Swaps Liability/(Asset) is assessed on a Level 2 basis in both 2022 and 2021 as the relevant securities are traded in over the counter ("OTC") markets.

18. Accumulated Funds

	2022 \$	2021 \$
Accumulated Funds - Total		
Balance at beginning of year	24,511,243	21,496,543
Operating Surplus	5,523,057	4,974,633
Grants expended to Baptist ministries	(811,703)	(778,404)
Transfer (to)/from Reserves	(1,356,946)	(1,181,529)
Balance at end of year	27,865,651	24,511,243
Accumulated Funds - New South Wales & ACT		
Balance at beginning of year	13,869,157	12,160,551
Share of Operating Surplus before Grants	3,184,596	2,794,784
Share of Grants expended to Baptist ministries	(434,356)	(416,537)
Transfer (to)/from Reserves	(792,113)	(669,641)
Balance at end of year	15,827,284	13,869,157
Accumulated Funds - Victoria		
Balance at beginning of year	3,372,454	2,901,787
Share of Operating Surplus before Grants	881,042	824,350
Share of Grants expended to Baptist ministries	(176,457)	(169,218)
Transfer (to)/from Reserves	(202,932)	(184,465)
Balance at end of year	3,874,107	3,372,454
Accumulated Funds - South Australia		
Balance at beginning of year	2,944,688	2,655,385
Share of Operating Surplus before Grants	449,922	469,073
Share of Grants expended to Baptist ministries	(69,226)	(66,386)
Transfer (to)/from Reserves	(109,647)	(113,384)
Balance at end of year	3,215,737	2,944,688
Accumulated Funds - Northern Territory		
Balance at beginning of year	79,862	67,208
Share of Operating Surplus before Grants	20,340	17,613
Share of Grants expended to Baptist ministries	-	-
Transfer (to)/from Reserves	(5,858)	(4,959)
Balance at end of year	94,344	79,862
Accumulated Funds - Tasmania		
Balance at beginning of year	424,099	385,415
Share of Operating Surplus before Grants	95,338	75,975
Share of Grants expended to Baptist ministries	(23,075)	(22,129)
Transfer (to)/from Reserves	(20,813)	(15,162)
Balance at end of year	475,549	424,099
Accumulated Funds - Western Australia		
Balance at beginning of year	3,509,828	3,095,884
Share of Operating Surplus before Grants	713,324	654,281
Share of Grants expended to Baptist ministries	(81,442)	(78,101)
Transfer (to)/from Reserves	(181,992)	(162,235)
Balance at end of year	3,959,718	3,509,828
Accumulated Funds - Baptist Union of Australia		
Balance at beginning of year	311,153	230,313
Share of Operating Surplus before Grants	178,495	138,557
Share of Grants expended to Baptist ministries	(27,147)	(26,034)
Transfer (to)/from Reserves	(43,591)	(31,683)
Balance at end of year	418,910	311,153

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

	2022 \$	2021 \$
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

	2022 \$	2021 \$
<i>Future Grants Reserve - Total</i>		
Balance at beginning of year	1,181,529	1,061,725
Transfer (to)/from accumulated funds (See Note 18)	1,356,946	1,181,529
Expended during current year	(1,181,529)	(1,061,725)
Balance at end of year	1,356,946	1,181,529
<i>Future Grants Reserve - New South Wales</i>		
Balance at beginning of year	669,641	660,085
Transfer (to)/from accumulated funds	792,113	669,641
Grants expended to Baptist ministries	(669,641)	(660,085)
Balance at end of year	792,113	669,641
<i>Future Grants Reserve - Victoria</i>		
Balance at beginning of year	184,465	131,776
Transfer (to)/from accumulated funds	202,932	184,465
Grants expended to Baptist ministries	(184,465)	(131,776)
Balance at end of year	202,932	184,465
<i>Future Grants Reserve - South Australia</i>		
Balance at beginning of year	113,384	104,290
Transfer (to)/from accumulated funds	109,647	113,384
Grants expended to Baptist ministries	(113,384)	(104,290)
Balance at end of year	109,647	113,384
<i>Future Grants Reserve - Northern Territory</i>		
Balance at beginning of year	4,959	4,956
Transfer (to)/from accumulated funds	5,858	4,959
Grants expended to Baptist ministries	(4,959)	(4,956)
Balance at end of year	5,858	4,959
<i>Future Grants Reserve - Tasmania</i>		
Balance at beginning of year	15,162	14,815
Transfer (to)/from accumulated funds	20,813	15,162
Grants expended to Baptist ministries	(15,162)	(14,815)
Balance at end of year	20,813	15,162
<i>Future Grants Reserve - Western Australia</i>		
Balance at beginning of year	162,235	136,601
Transfer (to)/from accumulated funds	181,992	162,235
Grants expended to Baptist ministries	(162,235)	(136,601)
Balance at end of year	181,992	162,235
<i>Future Grants Reserve - Baptist Union of Australia</i>		
Balance at beginning of year	31,683	9,202
Transfer (to)/from accumulated funds	43,591	31,683
Grants expended to Baptist ministries	(31,683)	(9,202)
Balance at end of year	43,591	31,683

19. Reserves (continued)

c. Fair value through other comprehensive income reserve

	2022 \$	2021 \$
Balance at beginning of year	249,854	(374,047)
Changes in derivative liability (Note 17)	488,018	572,088
Fair value change in investments at FVOCI (Note 9)	(546,224)	51,813
Balance at end of year	191,648	249,854

Fair value of Investments at FVOCI and Swaps Liability are assessed on a Level 2 basis in both 2022 and 2021 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) 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

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 5% of total capital 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
	\$	\$	%
2022			
Financial Assets			
Cash and liquid assets	33,565,405	400,884	1.19
Investments with other financial institutions	231,713,251	6,355,789	2.74
Loans and Advances	280,434,007	10,094,709	3.60
	545,712,663	16,851,382	3.09
Financial Liabilities			
Client Investments	500,308,338	5,218,823	1.04
2021			
Financial Assets			
Cash and liquid assets	59,334,445	122,878	0.21
Investments with other financial institutions	190,442,028	3,017,382	1.58
Loans and Advances	280,154,418	10,299,142	3.68
	529,930,891	13,439,402	2.54
Financial Liabilities			
Client Investments	485,587,605	4,830,291	0.99

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 \$277,828,749 (2021: \$272,522,464). 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 \$177,931,685 representing 39 borrowers (2021: 37 totalling \$153,349,503). 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 \$7,022 at year end (2021: \$33,810), of which \$6,747 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. Revenue

a. Interest Revenue

	2022 \$	2021 \$
Loans	10,094,709	10,299,142
Investment income	6,756,673	3,140,260
Total interest revenue	16,851,382	13,439,402

b. Other Income

	2022 \$	2021 \$
Product and service fees	209,282	282,660
Funds management fees	117,528	,123,375
Realised gains/(loss) on investments	-	338,268
Total other income	326,810	744,303

22. Employee benefits & costs

	2022 \$	2021 \$
Net movement in provision for annual leave	(453)	11,801
Net movement in provision for long service leave	8,883	28,865
Superannuation	311,727	234,883
Other employee costs	2,775,238	2,358,996
Total Employee benefits & costs	3,095,395	2,634,545

The total number of employees at balance date was 28 (2021: 27) which represented 25.8 (2021: 24.8) full-time equivalent (FTEs).

