

Catholic Church Endowment Society

Special Purpose Consolidated Financial Report

For the year ended 31 December 2023

**Special Purpose Consolidated Financial Report
for the Financial Year Ended
31 December 2023**

Chair's Report.....	2
Finance Council Report to Members	4
Independent Auditor's Report.....	5
Auditor's Independence Declaration.....	8
Finance Council Declaration.....	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	10
Consolidated Statement of Financial Position.....	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to and forming part of the Consolidated Financial Statements	14

Chair's Report

The Catholic Church Endowment Society (Association) recorded a loss of \$10,237,848 for the year ended 31 December 2023. The principal reasons for the result are a decrease in the market value of Investment Properties of \$27,442,538, and a significant increase in the National Redress and Abuse Provision of \$13,510,527 based on actuarial review. An increase of \$14,675,507 in the value of Equity Investments was also included. The Association recorded an underlying profit of \$16,039,710 (2022: profit of \$13,582,919). A reconciliation of the recorded gain to the underlying income is set out below:

	2023	2022
	\$	\$
Total comprehensive income/(loss) for the year	(10,237,848)	(23,075,874)
Loss/(gain) on Investment Properties at fair value	27,442,538	15,000,000
Net value (gain)/loss on Equity Investments	(14,675,507)	20,346,155
National Redress and Abuse Provision recognised	13,510,527	1,312,638
Total underlying comprehensive income for the year	16,039,710	13,582,919

Agencies of the Association have contributed as follows:

- The Diocesan Centre (CCES) supports the operations of parishes, schools and the Archbishop's office. The Diocesan Centre also incorporates the Archdiocese of Adelaide's treasury function (the Catholic Development Fund, CDF). The CDF maintains appropriate capital reserves in accordance with its prudential policies and seeks to deliver sustainable investment returns. The final operating result for the Diocesan Centre was a gain of \$10,505,070 (2022: \$14,031,808).
- Catholic Education Office, (CEO) income from grants and levies increased in 2023, assisting to further provide services to the education sector within the Archdiocese of Adelaide. The CEO produced an underlying surplus of \$5,445,292 for 2023 (2022: \$1,716,192).
- Catholic Church Early Years Inc. (CCEY) commenced operations of early learning centres during 2019. A reduction in the number of centres operating resulted in reduced operating expenditure in 2023. Catholic Church Early Years Inc. operating result was a gain of \$222,111 (2022: \$502,798 loss).
- The Diocesan Presbytery Fund's (DPF) loss of \$1,057,890 (2022: \$1,520,205 loss) results from income from donations remaining constant whilst costs to support the ageing clergy in the Diocese continue to rise.
- Catholic Diocesan Charities Appeal (Charities) receives donations to continue the support of the charitable works in the Archdiocese of Adelaide. Distributions from the Appeal are consistent with that of previous years.
- The Priest Retirement Foundation (PRF) was launched in late 2020 and commenced collecting donations for the benefit of retired priests. No distributions were made from this fund during the year.
- Ecumenical Endeavours Pty Ltd (EE) has been consolidated into the Association since 2017 due to majority shareholder ownership. It operates an investment property valued at \$4,150,000 collecting rental income from a commercial tenant and supporting the pastoral work of Seaford Christian Churches.

Catholic Church Endowment Society Inc.

- The Net Assets of the Association have decreased from 2022. Cash and Cash Equivalents have decreased as have investments Due from Other Financial Institutions however the value of Equity Investments have increased to \$160,298,092. The value of Investment Properties decreased due to revaluation. Loans and Advances have continued to increase to \$287,749,796. Deposits liability held by the CDF has increased to \$516,973,96. Borrowings have increased at year end to \$43,223,085. Insurance Contract liabilities due to the organisation taking over the management of the groups Return to work SA self- insurance registration management total \$17,070,345. Provisions have increased significantly from 2022 due to the significant increase in National Redress and Abuse Provision.

I wish to thank the Diocesan Finance Council (DFC) and staff for their stewardship over the past year.

A/ Chair 
Diocesan Finance Council
Catholic Archdiocese of Adelaide

Catholic Church Endowment Society Inc.

