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Audited Financial Statements

For the Year Ended
31 January 2024

ARMIDALE DIOCESAN INVESTMENT GROUP
(ADIG)

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2024

Armidale Diocesan Investment Group

Income Statement

FOR THE YEAR ENDED 31 JANUARY 2024

	Note	2024	2023
		$	$
Interest Income	**2**	**6,018,915**	**4,172,264**
Interest Expense	2	**(12,363,320)**	**(5,024,939)**
Net Interest Income		**(6,344,405)**	**(852,675)**
Investment and Non Interest Income	**3**	**7,899,362**	**7,806,208**
Total Revenue		**1,554,957**	**6,953,533**
Salaries and associated costs		(1,361,502)	(1,268,181)
Depreciation & Amortisation Expense		(141,026)	(153,368)
Technology and Equipment		(451,662)	(425,427)
General Administration Expenses		(363,771)	(275,041)
Assurance and Professional Fees		(47,566)	(49,220)
Client Services Expenses		(284,996)	(33,131)
Promotional Expenses		(49,977)	(63,414)
Board Expenses		(58,989)	(49,618)
Total Expenses		**(2,759,489)**	**(2,317,400)**
Surplus from Continuing Operations		**(1,204,532)**	**4,636,134**
Change in value of mark to market investments	**4**	**5,427,580**	**(3,939,419)**
Surplus for the year		**4,223,048**	**696,714**

The accompanying notes form part of these financial statements.

Armidale Diocesan Investment Group

Balance Sheet

AS AT 31 JANUARY 2024

	Note	2024	2023
		$	$
Assets			
Cash and cash equivalents	6	80,416,635	87,882,441
Due from financial institutions	7	25,409,048	35,000,000
Securities at amortised cost	8	23,878,073	56,388,253
Securities held at Market Value	9	254,265,958	202,520,425
Loans and Advances	10	22,735,374	13,984,814
Other Assets	14	2,077,894	1,896,892
Investment Property	11	28,505,500	29,500,000
Plant, equipment and vehicles	12	296,979	324,160
Right of Use Asset	13	470,654	565,516
Total Assets		438,056,115	428,062,501
Liabilities			
Amounts owed to deposit holders	15	389,661,962	378,527,540
Trade and other payables	16	1,492,175	1,333,196
Lease Liabilities	13	498,162	587,581
Provisions	17	192,433	165,259
Total Liabilities		391,844,732	380,613,576
Net Assets		46,211,382	47,448,925
Equity			
Reserves		37,735,178	36,735,178
Retained Earnings		8,476,204	10,713,747
Total Equity		46,211,382	47,448,925

The accompanying notes form part of these financial statements.

Armidale Diocesan Investment Group

Statement of Changes in Equity

FOR THE YEAR ENDED 31 JANUARY 2024

	Note	Retained Earnings $	Reserves $	Total Equity $
Balance at 1 February 2022		**14,598,699**	**36,735,178**	**51,333,877**
Surplus for the Year		**696,714**	**-**	**696,714**
Transfers to Reserves		**-**	**-**	**-**
Distributions	**18**	**(4,581,666)**	**-**	**(4,581,666)**
Balance as at 31 January 2023		**10,713,747**	**36,735,178**	**47,448,925**
Balance at 1 February 2023		**10,713,747**	**36,735,178**	**47,448,925**
Surplus for the Year		**4,223,048**	**-**	**4,223,048**
Transfers		**(1,000,000)**	**1,000,000**	**-**
Distributions	**18**	**(5,460,591)**	**-**	**(5,460,591)**
Balance as at 31 January 2024		**8,476,204**	**37,735,178**	**46,211,382**

The accompanying notes form part of these financial statements.

Armidale Diocesan Investment Group

Cash Flow Statement

FOR THE YEAR ENDED 31 JANUARY 2024

	Note	2024 $	2023 $
Cash Flow From Operating Activities			
Interest & distributions received on investments		11,999,858	9,844,118
Interest received on loans and advances		1,234,293	522,284
Net rentals/distributions received on property investments		700,203	1,252,742
Interest paid on deposits		(12,457,245)	(5,024,939)
Payments to suppliers and employees		(2,279,102)	(2,316,372)
Net cash provided by operating activities	19	(801,993)	4,277,833
Cash Flow From Investing Activities			
Capital Expenditure		(166,051)	-
Net reduction/(increase) in loans		(8,980,083)	(901,220)
Net reduction/(increase) in investments		(2,744,141)	(67,243,726)
Net cash provided by (used in) investing activities		(11,890,275)	(68,144,946)
Cash Flow From Financing Activities			
Net increase in deposits		10,593,128	24,833,505
Distributions paid		(5,366,666)	(4,531,873)
Net cash provided by financing activities		5,226,462	20,301,632
Net increase in cash held		(7,465,806)	(43,565,481)
Cash at the beginning of the year		87,882,441	131,447,922
Cash at the end of the year	6	80,416,635	87,882,441