23. Other Expenses

	2022 \$	2021 \$
Website, Software and Computer Systems	569,958	412,664
Occupancy	79,586	86,429
Depreciation and Amortisation	166,123	175,431
Depreciation of Right of Use Assets	144,147	139,883
Sponsorship expense	267,164	176,275
Other General Administration Expenses	1,443,358	1,031,856
Total other expenses	2,670,336	2,022,538

24. Remuneration of Auditors

	2022 \$	2021 \$
Auditor's Remuneration		
Audit Fees – Grant Thornton Audit Pty Ltd	106,663	76,065
(No other benefits were received by the auditor)		

25. 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. The Company's registered office is Level 4, 5 Saunders Close, Macquarie Park 2113.

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.

26. Notes to the Statement of Cash Flows

a. Reconciliation of Cash

	2022 \$	2021 \$
Cash at call	21,679,002	37,123,070
Cash at 31 days' notice	-	-
	21,679,002	37,123,070

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 \$212,130,491 (2021: \$164,602,373) at balance date.

b. Reconciliation of surplus to net cash from operating activities

	2022 \$	2021 \$
Operating surplus	5,523,058	4,974,632
Amortisation and Depreciation	310,270	315,314
(Decrease)/Increase in accrued term investment interest	(88,327)	(587,179)
Decrease/(Increase) in sundry debtors and accrued income	205,852	369,673
(Decrease)/Increase in trade and other payables	163,155	(169,596)
(Decrease)/Increase in allowance for Impairment of loans	670,589	(278,295)
Increase /(Decrease) in employee benefits	8,430	40,666
Church & other loans advanced	(32,709,508)	(37,252,413)
Church & other loan payments received	26,732,634	51,762,029
Change in investment portfolio (net)	11,554,101	(34,548,056)
Change in client investments (net)	(25,558,723)	22,820,080
Net Cash from Operating Activities	(13,188,469)	7,446,854

27. 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:

	2022 \$	2021 \$
Baptist Association of NSW & ACT	212,761	205,611
Baptist Union of Victoria	7,965	7,768
Baptist Churches Western Australia	5,403	5,418
Payment made by BFS to a company associated with a Company Secretary	3,600	42,100
Payment made by BDA to a company associated with a Company Secretary	191,268	214,222

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:

	2022 \$	2021 \$
Amounts received or receivable from the Baptist Impact Fund:		
Investment Management Fees	64,851	42,399
Custody & Administration Fees	32,426	21,200
Performance Fees	20,251	59,775
Interest received on overdraft	9,943	4,772
Investments sold on commercial terms	-	2,700,000
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	26,446	5,923

27. Related Parties (continued)

	Principal 2022 \$	Principal 2021 \$
<i>New South Wales</i>		
Investments held:	44,595,937	36,985,939
Loans and Advances:	199,050	211,227
<i>Victoria</i>		
Investments held:	20,123,385	21,216,073
Loans and Advances:	4,226,709	4,431,964
<i>South Australia</i>		
Investments held:	8,912,141	17,758,985
<i>Northern Territory</i>		
Investments held:	276,712	276,079
<i>Tasmania</i>		
Investments held:	1,315,739	2,291,678
<i>Western Australia</i>		
Investments held:	1,861,714	3,763,441
Loans and Advances:	263,449	273,601
<i>Baptist Union of Australia Inc.</i>		
Investments held:	7,807,453	6,635,291
<i>Totals</i>		
Investments held:	84,893,081	88,927,486
Loans and Advances:	4,689,208	4,916,792

Disclosures on Key Management Personnel (KMP)

Remuneration of KMP

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

Key management personnel (KMP) comprise the 10 (2021: 9) 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:

	2022 \$	2021 \$
Key Management Personnel Compensation	942,090	834,819
	942,090	834,819

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.

Loans to Key Management Personnel (KMP)

There are no loans to KMP's in either the current or prior period.

27. Related Parties (continued)

Other Transactions between Related Parties including Investments from KMP

	2022 \$	2021 \$
Total value of term and savings investments from KMP	184,784	24,506
Total interest paid on investments to KMP	688	335

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.

28. Parent Entity Information

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

	2022 \$	2021 \$
Statement of financial position		
Total assets	511,218,580	533,713,834
Total liabilities	466,718,352	492,729,158
Net assets	44,500,228	40,984,676
Accumulated funds	28,001,634	24,601,093
Statement of profit or loss and other comprehensive income		
Surplus for the year	5,568,895	4,995,130
Other comprehensive income	191,648	623,901
Total comprehensive income	5,760,543	5,619,031

29. 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.

30. Contingent Liabilities

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

31. 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 of these financial statements.

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 2022 and of its performance for the financial year ended on that date; and
 - ii Complying with Australian Accounting Standards – Simplified 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 4th day of April 2023

Independent Auditor's Report

To the Members of Baptist Financial Services Australia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Baptist Financial Services Australia Limited (the Company) and its controlled entity (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, accumulated funds & reserves 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 financial report of the Group is in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

- a giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended on that date; and
- b complying with Australian Accounting Standards AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, the *Corporations Regulation 2001*, 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 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 2022, 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 and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, the *Corporations Act 2001* 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.

The Directors are responsible for overseeing the Group'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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity'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 Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in 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 Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton.

Grant Thornton Audit Pty Ltd
Chartered Accountants

Tari Makanda.

Tari Makanda
Partner – Audit & Assurance

Sydney, 4 April 2023




Baptist Financial Services Australia Limited

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 Level 4, 5 Saunders Close,
Macquarie Park NSW 2113

BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

FINANCIAL REPORT

FOR THE YEAR ENDED 30 APRIL 2022

BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

Annual Report For the Year Ended 30 April 2022

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BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

Annual Report For the Year Ended 30 April 2022

The trustee has pleasure in presenting the report on Baptist Ministers' Support Fund for the financial year ended 30 April 2022.

1. GENERAL INFORMATION

Baptist Churches of New South Wales Property Trust ("Property Trust") is the trustee of the fund, which was established on 16 March 1891 by Hugh Dixon. Under the terms of the trust deed income from the fund may be used to supplement ministers' stipends, subsidise the Aged & Infirm Ministers' Trust Fund or to pay other pensions. Capital of the fund may be invested or lent to churches or fellowships.

Income Tax

The Fund 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 Fund 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 Fund to continue as a going concern nor significantly affect the state of affairs of the Fund 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 Fund which may affect the result of the Fund in the financial year subsequent to 30 April 2022.

Auditor's Independence Declaration

WSC Group – Audit Pty Ltd was appointed as auditor for the year ended 30 April, 2022. 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 trustee.