Finance Council Report to Members

In accordance with Section 35(5) of the Associations Incorporation Act 1985, the Diocesan Finance Council (the Council) of the Catholic Church Endowment Society Inc. (Association) hereby states that during the year ended 31 December 2023:

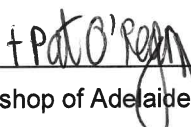
- a)
 - i) no officer of the Association;
 - ii) no firm of which an officer is a member; and
 - iii) no body corporate in which an officer has a substantial financial interest;

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association.

- b) No officer of the Association has received directly or indirectly from the Association any payment or benefit of a pecuniary value.

This statement is made in accordance with a resolution of the Council and is signed for and on behalf of the Council by:

A/  _____
Chair

 _____
Archbishop of Adelaide

Adelaide, 30th APRIL 2024



Independent Auditor's Report

To the members of Catholic Church Endowment Society Inc.

Opinion

We have audited the *Financial Report*, of the Catholic Church Endowment Society Inc. (the Association).

In our opinion, the accompanying Financial Report of the Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2023, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards* to the extent described in Note 1 and 2 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022 (ACNCR)*.

The *Financial Report* comprises:

- i. Consolidated statement of financial position as at 31 December 2023;
- ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- iii. Notes including a summary of material accounting policies; and
- iv. Finance Council declaration of the Association.

The *Group* consists of the Association and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 auditor independence requirements of the *ACNC 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 fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 and 2 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Finance Council members' financial reporting responsibilities under the *ACNC Act 2012*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of the Association and should not be used by any other party. We disclaim any assumption of responsibility for any reliance on this Auditor's Report, or on the Financial Report to which it relates to any person other than the members of the Association and ACNC.



Other information

Other Information is financial and non-financial information in the Association's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Finance Council members are responsible for the Other Information.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Finance Council members for the Financial Report

The Finance Council Members are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC and ACNCR;
- ii. Determining that the basis of preparation described in Note 1 and 2 to the Financial Report is appropriate to meet the requirements of the ACNC. The basis of preparation is also appropriate to meet the needs of the members;
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and,
- iv. Assessing the Group and Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional skepticism throughout the audit.

We communicate with the Finance Council members of the registered Association 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.



We also:

- i. 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.
- ii. 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 Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Finance Council members;
- iv. Conclude on the appropriateness of the Finance Council members' 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 Group and Association'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 Group and Association to cease to continue as a going concern; and
- v. 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.



A handwritten signature in black ink, appearing to read 'Paul Cenko', written in a cursive, flowing style.

Paul Cenko
Partner

Adelaide

30 April 2024



Auditor's Independence Declaration under subdivision 60-c section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Finance Council of Catholic Church Endowment Society Inc.

I declare that, to the best of my knowledge and belief, in relation to the audit of Catholic Church Endowment Society Inc. for the financial year ended 31 December 2023 there have been:

- i. No contraventions of the auditor independence requirements as set out in 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.



Paul Cenko
Partner

Adelaide

30 April 2024

Catholic Church Endowment Society Inc.

Finance Council Declaration

In the opinion of the Diocesan Finance Council of the Catholic Church Endowment Society Inc (Association):

- a) the Association is not publicly accountable nor a reporting entity;
- b) the consolidated financial statements and notes, set out on pages 10 to 44, are in accordance with the Australian Charities and Not-for profits Commission Act 2012 and the Associations Incorporation Act 1985;
- c) The Consolidated Financial Statements and notes:
 - (i) giving a true and fair view in all material respects of the financial position of the Association as at 31 December 2023 and of its financial performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 1, 2 and 3; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1, 2 and 3, and the Australian Charities and Not-for-profits Commission Regulation 2013;
- d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable;
- e) the Association has complied with its Constitution and Rules; and at the date of this declaration
- f) the Association has subsidiaries as detailed in the financial statements at Note 32; and
- g) the Association is not a trustee of a trust.

Signed in accordance with a resolution of the Finance Council:

A/ 
Chair


Archbishop of Adelaide

Adelaide, 30th APRIL 2024.