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements

Basis of Preparation

The financial statements are general purpose financial statements prepared by the Board of ADIG to meet the needs of the Board of the Armidale Diocesan Investment Group and the Trustees of the Roman Catholic Church for the Diocese of Armidale (the Trustees). The Board has determined that ADIG is not publicly accountable and therefore it is not necessary for ADIG to comply with all the requirements of the Australian Accounting Standards and other mandatory financial reporting requirements promulgated by the Australian Accounting Standards Board (AASB).

The financial statements were authorised for issue by the Board on 3 April 2024.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board.

Basis of measurement

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

Functional and presentation currency

The financial statements are presented in Australian dollars, which is ADIG’s functional and presentation currency.

Rounding

All amounts have been rounded to the nearest dollar unless stated.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business for a period of 12 months from the date of this report.

Critical accounting estimates and judgements

In applying ADIG’s accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on ADIG. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management even though actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are described below:

Impairment of loans and advances

Considerable judgement is exercised in determining the extent of the expected credit losses (ECLs) for financial assets assessed for impairment both individually and collectively. The ECLs for financial assets is based on assumptions about the risk of default and expected loss rates. ADIG uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on ADIG's history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Changes in such judgements and analysis may lead to changes in the ECLs over time. The key judgement areas are the assumptions used to measure ECLs, including the use of forward-looking and macroeconomic information for individual and collective impairment assessment.

Estimation of useful lives of Assets

The entity determines the estimated useful lives and related depreciation for its property, plant and equipment. The depreciation 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.

Lease term

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and, periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised are a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic, and which are key to future strategy of the entity.

Fair value

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

Investment property
The investment property 126 Margaret Street, Brisbane was independently valued for the year ended 31 January 2023. As at 31 January 2024, a short form valuation was undertaken by the independent valuer, and the valuation has been adopted in these accounts.

Property Trusts
ADIG's Property Trust investments include an investment of 4,500,000 units in the CPF Diversified Property Fund ARSN 610 941 654 operated by One Management Investment Funds Limited (OMIF). On 3 March 2023, ADIG was advised that OMIF was served with a Statement of Claim in the Supreme Court of South Australia by the vendor of a property at 63 Pirie Street, Adelaide, South Australia (63PS) in relation to OMIF's failure to settle on the contract to purchase 63PS in late February 2023. The vendor is seeking specific performance of the contract or, in the alternative, damages for breach of contract by OMIF. The claim by the vendor may result in a reduction in the value of ADIG's investment in the CPF Diversified Property Fund.

No substantive hearing of the claim has been heard by the Court to date and the matter is currently adjourned. Accordingly, at this time, no provision has been made within this financial report in respect of the matter.

Legal costs of ADIG incurred in connection with the matter has been expensed during the financial year.

Other assets held at fair value
For cash and cash equivalents and trade and other payables the carrying value is deemed to be a reasonable approximation of fair value due to their short-term nature.

Summary of material accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. ADIG has consistently applied the accounting policies to all periods presented in the financial statements, except as otherwise stated.

The following specific accounting policies have been adopted in the preparation of these financial statements.

Financial Instruments

Financial Assets

Business model assessment

ADIG makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to ADIG's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with ADIG's continuing recognition of the assets.

Recognition and initial measurement

Financial assets of ADIG include cash and cash equivalents, due from financial institutions, securities at amortised cost, securities held at market value and loans and advances. Loans and advances are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when ADIG becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless ADIG changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, ADIG considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, ADIG considers:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable-rate features.
- prepayment and extension features.
- terms that limit ADIG's claim to cash flows from specified assets (e.g. non-recourse features).