.....
P J Holding (Chairman)
Date:

.....
D Evans (Secretary, Treasurer)



AUDITOR'S INDEPENDENCE DECLARATION TO THE RESPONSIBLE PERSONS OF BAPTIST MINISTERS' SUPPORT FUND

I declare that, to the best of my knowledge and belief, during the year ended 30 April 2022, 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 MINISTERS' SUPPORT FUND

ABN 13 836 779 051

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 April 2022

		2022	2021
	Note	\$	\$
Interest received	4	2,207	1,957
Net interest income		<u>2,207</u>	<u>1,957</u>
Trustee administration fees	5	242	242
Surplus/(loss) before income tax		<u>1,965</u>	<u>1,715</u>
Income tax expense		-	-
Surplus/(loss) for the year		<u>1,965</u>	<u>1,715</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		<u>1,965</u>	<u>1,715</u>

BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

Statement of Financial Position

As At 30 April 2022

	Note	2022 \$	2021 \$
Capital Account			
Opening balance		166,785	166,785
Closing balance		<u>166,785</u>	<u>166,785</u>
Accumulated Revenue			
Opening balance		52,933	52,718
Add: Surplus/(loss) for year		1,965	1,715
Less: Subsidy to Aged & Infirm Minister's Committee			(1,500)
Closing balance		<u>54,898</u>	<u>52,933</u>
TOTAL FUNDS		<u>221,683</u>	<u>219,718</u>
Represented by:			
ASSETS			
Deposit in Baptist Property Trust Common Fund		221,683	219,718
Total Assets		<u>221,683</u>	<u>219,718</u>
Liabilities			
Total Liabilities		-	-
Net Assets		<u>221,683</u>	<u>219,718</u>

BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

Notes to the Financial Statements

For the Year Ended 30 April 2022

The functional and presentation currency of the Baptist Ministers' Support Fund is Australian dollars.

The accounting policies adopted by the Fund 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 Fund 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 Fund 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.

Other income

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

(c) Financial Instruments

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

BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

Notes to the Financial Statements

For the Year Ended 30 April 2022

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 Fund 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 Fund 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 Fund'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 Fund 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 Fund 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

BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

Notes to the Financial Statements

For the Year Ended 30 April 2022

The Fund 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 Fund 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 Fund has adopted all standards which became effective for the first time at 30 April 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Fund.

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.

4 REVENUE

Revenue from continuing operations

	2022	2021
Net Interest Income	\$	\$
Interest received		
- Interest received on deposits	2,207	1,957
Total Interest	2,207	1,957
Net Interest Income	2,207	1,957

BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

Notes to the Financial Statements

For the Year Ended 30 April 2022

5 RESULT FOR THE YEAR

The result for the year includes the following specific expenses:

Other expenses:

Trustee administration fees

242	242
-----	-----

Total Other expenses

<u>242</u>	<u>242</u>
------------	------------

6 CASH AND CASH EQUIVALENTS

Cash held – Baptist Property Trust Common Fund deposit

221,683	219,718
---------	---------

<u>221,683</u>	<u>219,718</u>
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7 TRADE AND OTHER RECEIVABLES

CURRENT

Accrued Interest receivable

-	-
---	---

Total current trade and other receivables

<u>-</u>	<u>-</u>
----------	----------

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.

8 CONTINGENCIES

In the opinion of the Members, the Fund did not have any contingencies at 30 April 2022 (30 April 2021: None).

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

9 STATUTORY INFORMATION

The registered office of the Fund is:

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

BAPTIST MINISTERS' SUPPORT FUND

ABN 13 836 779 051

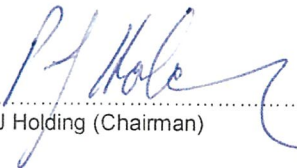
Responsible Persons' Declaration

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

The members of the trustee of the Fund declare that:

- the financial statements and notes as set out on pages 4 to 10, for the year ended 30 April 2022 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 2022 and the performance for the year ended on that date of the Fund.
- there are reasonable grounds to believe that the Fund 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 trustee.


.....
P J Holding (Chairman)


.....
D N Evans (Secretary, Treasurer)

Dated this ^{11th}..... day of August.....2022



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BAPTIST MINISTERS' SUPPORT FUND

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of **Baptist Ministers' Support Fund**, which comprises the statement of financial position as at 30 April 2022 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 Fund's financial position as at 30 April 2022 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 Fund 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 Fund 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 Fund 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.



SYDNEY CBD

SYDNEY (Head Office)

ALSO BRANCHES AT:



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
BAPTIST MINISTERS' SUPPORT FUND (CONT'D)

In preparing the financial report, the responsible entities are responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 12th day of October 2022

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

FINANCIAL REPORT

FOR THE YEAR ENDED 30 APRIL 2022

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 2022

The members have pleasure in presenting their report on Baptist Churches of New South Wales Property Trust for the financial year ended 30 April 2022.

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, titled *Baptist Churches of New South Wales Property Trust Act 1984*, was proclaimed,

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 (until 6 May 2021)	Member
Geoff Moore	Member
Judith Carpenter (from 12 August 2021)	Member
Mike Williams	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, eight (8) meetings of the Property Trust were held. Attendances by each member during the year were as follows:

Members (in office since 1 May 2021 unless indicated otherwise below)	Members' Meetings	
	No. Eligible to Attend	Attended
Paul Holding	8	7
David Evans	8	8
Richard Branding	8	8
Judith Carpenter (from 12 August 2021)	6	5
Ross Low (until 6 May 2021)	0	0
Geoff Moore	8	6
Mike Williams	8	6

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 2022

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, 2021 and April, 2022 members of the Property Trust met on 34 occasions to process 109 property transactions on behalf of 54 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 Trust Fund

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Annual Report

For the Year Ended 30 April 2022

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 2022, there was \$4,450,308 (2021: \$1,973,488) invested in the Common Fund for the benefit of individual churches and organisations.

Other Investments

Further amounts totalling \$10,725,859 as at 30 April 2022 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 twenty eight churches, fourteen of which were approved and resulted in grant funding of some \$161,500.

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 2022.

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 2022

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

WSC Group – Audit Pty Ltd was appointed as auditor for the year ended 30 April, 2022. 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: 11-8-22


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 2022, 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



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 2022

		2022	2021
	Note	\$	\$
Interest received	4	46,636	19,899
Interest paid	4	(40,028)	(13,576)
Net interest income		6,608	6,323
Other income	5	742	242
Other operating expenses from ordinary activities	6	(12,276)	(12,567)
Surplus/(loss) before income tax		(4,926)	(6,002)
Income tax expense		-	-
Surplus/(loss) for the year		(4,926)	(6,002)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		(4,926)	(6,002)

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Statement of Financial Position

As At 30 April 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	5,186,787	1,973,488
Trade and other receivables	8	211	222
TOTAL CURRENT ASSETS		<u>5,186,998</u>	<u>1,973,710</u>
NON CURRENT ASSETS			
Loans receivable	9	163,226	158,369
TOTAL NON CURRENT ASSETS		<u>163,226</u>	<u>158,369</u>
TOTAL ASSETS		<u>5,350,224</u>	<u>2,132,079</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	2,731	2,628
Other financial liabilities	11	4,766,062	1,543,094
TOTAL CURRENT LIABILITIES		<u>4,768,793</u>	<u>1,545,722</u>
TOTAL LIABILITIES		<u>4,768,793</u>	<u>1,545,722</u>
NET ASSETS		<u>581,431</u>	<u>586,357</u>
EQUITY			
Trust funds		<u>581,431</u>	<u>586,357</u>
TOTAL EQUITY		<u>581,431</u>	<u>586,357</u>

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 2022

2022

	Note	Church Loans Fund	Administration Fund	Total
		\$	\$	\$
Balance at 30 April 2021		373,058	213,298	586,357
Surplus/(loss) for the year	13	(1,867)	(3,059)	(4,926)
Balance at 30 April 2022		371,191	210,239	581,431

2021

		Church Loans Fund	Administration Fund	Total
		\$	\$	\$
Balance at 30 April 2020		374,218	218,141	592,359
Surplus/(loss) for the year	13	(1,160)	(4,842)	(6,002)
Balance at 30 April 2021		373,058	213,299	586,357

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2022

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.