Catholic Church Endowment Society
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2023 \$	2022 \$
Income			
Interest Income		14,629,896	7,756,109
Interest Expense		(7,059,304)	(1,101,243)
Net Interest Income	8	7,570,592	6,654,866
Income from SA Commission for Catholic Schools (SACCS)		27,442,855	23,033,870
Levies and Fees Income		25,132,741	24,978,911
Insurance Income		7,555,586	-
Rental Income		15,579,559	15,421,614
Donations		3,606,345	3,455,753
Other Income	9	2,692,789	2,679,192
Total Income		89,580,467	76,224,206
Expenses			
Employee Benefits Expense		(40,350,436)	(37,895,837)
Occupancy Expense		(6,824,204)	(6,672,254)
Depreciation Expense		(4,633,177)	(4,380,445)
Equipment Expense		(8,694,291)	(9,002,280)
Communication Expense		(1,004,625)	(1,009,661)
Community and Education Program Expense		(1,668,890)	(1,562,207)
Insurance Expenses		(5,619,488)	-
General Administration Expense		(11,571,939)	(8,586,527)
Net Loss on Investment Properties at fair value		(27,442,538)	(15,000,000)
National Redress and Abuse Provision Adjustment		(13,510,527)	(1,312,638)
Total Expenses		(121,320,115)	(85,421,849)
Operating Profit/(Loss) for the year		(31,739,648)	(9,197,643)
Finance Income on Equity Investments		7,753,772	6,948,437
Net value gain/(loss) on Equity Investments		14,675,507	(20,346,155)
Finance Expenses on Borrowings		(927,479)	(480,513)
Net Finance Income/(Expenses)		21,501,800	(13,878,231)
Loss for the year		(10,237,848)	(23,075,874)
Attributable to Catholic Church Endowment Society Inc		(10,612,378)	(23,058,816)
Attributable to Non-controlling Interest in Controlled Entities	23	374,530	(17,058)
		(10,237,848)	(23,075,874)

The above statements should be read in conjunction with the accompanying notes.

Catholic Church Endowment Society
Consolidated Statement of Financial Position
As at 31 December 2023

Consolidated Statement of Financial Position

	Note	2023 \$	2022 \$
Assets			
Cash and Cash Equivalents	24	24,404,129	24,684,106
Due from Other Financial Institutions	10	85,110,385	122,160,320
Equity Investments	11	160,298,092	134,165,863
Investment Properties	12	173,090,000	197,110,000
Property, Plant and Equipment	13	59,304,440	41,929,285
Trade and Other Receivables	14	25,662,635	17,482,941
Assets Held for Sale	15	-	1,300,000
Loans and Advances	16	287,749,796	206,994,062
Total Assets		815,619,477	745,826,577
Liabilities			
Deposits	17	516,973,296	513,968,824
Trade and Other Payables	18	10,182,695	5,595,494
Borrowings	19	43,223,085	-
Insurance Contract Liabilities	20	17,070,344	-
Provisions	21	23,549,391	11,613,718
Income in Advance		649,176	439,203
Total Liabilities		611,647,987	531,617,239
Net Assets		203,971,490	214,209,338
Equity			
Retained earnings	22	144,658,032	156,210,799
Reserves	23	58,151,232	57,210,843
Total Parent interest in equity		202,809,264	213,421,642
Non-controlling Interest in Controlled Entities	24	1,162,226	787,696
Total Equity		203,971,490	214,209,338

The above statements should be read in conjunction with the accompanying notes.

Catholic Church Endowment Society
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

Consolidated Statement of Changes in Equity

	Non-Controlling Interest	General reserve	Government funding reserve	Catholic charities reserve	Catholic education capital reserve	Transactions with Owner's Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2022	804,754	3,992,075	1,492,312	1,638,432	-	47,966,759	181,390,880	237,285,212
Profit/(loss) for the year	-	-	-	-	-	-	(23,075,874)	(23,075,874)
Total comprehensive income for the year	-	-	-	-	-	-	(23,075,874)	(23,075,874)
Profit attributable to Non-controlling Interests	(17,058)	-	-	-	-	-	17,058	-
Transfer from/(to) retained earnings	-	39,823	-	(125,810)	-	2,207,252	(2,121,265)	-
Balance at 31 December 2022	787,696	4,031,898	1,492,312	1,512,622	-	50,174,011	156,210,799	214,209,338
Balance at 1 January 2023	787,696	4,031,898	1,492,312	1,512,622	-	50,174,011	156,210,799	214,209,338
Profit/(loss) for the year	-	-	-	-	-	-	(10,237,848)	(10,237,848)
Total comprehensive income for the year	-	-	-	-	-	-	(10,237,848)	(10,237,848)
Profit attributable to Non-controlling Interests	374,530	-	-	-	-	-	(374,530)	-
Transfer from/(to) retained earnings	-	940,814	-	(425)	-	-	(940,389)	-
Balance at 31 December 2023	1,162,226	4,972,712	1,492,312	1,512,197	-	50,174,011	144,658,032	203,971,490

The above statements should be read in conjunction with the accompanying notes.