The prepayment feature is used with the payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual 'par' amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

ADIG recognises its financial assets at amortised cost as they meet both of the following conditions and are not designated as at FVTPL:

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

Subsequent measurement and gains and losses

Financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition

ADIG derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which ADIG neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment

ADIG recognises loss allowances for ECLs on financial assets measured at amortised cost.
Loss allowances for financial assets at amortised cost are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to ADIG in accordance with the contract and the cash flows that ADIG expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Financial liabilities

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities of ADIG include lease liabilities, amounts owed to depositors and trade and other payables. ADIG recognises the financial liabilities at amortised cost using the effective interest rate method as they are not classified as held- for-trading, not a derivative or not designated as such on initial recognition. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

ADIG derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Amounts owed to depositors

All other amounts owed to depositors, excluding diversified fund deposits, are initially recognised at the amount received. After initial recognition, deposits are subsequently measured at amortised cost using the effective interest method.

Interest is calculated on the daily balance and posted to the accounts periodically, or on maturity in the case of Term Deposits. Interest expense on Savings accounts is brought to account on an accruals basis. Interest is recognised on an effective interest basis.

Diversified fund deposits

Diversified fund deposits are initially recognised at the amount received. After initial recognition, deposits are subsequently measured at amortised cost using a unit price.

The unit price is calculated and posted to the account monthly. The unit price is determined based on the performance of investments in the fund less a management fee.

Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment. Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to ADIG.

Depreciation is used to write off the cost of plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives and is generally recognised in profit or loss. Motor vehicles are depreciated at 20% of cost and computer equipment and furniture and fittings at 10%-20%.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leases

At inception of a contract, ADIG assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, ADIG uses the definition of a lease in AASB 16 Leases (AASB 16).

As a lessee

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

The ROUA is subsequently amortised using the straight-line method from the commencement date to the end of the lease term. The ROUA is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, ADIG's incremental borrowing rate. Generally, ADIG uses its incremental borrowing rate as the discount rate.

ADIG determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that ADIG is reasonably certain to exercise, lease payments in an optional renewal period if ADIG is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless ADIG is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in ADIG's estimate of the amount expected to be payable under a residual value guarantee, if ADIG changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in- substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROUA or is recorded in profit or loss if the carrying amount of the ROUA has been reduced to zero. ADIG presents ROUA and lease liabilities separately on the statement of financial position.

Short-term leases and leases of low-value assets

ADIG has elected not to recognise ROUA and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. ADIG recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Provision for employee entitlements.

Provision is made for ADIG's liability for annual leave and long service leave arising from services rendered by employees to the balance date.

All liabilities for annual leave have been included at their nominal value, including allowance for applicable on-costs. Long service leave is provided on a pro-rata basis for all employees who have completed 1 full year of service adjusted by probability factors relevant to the number of years service and the likelihood that the employee will ultimately qualify for a relevant benefit. The provision is based on current pay rates plus applicable on-costs indexed to expected future entitlement dates and then discounted to current values.

ADIG considers the impact of future pay increases and discounting of payments due after 12 months is not material to the financial results.

Statutory contributions are made by the Armidale Diocesan Investment Group to employee superannuation funds and are charged as expenses when incurred.

Finance income and finance costs

ADIG's finance income and finance expense includes:

- interest income on funds invested and on related party loans.
- interest expense.

Interest income or expense is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset.
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

Income tax

ADIG is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997 as it is part of a religious institution.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not fully recoverable from the Australian Taxation Office (ATO). 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. ADIG is a member of the Catholic GST Religious Group, Administered by the General Secretariate of the Australian Catholic Bishops Conference. The Group was established by Federal legislation in 2000. The legislation allowed for the creation of the Catholic GST Religious Group to eliminate the need for members of this group to first charge Goods and Services Tax (GST) and then claim a GST input tax credit on Intra-Church transactions. It therefore determined that transactions between members of the Catholic GST Religious Group were not subject to GST.