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements For the Year Ended 30 April 2022

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.

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2022

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 2022, 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 2022

4 REVENUE

Revenue from continuing operations

	2022	2021
	\$	\$
Net Interest Income		
Interest received		
- Interest received on bank deposits	43,685	16,788
- Interest received on loans	2,951	3,111
Total Interest	<u>46,636</u>	<u>19,899</u>
Less: Interest paid		
- Interest paid to depositors	(41,501)	(10,816)
Net Interest Income	<u>5,136</u>	<u>9,083</u>

5 OTHER INCOME

Admin fees from funds	242	242
Loan application fees & commissions	500	20
Total Other Income	<u>742</u>	<u>262</u>

6 RESULT FOR THE YEAR

The result for the year includes the following specific expenses:

Other expenses:

Auditor's remuneration	2,420	2,200
Clerical administration fees	9,600	9,600
Postage & general expenses	256	262
Legal fees	-	-
Travel expenses	-	62
Sundry administration expenses	-	443
Total Other expenses	<u>12,276</u>	<u>12,567</u>

7 CASH AND CASH EQUIVALENTS

Cash at bank – at call deposits	64,828	49,301
Cash at bank – notice of withdrawal deposits	5,121,959	1,924,187
Term Deposits – maturity of less than 12 months	-	-
	<u>5,186,787</u>	<u>1,973,488</u>

8 TRADE AND OTHER RECEIVABLES

CURRENT

Accrued Interest receivable	211	222
Total current trade and other receivables	<u>211</u>	<u>222</u>

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 2022

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:

	2022	2021
	\$	\$
Loans receivable from:		
Blackheath Baptist Church	34,305	43,620
Erina Community Church	16,659	46,104
Sans Souci Baptist Church	54,204	
St Ives Baptist Church	58,058	68,645
Total loans receivable	<u>163,226</u>	<u>158,369</u>

10 TRADE AND OTHER PAYABLES

CURRENT

Accruals	2,420	2,420
GST payable	311	208
Total current trade and other payables	<u>2,731</u>	<u>2,628</u>

11 OTHER FINANCIAL LIABILITIES

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

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

Deposits repayable at call

Deposits from churches and funds	4,766,062	1,543,094
Total deposits repayable at call	<u>4,766,062</u>	<u>1,543,094</u>

12 CONTINGENCIES

In the opinion of the Members, the Property Trust did not have any contingencies at 30 April 2022 (30 April 2021: 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 2022

13 TRUST FUNDS

DETAILED STATEMENTS OF FUND INCOME & EXPENDITURE

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

INCOME & EXPENDITURE

	2022	2021
	\$	\$
Income		
Interest received on bank deposits	43,686	16,788
Interest from Church Loans Fund	2,042	1,385
Total Income	45,728	18,173
Less: Expenses		
Interest credited to Funds:		
- Church Loans Fund	(1,844)	(1,734)
- Administration Fund	(2,112)	(1,940)
- Aged & Infirm Ministers' Committee	(1)	(1)
- Aged & Infirm Ministers' Fund	(933)	(822)
- Baptist Ministers Support Fund	(2,207)	(1,957)
Total interest credited to Funds	(7,097)	(6,454)
Interest paid to depositors	(36,447)	(10,816)
Commission to Administration Fund	(2,184)	(903)
Total Expenses	(45,728)	(18,173)
Net surplus/(loss)	-	-

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

Income		
Interest received on loans	2,951	3,111
Interest from Common Fund	1,844	1,734
Total Income	4,795	4,845
Less: Expenses		
Interest credited to Common Fund	(2,042)	(1,385)
Administration fee	(4,620)	(4,620)
Total Expenses	(6,662)	(6,005)
Net surplus/(loss)	(1,867)	(1,160)

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements For the Year Ended 30 April 2022

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

	2022	2021
Income	\$	\$
Interest from Common Fund	2,113	1,940
Commission from Common Fund	2,184	903
Other commissions	-	20
Administration fees from Funds	4,420	4,420
Loan application fee	500	-
Total Income	9,217	7,283
Less: Expenses		
Auditor's remuneration	(2,420)	(2,200)
Clerical administration fees	(9,600)	(9,600)
Postage & general expenses	(256)	(262)
Legal fees	-	-
Travel expenses	-	(62)
Sundry administration expenses	-	(1)
Total Expenses	(12,276)	(12,125)
Net surplus/(loss)	(3,059)	(4,842)

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	5,186,787	1,973,488
Accrued interest receivable	-	-
Total Assets	5,186,787	1,973,488
Liabilities		
Deposits repayable to churches at call	4,450,308	1,230,239
Deposits repayable to funds	736,168	742,820
GST payable	311	429
Total Liabilities	5,186,787	1,973,488
Net assets	-	-

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements For the Year Ended 30 April 2022

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

	2022	2021
	\$	\$
Accumulated Funds		
Opening balance	373,058	374,218
Add: surplus/(loss) for year	(1,867)	(1,160)
Closing balance	<u>371,191</u>	<u>373,058</u>
Represented by;		
Assets		
Deposits in Common Fund	207,754	214,467
Loans to churches	163,226	158,369
Accrued interest receivable	211	222
Total Assets	<u>371,191</u>	<u>373,058</u>
Liabilities		
Total Liabilities	<u>-</u>	<u>-</u>
Net assets	<u>371,191</u>	<u>373,058</u>

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

Accumulated Funds		
Opening balance	213,298	218,141
Add: surplus/(loss) for year	(3,059)	(4,842)
Closing balance	<u>210,459</u>	<u>213,298</u>
Represented by;		
Assets		
Deposits in Common Fund	212,759	215,498
Accrued interest receivable	211	220
Total Assets	<u>212,970</u>	<u>215,718</u>
Liabilities		
Sundry creditors	2,731	2,420
Total Liabilities	<u>2,731</u>	<u>2,420</u>
Net assets	<u>210,239</u>	<u>213,298</u>

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.

BAPTIST CHURCHES OF NEW SOUTH WALES PROPERTY TRUST

ABN 60 239 908 643

Notes to the Financial Statements

For the Year Ended 30 April 2022

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 \$10,725,859 as at 30 April 2022. 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 19, for the year ended 30 April 2022 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 2022 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 11th day of August 2022



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 2022 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 2022 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.

SYDNEY CBD

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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 12th day of October 2022



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• PERTH



MORLING
COLLEGE

Financial Statements

For the Year Ended 31 December 2022

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 2022

The directors present their report on Morling College Limited ("the Company") for the financial year ended 31 December 2022.

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 2022 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
Mr William Rusin	Chair (to 31 May 2022)
Rev. Angelo Gratsounas	Chair (from 31 May 2022)
Dr Beverley Moore	Director
Rev. Dr Brian Powell	Director
Rev. Frank Farag	Director
Ms Hashini Panditharatne	Director
Mr William Peirson	Director (to 29 March 2022)
Professor Alan Rice	Director
Rev. Karen Siggins	Director
Rev. Richard Sindel	Director
Dr. Helen Blanch	Director
Rev. Matthew Arkapaw	Director (from 31 May 2022)
Ms. Lonni Aylett	Director (from 31 May 2022)
Rev. James Kim	Director (from 31 May 2022)
Rev. Paul Mosiejczuk	Director (from 31 May 2022)

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 (\$1,119,269) (2021: (\$82,594)).