	2024	2023
	$	$
Note 2: Net Interest Income		
Interest Income using the effective interest rate method		
Cash at Bank and at call deposits	**1,620,884**	**1,102,675**
31 Day Notice	**145,823**	**217,986**
Term Deposits	**1,362,130**	**899,850**
Securities at amortised cost	**1,655,785**	**1,429,469**
Loans and advances	**1,234,293**	**522,284**
Interest Income	**6,018,915**	**4,172,264**
Interest Expense using the effective interest rate method		
At call deposits	**(4,803,568)**	**(2,196,533)**
31 day notice deposits	**(1,464,261)**	**(680,076)**
Fixed term deposits	**(6,095,491)**	**(2,148,330)**
Interest expense	**(12,363,320)**	**(5,024,939)**
Net Interest Income/(Expense)	**(6,344,405)**	**(852,675)**
Note 3: Investment and Non Interest Income		
Directly held property	**700,203**	**1,252,742**
Property trusts	**2,539,264**	**1,778,111**
Equity investments	**3,527,911**	**5,732,197**
Fixed income fund investments	**1,582,853**	**0**
External entity share of investment income in diversified fund	**(713,601)**	**(1,170,739)**
Net Investment Income	**7,636,630**	**7,592,310**
Management fees	**225,081**	**207,293**
Other non interest income	**37,651**	**6,605**
Total Investment and Non Interest Income	**7,899,362**	**7,806,208**

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2024

	2024	2023
	$	$
Note 4: Change in Value of Mark to Market Investments		
Directly held property investment	(1,141,570)	(2,132,490)
Property trusts investments	(3,888,406)	2,360,189
Equity investments	9,213,028	(4,880,878)
Fixed income fund investments	1,785,819	23,496
External share of diversified fund valuation movements	(541,291)	690,263
Net Change in value of mark to market investments	5,427,580	(3,939,419)
Note 5: Auditors Remuneration		
Audit Services - Current Year	26,600	25,190
Other Services	2,300	7,715
Total Auditors Remuneration	28,900	32,905
Note 6: Cash and Cash Equivalents		
- At Call Deposits	80,407,072	87,865,448
- Cash on hand and in transit	9,563	16,993
Total Cash and Cash Equivalents	80,416,635	87,882,441

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call and those that mature less than 3 months, net of outstanding bank overdrafts. Cash and Cash equivalents does not include term deposits or Securities held at amortised cost.

	2024	2023
Note 7: Due from Financial Institutions at amortised cost		
- Term Deposits	25,409,048	35,000,000
Total due from Financial Institutions at amortised cost	25,409,048	35,000,000
Maturity Analysis		
less than 1 month	-	-
Greater than 1 month less than 3 months	10,241,644	10,000,000
longer than 3 months less than 12 months	15,167,404	20,000,000
Longer than 12 months	-	5,000,000
	25,409,048	35,000,000

	2024	2023
	$	$
Note 8: Securities at amortised cost		
- FRNs with ADIs	**19,250,000**	**51,550,000**
- FRNs with other institutions	**3,500,000**	**3,500,000**
- Mortgage Backed Securities	**1,128,073**	**1,338,253**
Total Securities at amortised cost	**23,878,073**	**56,388,253**
Maturity Analysis		
less than 1 month	**-**	**2,500,000**
Greater than 1 month less than 3 months	**-**	**-**
Longer than 3 months less than 12 months	**-**	**10,300,000**
Longer than 12 months	**23,878,073**	**43,588,253**
	23,878,073	**56,388,253**
Note 9: Investment held at market value (FVTPL)		
Equity Investments		
Opening balance	**94,658,147**	**81,612,265**
Additions/(Disposals)	**(10,671,538)**	**17,926,760**
Net gain/(loss) from fair value adjustment	**9,213,028**	**(4,880,878)**
Closing balance	**93,199,637**	**94,658,147**
Property Trusts		
Opening balance	**53,601,141**	**39,163,871**
Additions/(Disposals)	**15,000,000**	**12,077,081**
Net gain/(loss) from fair value adjustment	**(3,888,406)**	**2,360,189**
Closing balance	**64,712,735**	**53,601,141**
Fixed Income Trusts		
Opening balance	**54,261,137**	**21,847,755**
Additions/(Disposals)	**40,306,630**	**32,389,886**
Net gain/(loss) from fair value adjustment	**1,785,819**	**23,496**
Closing balance	**96,353,586**	**54,261,137**
Total Investments Held at Market Value	**254,265,958**	**202,520,425**

	2024	2023
	$	$
Note 10: Loans and Advances to customers at amortised cost		
- Loans to Church Institutions	13,150,392	14,210,481
- Loans to Priest's Car Fund (net of credit balances)	192,637	152,465
- Syndicated Loans	10,000,000	-
	23,343,029	14,362,946
- Less: Provision for Impairment	(607,655)	(378,132)
Total Loans and Advances to customers	22,735,374	13,984,814
Maturity Analysis		
less than 1 month	-	15,247
Greater than 1 month less than 3 months	11,635	32,330
Longer than 3 months less than 12 months	2,541,702	2,277,056
Longer than 12 months	20,789,692	12,038,314
- Less: Provision for Impairment	(607,655)	(378,132)
	22,735,374	13,984,814
Note 11: Investment Properties (FVTPL)		
Investment Properties		
Opening balance	29,500,000	31,632,490
Additions/(Disposals)	147,070	-
Net gain/(loss) from fair value adjustment	(1,141,570)	(2,132,490)
Closing balance	28,505,500	29,500,000

	2024	2023
	$	$
Note 12: Plant, Equipment & Vehicles		
Plant and equipment:		
- At cost	**379,869**	**370,104**
- Less: Accumulated depreciation	**(288,003)**	**(267,478)**
	91,866	**102,626**
Note 12: Plant, Equipment & Vehicles (cont)		
Office furniture & fittings:		
- At cost	**352,886**	**352,886**
- Less: Accumulated depreciation	**(192,574)**	**(174,440)**
	160,312	**178,446**
Motor vehicles:		
- At cost	**76,249**	**75,895**
- Less: Accumulated depreciation	**(31,448)**	**(32,807)**
	44,801	**43,088**
Total Plant, Equipment & Vehicles	**296,979**	**324,160**

(a) Movements in carrying amounts

	Plant and equipment	Office furniture & fittings	Motor Vehicles	Subtotal
Opening balance	**102,626**	**178,446**	**43,088**	**324,160**
Additions	**9,765**	**-**	**47,937**	**57,702**
Disposals	**-**	**-**	**(38,720)**	**(38,720)**
Depreciation Expense	**(20,525)**	**(18,134)**	**(7,504)**	**(46,163)**
Closing Balance	**91,866**	**160,312**	**44,801**	**296,979**

	2024	2023
	$	$
Note 13: Leases		
(i) Right of use assets		
Opening Balance	565,516	660,378
Amortisation	(94,862)	(94,862)
Closing Balance	470,654	565,516
(ii) Lease Liabilities		
Lease Liabilities	498,162	587,581
(iii) Amounts recognised in Statement of Comprehensive Income		
Interest on Lease Liabilities	20,538	23,809
(iv) Amounts recognised in Statement of Cash Flow		
Total Cash Outflow for Leases	109,956	109,011

The maturity analysis of lease liabilities based on contractual undiscounted cashflows is shown below.

	1 Year	1-5 Years	> 5 Years	Total Cash Flows
2024	99,565	387,493	77,499	564,557

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2024

	2024	2023
	$	$
Note 14: Other Assets		
Debtors	1,314,810	1,607,353
Prepaid Insurance	107,454	57,977
Other Assets	655,630	231,562
Total Other Assets	2,077,894	1,896,892
Note 15: Amounts owed to depositors at amortised cost		
At Call Deposits Diocesan	147,994,241	150,106,537
At Call Deposits Associates	29,958,189	35,739,725
31 Day Retail	11,081,544	16,971,839
Term Retail	87,095,121	76,121,783
Term Associates	25,542,625	16,208,676
Term Arch Diocesean	52,599,829	48,889,693
Parish Growth Accounts	9,296,296	9,325,355
Investments in ADIG Diversified Fund	26,094,117	25,163,932
Total Deposits	389,661,962	378,527,540
Maturity Analysis		
At Call	182,634,535	192,127,633
less than 3 months	59,102,314	77,607,615
Longer than 3 months less than 12 months	136,668,690	71,960,020
Longer than 12 months Less than 5 years	11,256,424	36,832,275
Greater than 5 years	-	-
	389,661,963	378,527,543

	2024	2023
	$	$
Note 16: Trade and Other Payables		
- Trade Creditors	**1,439,025**	**1,288,501**
- Other Payables	**53,150**	**44,695**
Total Trade and Other Payables	**1,492,175**	**1,333,196**
Note 17: Provisions		
Provision for employee annual leave and long service leave	**118,298**	**109,874**
Provision for other employee benefits	**74,135**	**55,385**
Total Provisions	**192,433**	**165,259**
Note 18: Distributions		
Catholic Diocese of Armidale	**3,600,000**	**2,900,000**
Special Distribution - Wilcannia Forbes Diocese	**780,591**	**686,666**
Grants to Parishes	**730,000**	**695,000**
Armidale Clergy Fund	**350,000**	**300,000**
Total Distributions	**5,460,591**	**4,581,666**

All Distributions have been paid with the exception of the Special Distribution to the Wilcannia Forbes Diocese. This will be distributed in May 2024.