The operating surplus/(deficit) of the Company before extraordinary items was (\$3,266,763) (2021: (\$2,351,033)).

Extraordinary items, comprising amounts provided by Morling Foundation towards construction costs was \$241,026 (2021: \$2,819,593).

The net (decrease)/increase in cash per the Statement of Cash Flows was (\$1,103,198) (2021: \$442,688).

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 2022

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 2022 the collective liability of members was \$20 (2020: \$20).

Morling College Limited

ABN 64 122 588 309

Directors' Report

31 December 2022

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 of NSW, ACT, and WA.


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 2022 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:

Rev. Angelo Gratsounas

Director:

Rev. Matthew Arkapaw

Dated this 4th day of APRIL 2023



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 2022, 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 handwritten signature in black ink, appearing to read 'A F Gilbert'.

A F Gilbert, CA
Director

Dated this5th.....day ofApril.....2023

Morling College Limited

ABN 64 122 588 309

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
Operating Revenue			
Tuition income		4,461,941	4,566,613
Residential accomodation income		2,515,422	1,444,293
Donations, subsidies and bequests	5(a)	1,703,087	2,216,984
Government grants	5(b)	-	652,024
Other operating income		389,422	333,550
Interest income		25,785	21,632
Total operating revenue		9,095,657	9,235,096
Operating Expenses			
Employee benefits expense	7	(6,202,224)	(5,947,878)
Tuition expenses		(1,483,187)	(1,386,466)
Property & occupancy expenses		(599,249)	(597,143)
Administration expenses		(815,854)	(546,046)
Marketing expenses		(366,691)	(351,042)
Catering expenses		(421,161)	(232,085)
Library expenses		(206,783)	(181,818)
Other expenses		(119,777)	(75,212)
Total operating expenses		(10,214,926)	(9,317,690)
Surplus/(deficit) before depreciation and interest		(1,119,269)	(82,594)
Depreciation and amortisation expense	6	(2,136,815)	(2,256,964)
Finance costs	6	(10,679)	(11,475)
Surplus/(deficit) from operations		(3,266,763)	(2,351,033)
Extraordinary income items			
Contributions received for development costs (Morling Foundation)	6	241,026	296,312
Other non-operating expenses		(241,026)	-
Fair value gain on business combination		-	2,523,281
(Deficit)/Surplus for the year		(3,266,763)	468,560
Total comprehensive income for the year		(3,266,763)	468,560

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 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,543,662	2,875,427
Trade and other receivables	10	197,030	170,378
Inventories	11	28,322	21,442
Other assets	12	234,763	102,607
TOTAL CURRENT ASSETS		<u>2,003,777</u>	<u>3,169,854</u>
NON-CURRENT ASSETS			
Property, plant and equipment	13	50,934,758	52,712,696
Investment properties	14	2,470,316	2,470,316
Intangible assets	15	152,216	24,916
TOTAL NON-CURRENT ASSETS		<u>53,557,290</u>	<u>55,207,928</u>
TOTAL ASSETS		<u>55,561,067</u>	<u>58,377,782</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	753,420	698,230
Employee benefits	20	670,310	657,680
Other financial liabilities	19	550,078	402,811
TOTAL CURRENT LIABILITIES		<u>1,973,808</u>	<u>1,758,721</u>
NON-CURRENT LIABILITIES			
Borrowings	18	2,180,664	1,880,664
Employee benefits	20	501,098	566,136
TOTAL NON-CURRENT LIABILITIES		<u>2,681,762</u>	<u>2,446,801</u>
TOTAL LIABILITIES		<u>4,655,570</u>	<u>4,205,522</u>
NET ASSETS		<u>50,905,497</u>	<u>54,172,260</u>
EQUITY			
Restricted Funds	21	43,526,108	44,896,297
Unrestricted Funds	21	7,379,389	9,275,964
TOTAL EQUITY		<u>50,905,497</u>	<u>54,172,260</u>

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 2022

2022

	Unrestricted Funds	Restricted Funds	Other Unrestricted Funds	Total
	\$	\$	\$	\$
Balance at 1 January 2022				
Accumulated Funds	8,593,754	-	-	8,593,754
Scholarship Reserve	-	34,323	-	34,323
Library Reserve	-	18,907	-	18,907
Morling Foundation Construction Development Contribution Reserve	-	44,843,067	-	44,843,067
Special Projects Reserve	-	-	180,842	180,842
Capital Works Reserve	-	-	351,602	351,602
Anniversary Reserve	-	-	149,765	149,765
Balance at 1 January 2022	8,593,754	44,896,297	682,209	54,172,260
(Deficit) for the year	(3,266,763)	-	-	(3,266,763)
Transfers from/(to) Scholarship Reserve	3,924	(3,924)	-	-
Transfer to Contribution Reserve (from prior year result)	1,349,415	(1,349,415)	-	-
Transfer from/(to) Special Projects Reserve	180,842	-	(180,842)	-
Transfer from/(to) Capital Works Reserve	(35,951)	-	35,951	-
Transfer from/(to) Library Reserve	16,850	(16,850)	-	-
Balance at 31 December 2022	6,842,071	43,526,108	537,318	50,905,497
Balance at 1 January 2021				
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	1,560,958	51,492,136	650,606	53,703,700
Surplus 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

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 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students, donors, and other parties	9,431,513	8,982,363
Receipts from government grants	-	652,024
Payments to suppliers and employees	(10,592,207)	(9,189,565)
Interest received	25,785	21,632
Interest paid	(10,679)	(11,475)
Net cash provided by/(used in) operating activities	25 <u>(1,145,588)</u>	<u>454,979</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(315,167)	(368,030)
Payments for intangible assets	(171,010)	-
Net cash provided by/(used in) investing activities	<u>(486,177)</u>	<u>(368,030)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	300,000	113,904
Net cash provided by/(used in) financing activities	<u>300,000</u>	<u>113,904</u>
Net increase/(decrease) in cash and cash equivalents held	(1,331,765)	200,853
Cash and cash equivalents at beginning of year	<u>2,875,427</u>	<u>2,674,574</u>
Cash and cash equivalents at end of financial year	9 <u>1,543,662</u>	<u>2,875,427</u>

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 2022

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 - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*.

2 Change in Accounting Policy

In the previous year, the Company prepared general purpose financial statements which complied with Australian Accounting Standards - Reduced Disclosure Requirements.

There were no changes in accounting policies due to the transition to Australian Accounting - Simplified Disclosures.

3 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 accrual 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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

(c) Goods and services tax (GST) (cont'd)

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) 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%

Notes to the Financial Statements For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

(f) **Property, plant and equipment (cont'd)**

Fixed asset class	Depreciation rate
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.

(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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

Financial assets (cont'd)

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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (cont'd)

(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.

(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 donations and grants of \$150,000 from the Baptist Union of New South Wales & ACT, \$1,264,897 (last year \$1,573,110) from the Morling Foundation and \$130,900 from the Tinsley Bequest (last year \$190,000). At the date of this report the Directors have no reason to believe that recurrent grants and donations similar to these will not continue.

4 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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

4 Critical Accounting Estimates and Judgments (cont'd)

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 been 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.