	2024	2023
	$	**$**
Note 19: Reconciliation of Net Cash Provided by/used in Operating Activities to Net Profit		
Surplus for the year	**4,223,048**	**696,714**
Adjusted for		
Depreciation and amortisation	**141,025**	**153,368**
Recognition effect for leases in accordance with AASB16	**-**	**12,482**
Increase/(reduction) in provision for employee entitlements	**27,174**	**60,208**
Increase/(reduction) in provision for bad debts	**229,524**	**(13,301)**
Increase/(reduction) in trade creditors	**65,056**	**(24,770)**
Increase/(reduction) in Lease Liabilities	**(89,419)**	**(85,202)**
Decrease/(increase) in debtors & prepayments	**(181,001)**	**(201,756)**
Amortisation of gain on Floating Rate Notes	**210,180**	**(259,330)**
Increase/(reduction) in value of investments	**(5,427,580)**	**3,939,419**
Net cash flow provided from operating activities	**(801,993)**	**4,277,833**

Note 20: Financial Risk Management

Overview

ADIG's financial instruments consists of cash and cash equivalents, due from financial institutions, securities at amortised cost, loans and advances, lease liabilities, deposits and trade and other payables. The main purpose of non-derivative financial instruments is to provide a source of finance and credit for capital and other expenditures in the work of the Church primarily within the Diocese of Armidale.

Financial risk exposures and management

ADIG's lending, deposit-taking and investing activities expose it to the following risks from its use of financial instruments:
- Liquidity risk;
- Credit risk;
- Interest rate risk; and
- Other (market) price risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework. To assist the Board in meeting its responsibilities the Board has established an Audit and Risk Committee (ARMC) and an Investment Committee (IC). These committees monitor, and if thought necessary, makes recommendations to the Board on the policies in relation to Balance Sheet Management; lending and credit risk management; investment management; and interest rate risk management. The ARMC also assesses the financial risk arising from ADIG's operations and considers the adequacy of the measures taken to moderate those risks. Both committees meet at least 4 times per year and regularly report to the Board.

Capital Adequacy

ADIG's reserving policy focuses on the Capital Adequacy Ratio. Capital Adequacy Ratio (CAR) is defined as total capital (Reserves + Retained Earnings) divided by Risk Weighted Assets. ADIG applies the Risk weighted assets definition as prescribed in APS112 using the weightings to assets as outlined in APRAs prudential Standard. ADIG seeks to maintain a CAR of between 10-15%. At 31 January 2024 ADIGs capital adequacy ratio was 11.0%

Liquidity Risk

Liquidity risk is the risk that ADIG will not be able to meet its financial obligations as they fall due. To limit this risk, management manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. (Refer to Note 15 for the maturity analysis on deposits.) ADIG limits its exposure to liquidity risk by:
- maintaining sufficient funds at call with NAB;
- matching the maturity of funds invested in term deposits with other ADIs to known drawings from its major clients; and
- investing in investments that can be realised within a 3 month timeframe.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to ADIG. ADIG has a policy of only dealing with credit worthy counterparties and ensuring ADIG has adequate internal controls to mitigate the risk of financial loss to ADIG. ADIG's Investment Policy specifies that ADIG may only invest in the following:

Authorised Deposit-Taking Institutions (ADIs) regulated by the Australian Prudential Regulation Authority (APRA) that have a Standard and Poors (S&P) (or equivalent) long term rating of BBB- or higher;
- bank bills, promissory notes or certificates of deposits, bonds and floating rate notes issued by an Australian owned bank that has an S&P (or equivalent) long term rating of BBB- or higher; or
- State or Commonwealth Government Bonds or Securities.

Additionally, the following limits have been set with regard to exposure limits to these counterparties and counterparty rating groups:

S&P Long Term Rating	S&P Short Term Rating	Maximum Total Portfolio (%)	Maximum Individual Exposure (%)
AAA/AA	A-1	100	45
A	A-2	60	35
BBB	A-3	40	20
Unrated	Unrated	30	10

ADIG's exposure per counterparty rating group for the Investment pool at balance date was as follows:

S&P Long Term Rating	2024		2023	
	$	% of Total	$'M	% of Total
AAA/AA	15,500,000	31.4%	28,838,253	31.6%
A	27,659,048	56.1%	25,550,000	28.0%
BBB	1,128,073	2.3%	25,000,000	27.4%
Unrated	5,000,000	10.1%	12,000,000	13.1%

Credit risk in loans receivable is managed by a careful evaluation of lending proposals by management and the Board. All material loans require ratification by both the Board and the Bishop of the Diocese of Armidale. ADIG assesses the risk on the Loan portfolio as low as the majority of loans are to related parties within the Diocese of Armidale, a single loan, 37% of the total portfolio is to the Chancery office of the Armidale Diocese, there is no history of Loan delinquency and each loan is carefully assessed on the ability of the counterparties ability to make payments and approved by the Board. In 2024, ADIG made a $10M Loan through a syndicate of other CDFs to the St John of God Hospital in Victoria. ADIG uses an ECL Model to cover other generic credit risk and records this against the loan balance.

Market Risk

ADIG manages its market risk through the Investment Committee (IC) and the Board. The Investment Committee meets quarterly and is also provided with reporting monthly showing movements in ADIGs investment portfolio. The investment portfolio is set through a Strategic Asset Allocation (SAA process) overseen by the IC and approved by the Board. The SAA process is undertaken every three years with the last process undertaken in 2022, and reviewed annually. The SAA determines asset allocation to equity, property, fixed interest and cash. The allocations are subject to rules outlined in ADIGs investment policy and the impact on Capital Adequacy.

ADIGs SAA models market movements across asset classes using expected volatility and expected returns in the SAA model. The SAA model looks at returns and volatility profiles across asset classes and is set to target a long term rate of return 5 year government bonds + 2.5%. The portfolio was stress tested by determining the probability of a breach in the 10% Capital Adequacy Ratio based on the expected returns and historical volatility of the individual asset classes and assuming a normal distribution of returns. Overall it was found that the Capital Adequacy Ratio would be kept above 10% 99% of the time for the chosen SAA.

Armidale Diocesan Investment Group

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2024

Note 20: Financial Risk Management

Interest Rate Risk

The following table is the profile of ADIGs exposure to interest rate risk at balance date

	2024	2023	Average Interest Rate	Sensitivity Analysis: Income Statement Impact of 1% Increase to Interest Rates	Sensitivity Analysis: Income Statement Impact of 1% Decrease to Interest Rates	At Call 2024	At Call 2023	Fixed <1 year 2024	Fixed <1 year 2023	Fixed >1 year 2024	Fixed >1 year 2023	Non Interest Bearing 2024	Non Interest Bearing 2023
	$	$	%	$	$	$	$	$	$	$	$	$	$
Financial Assets													
Cash and cash equivalents	**80,416,634**	**87,882,441**	**3.97%**	**804,166**	**(804,166)**	**80,416,634**	**87,882,441**	-	-	-	-	-	-
Due from financial institutions	**25,409,048**	**35,000,000**	**4.33%**	**127,045**	**(127,045)**	-	-	**25,409,048**	**30,000,000**	-	**5,000,000**	-	-
Securities at amortised cost	**23,878,073**	**56,388,253**	**3.74%**	-	-	-	-	-	**12,800,000**	**23,878,073**	**42,250,000**	-	-
Loans and Advances	**22,735,373**	**13,984,814**	**3.96%**	**227,354**	**(227,354)**	**22,735,373**	**13,984,814**	-	-	-	-	-	-
Debtors	**1,314,813**	**1,607,356**	**0.00%**	-	-	-	-	-	-	-	-	**1,314,813**	**1,607,356**
Total	**153,753,942**	**194,862,865**		**1,158,565**	**(1,158,565)**	**103,152,007**	**101,867,255**	**25,409,048**	**42,800,000**	**23,878,073**	**47,250,000**	**1,314,813**	**1,607,356**
Financial Liabilities													
Amounts owed to deposit holders	**389,661,962**	**378,527,540**	**3.68%**	**(2,805,200)**	**2,805,200**	**182,634,535**	**192,127,633**	**195,771,004**	**149,567,635**	**11,256,424**	**36,832,275**	-	-
Trade and other payables	**1,439,025**	**1,288,501**		-	-	-	-	-	-	-	-	**1,439,025**	**1,288,501**
Total	**391,100,987**	**379,816,041**		**(2,805,200)**	**2,805,200**	**182,634,535**	**192,127,633**	**195,771,004**	**149,567,635**	**11,256,424**	**36,832,275**	**1,439,025**	**1,288,501**