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 - going concern

Judgement has been exercised in considering the impacts that the net deficit for the year ended 31 December 2022 may have on the Company based on known information. Notwithstanding this, the Directors have determined that the going concern basis (which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of operations) is appropriate, having regard to the ongoing support of the Morling Foundation Limited, which has committed to providing financial support to the Company for the next 12 months from the date of the financial report.

Morling College Limited

ABN 64 122 588 309

Notes to the Financial Statements For the Year Ended 31 December 2022

5 Revenue and Other Income

(a) Donations, subsidies and bequests

	2022	2021
	\$	\$
<i>Donations & subsidies - related parties</i>		
Donations - Morling Foundation Ltd	1,264,897	1,573,110
Donations - Morling College (Tinsley Bequest) Ltd	130,900	190,000
Subsidy - Baptist Union of NSW	150,000	150,000
	1,545,797	1,913,110
<i>Donations from other parties</i>		
Donations - other	151,490	199,177
Bequests	5,800	104,697
	1,703,087	2,216,984

(b) Government Grants

COVID-19 support - JobKeeper & JobSaver payments	-	644,524
COVID-19 support - other payments	-	7,500
	-	652,024

6 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	25,785	21,632
Non-recurring COVID-19 government grants	-	652,024
Fair value gain on business combination	-	2,523,281
Contributions to development costs (Morling Foundation)	241,026	296,312
	266,811	3,493,249

After charging as expense:

Depreciation and amortisation expense		
- Depreciation expense	(2,093,105)	(2,215,097)
- Amortisation expense	(43,710)	(41,867)
	(2,136,815)	(2,256,964)
Bad debts expense	(8,455)	(15,673)
Interest paid	(10,679)	(11,475)
	(2,155,949)	(2,284,112)

Morling College Limited

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Notes to the Financial Statements For the Year Ended 31 December 2022

7 Employee benefits expense

	2022	2021
	\$	\$
Salaries, wages and other benefits	5,692,805	5,407,283
Superannuation contributions	539,691	485,334
Workers compensation	22,137	7,809
Annual leave expense	(20,939)	20,514
Long service leave expense	(31,470)	26,938
	<u>6,202,224</u>	<u>5,947,878</u>

8 Auditors' Remuneration

<i>WSC Group - Audit Pty Ltd</i>		
- auditing the financial statements:	14,500	13,850
- other assurance services	-	870
Total	<u>14,500</u>	<u>14,720</u>

9 Cash and Cash Equivalents

Cash on hand	1,903	1,735
Cash at bank - at call	1,541,759	2,873,692
	<u>1,543,662</u>	<u>2,875,427</u>

10 Trade and other receivables

CURRENT		
Trade receivables	190,022	137,031
Less: provision for impairment	(4,242)	(4,242)
Net trade receivables	<u>185,780</u>	<u>132,789</u>
Other receivables	11,250	37,589
Total current trade and other receivables	<u>197,030</u>	<u>170,378</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	28,322	21,442
	<u>28,322</u>	<u>21,442</u>

Morling College Limited

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Notes to the Financial Statements For the Year Ended 31 December 2022

12 Other Assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	234,763	102,607

13 Property, plant and equipment

(a) Property Plant and Equipment - detailed table

Buildings

At cost	57,585,860	57,596,765
Accumulated depreciation	(8,534,487)	(6,985,673)
	<u>49,051,373</u>	<u>50,611,092</u>

Capital works in progress

At cost	915,136	915,136
	<u>915,136</u>	<u>915,136</u>

Furniture, fixtures and fittings

At cost	1,103,120	1,082,822
Accumulated depreciation	(708,944)	(485,636)
	<u>394,176</u>	<u>597,186</u>

Motor vehicles

At cost	73,128	73,128
Accumulated depreciation	(73,128)	(73,128)
	<u>-</u>	<u>-</u>

Computer equipment

At cost	1,058,666	928,510
Accumulated depreciation	(808,057)	(643,144)
	<u>250,609</u>	<u>285,366</u>

Plant and equipment

At cost	847,455	779,687
Accumulated depreciation	(523,991)	(475,771)
	<u>323,464</u>	<u>303,916</u>

Total property, plant and equipment

	<u>50,934,758</u>	<u>52,712,696</u>
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Morling College Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2022

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 2022							
Balance at the beginning of year	915,136	50,611,092	597,186	-	285,366	303,916	52,712,696
Additions	-	-	20,298	-	130,156	67,768	218,222
Disposals	-	(10,905)	-	-	-	-	(10,905)
Depreciation expense	-	(1,548,814)	(223,308)	-	(164,913)	(48,220)	(1,985,255)
Balance at the end of the year	915,136	49,051,373	394,176	-	250,609	323,464	50,934,758

Morling College Limited

ABN 64 122 588 309

Notes to the Financial Statements For the Year Ended 31 December 2022

14 Investment Properties

	2022	2021
	\$	\$
<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	249,771	87,717
Accumulated amortisation and impairment	(105,051)	(69,638)
Net carrying value	<u>144,720</u>	<u>18,079</u>
<i>Website Development</i>		
Cost	40,813	40,813
Accumulated amortisation and impairment	(40,522)	(34,407)
Net carrying value	<u>291</u>	<u>6,406</u>
<i>Online Content Development</i>		
Cost	77,594	68,594
Accumulated amortisation and impairment	(70,389)	(68,163)
Net carrying value	<u>7,205</u>	<u>431</u>
Total Intangible assets	<u><u>152,216</u></u>	<u><u>24,916</u></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.

Morling College Limited

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Notes to the Financial Statements For the Year Ended 31 December 2022

17 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	531,188	478,589
GST, PAYGW and FBT payable	42,377	52,080
Superannuation payable	179,855	167,561
	<u>753,420</u>	<u>698,230</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	2,180,664	1,880,664
	<u>2,180,664</u>	<u>1,880,664</u>

19 Other Financial Liabilities

CURRENT		
Deferred income	217,272	131,728
Accommodation bonds payable	184,254	122,531
Line of credit from Morling Foundation	148,552	148,552
Total	<u>550,078</u>	<u>402,811</u>

20 Employee Benefits

CURRENT		
Provision for long service leave	103,569	70,000
Provision for annual leave	566,741	587,680
	<u>670,310</u>	<u>657,680</u>
NON-CURRENT		
Provision for long service leave	501,098	566,136
	<u>1,171,408</u>	<u>1,223,816</u>

Morling College Limited

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Notes to the Financial Statements For the Year Ended 31 December 2022

21 Restricted and Unrestricted Funds

	2022	2021
	\$	\$
Unrestricted Funds		
<i>Accumulated Funds</i>		
Opening balance	8,593,754	1,560,958
Transfers in	1,551,031	6,919,945
Transfers out	(35,951)	(355,709)
(Deficit)/Surplus for the year	<u>(3,266,763)</u>	468,560
	<u>6,842,071</u>	<u>8,593,754</u>
<i>Special Projects Reserve</i>		
Opening balance	180,842	180,842
Transfers out	<u>(180,842)</u>	-
	-	<u>180,842</u>
<i>Capital Works Reserve</i>		
Opening balance	351,602	319,999
Transfers in	59,320	31,603
Transfers out	<u>(23,368)</u>	-
	<u>387,554</u>	<u>351,602</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><u>7,379,389</u></u>	<u><u>9,275,964</u></u>
Restricted Funds		
<i>Scholarship Reserve</i>		
Opening balance	34,324	25,437
Transfers in	-	8,887
Transfers out	<u>(3,924)</u>	-
	<u>30,400</u>	<u>34,324</u>
<i>Library Reserve</i>		
Opening balance	18,907	-
Transfers in	-	18,907
Transfers out	<u>(16,850)</u>	-
	<u>2,057</u>	<u>18,907</u>
<i>Morling Foundation - Construction Development Reserve</i>		
Opening balance	44,843,067	51,466,699
Transfers in	-	296,312
Transfers out	<u>(1,349,415)</u>	(6,919,945)
	<u>43,493,651</u>	<u>44,843,066</u>
Total Restricted Funds	<u><u>43,526,108</u></u>	<u><u>44,896,297</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2022

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 2022

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

Morling College Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2022

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 Related Parties

(a) The Company's main related parties:

The Company's main related parties are as follows:

Key management personnel - refer to Note 24.

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,

Morling College Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2022

23 Related Parties (cont'd)

(a) The Company's main related parties: (cont'd)

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 also provided an interest-only loan of \$900,000 (2021: \$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 (2021: \$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 \$130,900 (last year \$190,000) for the Institute and for scholarships.

Morling College Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2022

23 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:

	2022	2021
	\$	\$
Receipts from:		
Baptist Union of New South Wales	263,807	230,338
Morling College (Tinsley Bequest)	130,900	190,000
Morling Foundation	1,505,921	1,869,422
Payments to:		
Baptist Union of New South Wales	(256,529)	(213,997)
Receivables from:		
Baptist Union of New South Wales	5,889	256
Payables to:		
Baptist Union of New South Wales	(155,815)	(137,814)
Loans from:		
Morling Foundation	(2,329,216)	(2,029,216)

24 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 2022 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 \$738,208 (2021: \$658,830).

No director received any remuneration.

Morling College Limited

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Notes to the Financial Statements For the Year Ended 31 December 2022

25 Cash Flow Information

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

	2022	2021
	\$	\$
(Deficit)/Surplus for the year	(3,266,763)	468,560
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	2,136,815	2,256,964
- fair value gain on business combination	-	(2,523,281)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(26,652)	380,541
- (increase)/decrease in prepayments	(132,156)	48,393
- (increase)/decrease in inventories	(6,880)	(4,494)
- increase/(decrease) in trade and other payables	202,456	(218,557)
- increase/(decrease) in provisions	(52,408)	46,853
Cashflows from operations	<u>(1,145,588)</u>	<u>454,979</u>

26 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 2022 the number of members was 1 (2021: 1).

27 Contingencies

In the opinion of the directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021:None).

28 Events after the end of the Reporting Period

In February 2023, the Company entered into a contract to purchase an investment property at 10 Clavering Road, Bayswater WA for \$850,000. The purchase was made in connection with a deed of gift from the vendor, under which the vendor agreed to offset the purchase price against a donation for the same amount. The Company will recognise income net of costs to complete the transaction which, at the date of this report are not expected to be significant.

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

29 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*.
- The amount of Australian Government financial assistance expended during the reporting period was for the purposes for which it was intended, and Morling College Limited has complied with applicable legislation, contracts, agreements, and program guidelines in making expenditure.

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

Responsible person 
Rev. Angelo Gratsounas

Responsible person 
Rev. Matthew Arkapaw

Dated this 4th day of APRIL 2023



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 2022, 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 Company's financial position as at 31 December 2022 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 Company 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 Company 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



Independent Audit Report to the members of Morling College 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

WSC GROUP - AUDIT PTY LTD

A F Gilbert, CA

Director
Dated this5th..... day ofApril.....2023



Financial Statements

For the Year Ended 31 December 2022

Morling Foundation Limited

ABN 22 104 797 739

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Morling Foundation Limited

ABN 22 104 797 739

Directors' Report 31 December 2022

The directors present their report on Morling Foundation Limited for the financial year ended 31 December 2022.

General information

Directors

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

Names

David Slinn
Geoffrey Moore
Rev Kelvyn Willis (Chair)
Brian McSweeney
Peter McCrindle
Rev Dr Ross Clifford
Rev. Stephen Bartlett

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.

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

Short term objectives

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 the objectives are:

- To hold fundraising and awareness events
- To promote the objectives and activities of Morling College
- To raise funds for the long term benefits of the College
- To provide support and encouragement to the College

Members' guarantee

Morling Foundation 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 \$ 50 for members that are corporations and \$ 50 for all other members, subject to the provisions of the company's constitution.

At 31 December 2022 the collective liability of members was \$ 350 (2021: \$ 350).

Morling Foundation Limited

ABN 22 104 797 739

Directors' Report

31 December 2022

Operating results and review of operations for the year

Operating results

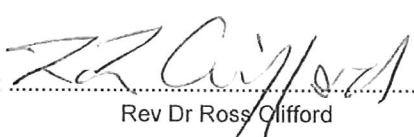
The loss of the Company after providing for income tax amounted to \$ (807,572) (2021: \$ (1,315,599)).

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 2022 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: 
.....
Rev Kelvyn Willis (Chair)

Director: 
.....
Rev Dr Ross Clifford

Dated this 28th day of March 2023

Morling Foundation Limited

ABN 22 104 797 739



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 2022, 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 handwritten signature in black ink, appearing to be 'AF Gilbert'.

AF Gilbert CA
Director

29 March 2023

Morling Foundation Limited

ABN 22 104 797 739

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2022

		2022	2021
	Note	\$	\$
Revenue	5	174,198	277,741
Finance income	6	455,306	362,798
Distributions to Morling College Ltd		(1,415,216)	(1,956,146)
Other expenses		(21,860)	8
Deficit before income tax		(807,572)	(1,315,599)
Income tax expense		-	-
Deficit for the year		(807,572)	(1,315,599)
Other comprehensive income, net of income tax			
Fair value movements on investments held at FVOCI		(297,238)	74,045
Total comprehensive income for the year		(1,104,810)	(1,241,554)

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 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,093,520	5,062,182
Other financial assets	8	2,875,265	1,500,000
Loans and advances	9	361,373	148,552
Other assets	10	123,104	79,389
TOTAL CURRENT ASSETS		5,453,262	6,790,123
NON-CURRENT ASSETS			
Other financial assets	8	5,020,733	5,074,045
Loans and advances	9	5,047,164	4,747,164
TOTAL NON-CURRENT ASSETS		10,067,897	9,821,209
TOTAL ASSETS		15,521,159	16,611,332
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	21,513	6,876
TOTAL CURRENT LIABILITIES		21,513	6,876
TOTAL LIABILITIES		21,513	6,876
NET ASSETS		15,499,646	16,604,456
EQUITY			
Reserves		(223,193)	74,045
Retained earnings		15,722,839	16,530,411
TOTAL EQUITY		15,499,646	16,604,456

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 2022

2022

	Retained Earnings	Financial Asset Reserve	Total
	\$	\$	\$
Balance at 1 January 2022	16,530,411	74,045	16,604,456
Loss for the year	(807,572)	-	(807,572)
Total other comprehensive income for the period	-	(297,238)	(297,238)
Balance at 31 December 2022	15,722,839	(223,193)	15,499,646

2021

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

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 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from investments	585,789	587,633
Payments to suppliers and employees	<u>(1,413,384)</u>	<u>(2,000,912)</u>
Net cash provided by/(used in) operating activities	18 <u>(827,595)</u>	<u>(1,413,279)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of financial assets	47,525	-
Purchase of financial assets	<u>(1,675,772)</u>	<u>(6,500,000)</u>
Loans to related parties - payments made	<u>(512,820)</u>	<u>(113,904)</u>
Net cash provided by/(used in) investing activities	<u>(2,141,067)</u>	<u>(6,613,904)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	<u>(2,968,662)</u>	<u>(8,027,183)</u>
Cash and cash equivalents at beginning of year	<u>5,062,182</u>	<u>13,089,365</u>
Cash and cash equivalents at end of financial year	7 <u><u>2,093,520</u></u>	<u><u>5,062,182</u></u>

The accompanying notes form part of these financial statements.