Interest rate risk is managed through ADIGs Asset and Liability Committee (ALCO). ALCO meets monthly to discuss interest rate movements and considers interest rate movements and forecasts, RBA announcements and competitor pricing to determine interest rates on loans and financial liabilities. In addition the ALCO reviews maturity profile of assets and liabilities and forecasts future net earnings. ADIGs strategy is to manage funds in both financial assets and assets subject to capital gains including equity, property and fixed interest trusts. While there is a gap between financial assets and financial liabilities, this risk is mitigated through assets held at market value ($282,771,458) 64% of which can be converted to cash in T+2 days. Interest sensitivity applies a full 1% change in interest rates to at call assets and liabilities and 0.5% impact to fixed rate assets and liabilities due in less than 1 year.

Note 21: Related Party Transactions

Board Members

Ms Alison Hamilton B.FA, CA (Chair) (Audit & Risk Management Committee - Member) (Governance and Remuneration Committee - member)
Ms Kerry Adby LLM, FAICD, TFASFA (Governance and Remuneration Committee - Chair)(Investment Committee - Member)
Mr Kevin Dupe B.Ecc, FAICD, FGIA, IECL (Audit & Risk Management Committee - Member)
Ms Karin Hawkins MPP, MA, B.Bus, FGIA, GAICD (Investment Committee - Member)
Dr Paul Mazzola PHD, M.AppFin, B.Com (merit), FCPA, FFIN, MAICD (Audit & Risk Management Committee - Chair)
Mr David Smith B.Bus, CA (ex-officio) Diocesan Financial Administrator
Mr John Stroud B.Ecc (hon), Dip.FP, GAICD, ABE(Investment Committee - Chair)

Key Management Personnel

Mr Grant Devine MBA, B.Bus,GradCertBus, FAICD - Chief Executive Officer
Mr Andrew Draney M.AppFin, B.Com, CA - Chief Financial Officer
Mr Craig Archer BFA, CPA - Chief Operations Officer

Controlling Entities

The ADIG is a special fund vested in the Trustees of the Roman Catholic Church for the Diocese of Armidale, which is a body corporate under the provisions of the *Roman Catholic Church Trust Property Act 1936 (NSW)* as amended. The Bishop exercises the control and management of the ADIG with the assistance of the Advisory Board, Key Management Personal and the Financial Administrator.

The Diocese of Armidale and other Catholic bodies, including Parishes, have deposits with, and have obtained loans from, ADIG under normal commercial terms and conditions or as otherwise determined by the Board. The Board has a Policy which requires Board Members to declare any conflicts of interest.

As detailed in note 18 to the financial statements, payments were made to various Diocesan entities during the year representing distributions of ADIGs surplus.

ADIG pays rent on leased premises at 131 Barney St Armidale to the Catholic Diocese of Armidale. refer note 13.

(a) Key Management Personal Compensation

The key management personnel compensation was $826,183 for the year ended 31 January 2024. (2023: $767,515)

(b) Other related party transactions

	2024	2023
	$	$
Loans to related parties	13,343,029	14,362,946
Deposits from related parties	209,890,366	208,321,589
Interest received from related parties	1,234,293	528,890
Interest paid to related parties	6,477,048	2,537,291

Note 22: Contingent Liabilities

The ADIG has arranged a master credit card facility with its bankers covering a number of Diocesan agencies. Each agency is responsible for the control and payment of its respective cards and no defaults are expected. However, in the event of a default by any of those agencies, the ADIG would be required to meet the liability. As at the end of the financial year, the total facility applicable to other Diocesan agencies was $2,000,000.

Note 23: Events occurring after reporting date

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

Armidale Diocesan Investment Group

Declaration by Members of the Board

The members of the Board of the Armidale Diocesan Investment Group, hereby declare that:

The financial report comprising the Income Statement, Balance Sheet, Statement of Cash Flows and the Notes to the Financial Statements:

(a) have been prepared in accordance with the accounting policies described in note 1 and the accounting policies are appropriate to the needs of the Board and the Trustees of the Roman Catholic Church for the Diocese of Armidale; and

(b) give a true and fair view of the financial position as at 31 January 2024 and of the performance of the Group for the year ended on that date.

In the opinion of the Board members, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Keri Dupe

K Dupe
Board Member

Alison Hamilton

A Hamilton
Board Chair

3 April 2024