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements

For the Year Ended 31 December 2022

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

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Change in Accounting Policy

In the previous year, the Company prepared special purpose financial statements which complied with all recognition and measurement requirements.

In adopting this standard, the Company has applied AASB 1 *First Time Adoption of Australian Accounting Standards*.

There were no changes in accounting policies as a result of the transition to Australian Accounting Standards - Simplified Disclosures.

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

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

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 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 Company are:

Interest Income

Interest income is recognised on an accruals basis.

Donations

Donations are recognised as revenue when the Company gains control of the asset.

Other income

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

(b) Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(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) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

(e) Financial instruments

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

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (Cont'd)

(e) Financial instruments (Cont'd)

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 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

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.

Impairment of financial assets

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Summary of Significant Accounting Policies (Cont'd)

(e) Financial instruments (Cont'd)

Financial assets (Cont'd)

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.

(f) Cash and cash equivalents

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

4 Critical Accounting Estimates and Judgments

The directors 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.

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements

For the Year Ended 31 December 2022

4 Critical Accounting Estimates and Judgments (Cont'd)

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been 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.

5 Other Revenue and Income

Revenue from continuing operations

	2022	2021
	\$	\$
<i>Revenue from contracts with customers</i>		
- property development proceeds	174,198	277,341
<i>Revenue recognised on receipt (AASB 1058)</i>		
- donations	-	400
Total Revenue	174,198	277,741

6 Finance Income and Expenses

Finance income

Interest income

- Assets measured at amortised cost

10,679 11,475

Investment income

- Relating to investments held at FVOCI at the end of the reporting period

444,627 351,323

Total finance income

455,306 362,798

7 Cash and Cash Equivalents

Cash at bank and in hand

311,067 1,138,523

Other cash and cash equivalents

1,782,453 3,923,659

2,093,520 5,062,182

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements For the Year Ended 31 December 2022

8 Other Financial Assets

Financial assets at fair value

CURRENT

Equity securities - at fair value
through Other Comprehensive
Income

2,875,265 1,500,000

Current other financial assets

2,875,265 1,500,000

NON-CURRENT

Equity securities - at fair value
through Other Comprehensive
Income

5,020,733 5,074,045

Non-current other financial assets

5,020,733 5,074,045

9 Loans and Advances

2022 **2021**

\$ **\$**

CURRENT

Loans to related parties

361,373 148,552

361,373 148,552

NON-CURRENT

Loans to related parties

5,047,164 4,747,164

5,047,164 4,747,164

10 Other Non-Financial Assets

CURRENT

Accrued income

123,104 79,389

123,104 79,389

11 Trade and Other Payables

CURRENT

Trade payables

6,262 -

Payable to Morling College Ltd

15,251 6,876

21,513 6,876

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.

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements For the Year Ended 31 December 2022

12 Financial Risk Management

Financial assets

Held at amortised cost

Cash and cash equivalents	2,093,520	5,062,182
Trade and other receivables	5,408,537	4,895,716
Equity securities - at fair value through Other Comprehensive Income	7,895,998	6,574,045

Total financial assets

15,398,055	16,531,943
------------	------------

Financial liabilities

Financial liabilities measured at amortised cost

21,512	6,875
--------	-------

Total financial liabilities

21,512	6,875
--------	-------

13 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 \$ 50 each towards meeting any outstanding obligations of the Company. At 31 December 2022 the number of members was 350 (2021: 350).

The Constitution of the Foundation prohibits any distribution of the Foundation's income or assets to members. The Foundation operates one Deductible Gift Recipient Fund, Morling Foundation Building Fund. The Trustee for Morling Foundation Public Fund (ABN: 19 339 473 114) operates a public auxiliary fund.

14 Key Management Personnel Disclosures

The Directors received no remuneration for their role as Directors. Rev Dr Ross Clifford and Peter McCrindle received remuneration from Morling College Limited, a related party, in the normal course of their engagement with the College as College Principal and Chief Operations Officer respectively. Apart from this, the Directors are of the opinion that there are no other related party transactions with the Directors.

15 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor - auditing the financial statements	2,200	2,100
Total	2,200	2,100

16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021: None).

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements For the Year Ended 31 December 2022

17 Related Parties

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

The Directors exercise control over the Company. Morling College Limited and The Baptist Union of New South Wales & ACT 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 of the Company.

Key management personnel - refer to Note 14.

Other related parties 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.

(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:

	Expenses	Income	Other	Balance outstanding Owed to the company	Owed by the company
	\$	\$	\$	\$	\$
Other related parties					
Distributions to Morling College	1,415,216	-	-	-	-
Loan receivable - Morling College	-	-	-	5,408,536	-
Property development income - Baptist Union of NSW	-	174,198	-	-	-
Interest on loans to Morling College	-	10,679	-	-	-

(c) **Loans to/from related parties**

Unsecured loans are made to related parties on an arm's length basis with no fixed repayment terms.

	Opening balance	Closing balance	Interest not charged	Interest paid/payable
	\$	\$	\$	\$
Loans to related parties				
2022	4,895,716	5,408,536	-	10,679
2021	4,781,812	4,895,716	-	11,475

No interest is earned on the loans to Morling College Limited except on the secured loan of \$900,000. This loan is secured by a property, with interest payable at an amount equal to the net income derived from the property during the term of the loan and any surplus in the event of sale. Repayment terms are 30 years from original loan advance date or immediately upon sale of secured property or 6 months after the Company gives notice to Morling College Ltd requiring repayment of the loan.

Morling Foundation Limited

ABN 22 104 797 739

Notes to the Financial Statements For the Year Ended 31 December 2022

18 Cash Flow Information

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

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

	2022	2021
	\$	\$
Profit for the year	(807,572)	(1,315,599)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- net (gain)/loss on disposal of investments	9,056	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(43,715)	(73,472)
- increase/(decrease) in trade and other payables	14,636	(24,208)
Cashflows from operations	<u>(827,595)</u>	<u>(1,413,279)</u>

19 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.

20 Statutory Information

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

122 Herring Road
MACQUARIE PARK NSW 2113

Morling Foundation Limited

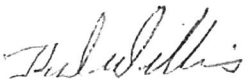
ABN 22 104 797 739

Directors' Declaration

The directors declare that in their 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*.

Director 

Director 

Dated this 28th day of March 2023



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 (the Company), which comprises the statement of financial position as at 31 December 2022, 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 Company is in accordance with the *Australian Charities and Not for profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Australian Charities and Not for profits Commission Regulations 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (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 directors of the Company, would be in the same terms if given to the directors 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.

Responsibilities of 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 related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Morling Foundation Limited



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

A F Gilbert, CA
Director

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

Dated this 29th day of March 2023