Catholic Church Endowment Society
Consolidated Statement of Cash Flows
For the year ended 31 December 2023

Consolidated Statement of Cash Flows

	2023	2022
	\$	\$
Cash Flows from Operating Activities		
Receipts from SACCS, Grants, Levies and Fees Income	49,246,950	46,746,964
Receipts from Insurance contracts	21,847,177	-
Donations and Other Income	5,364,951	5,561,956
Interest Received	14,629,896	7,756,109
Interest Paid on Deposits	(7,043,470)	(616,978)
Payments to Suppliers, Employees and Others	(70,366,099)	(67,843,538)
Payments relating to Insurance contracts	(2,840,735)	-
Net GST (Paid) / Refunded	2,736,851	2,188,368
	13,575,521	(6,207,119)
Net payments in Loans and Advances	(80,755,734)	(51,425,866)
Net receipts in Deposits	3,004,472	44,732,214
Net receipts/(payments) in Amounts Due from other Financial Institutions	37,049,935	(21,223,857)
	(40,701,327)	(27,917,509)
Net Cash Flows from Operating Activities	(27,125,806)	(34,124,628)
Cash Flows from Investing Activities		
Net payments in relation to Equity Investments	(11,456,722)	(13,090,639)
Proceeds from Sale of Property, Plant and Equipment	1,694,573	2,278,610
Payments for Property, Plant and Equipment	(22,858,375)	(3,320,372)
Finance Income	7,753,772	6,948,437
Rental Income	12,855,347	12,351,618
Finance Expenses on Borrowings	(927,479)	(480,513)
Additions to Investment Property	(3,422,538)	(1,000,000)
Interest Paid on Borrowings related Investments	(15,834)	(484,265)
	(16,377,256)	3,202,876
Cash Flows from Financing Activities		
Drawdown of Borrowings	43,223,085	-
Net Cash Flows from Financing Activities	43,223,085	-
Net Decrease in Cash Held	(279,977)	(30,921,752)
Cash at the beginning of the Year	24,684,106	55,605,858
Cash at the end of the Year	24,404,129	24,684,106

The above statements should be read in conjunction with the accompanying notes.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

Notes to and forming part of the Consolidated Financial Statements

1 General Information

The Catholic Church Endowment Society Inc. (Association) is an entity incorporated under the Associations Incorporation Act 1985 and operating in South Australia.

The Association's registered office and its principal places of business are as follows:

Registered Office:

39 Wakefield Street, Adelaide 5000
(08) 8210 8210

Principal Place of Business for:

Catholic Church Endowment Society Inc.
Catholic Development Fund - Adelaide
Catholic Diocesan Charities Appeal
Priest Retirement Foundation

Catholic Education Office
Catholic Church Early Years Inc.
116 George Street, Thebarton 5031

Ecumenical Endeavours Pty Ltd
Grand Boulevard, Seaford 5169

2 Summary of Accounting Policies

Financial Reporting Framework

The Association is not a reporting entity because in the opinion of the Finance Council (Council) there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Council's reporting requirements under Australian Charities and Not-for-profits Commission Act 2012 and Associations Incorporation Act 1985.

Statement of compliance

The special purpose consolidated financial report has been prepared in accordance with the requirements of the Associations Incorporation Act 1985 and the Australian Charities and Not-for-profits Commission Act 2012 and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB).

The special purpose consolidated financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the Council to meet the needs of users:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 124 Related Party Disclosures

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosures.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

The financial statements do not comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the following items:

- Equity Investments measured at fair value through profit and loss;
- Investment Properties measured at fair value through profit and loss; and
- Derivative Liabilities measured at fair value through profit and loss.

Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Association's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the Association's accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 12: Investment Properties – assessing the fair value of Investment Properties at 31 December 2023.

Note 20: Insurance Contract Liabilities – identifying groups of contracts on initial recognition and measurement of insurance contract liabilities, determining the techniques for estimating risk adjustments and coverage units provided under a group of contracts.

Note 21: Provisions – determining the value of the National Redress Provision.

Changes in material accounting policies

The accounting policies applied in these financial statements are consistent with the previous financial statements for the year ended 31 December 2022.

The Association also adopted Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021- 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

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

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash with other financial institutions excluding term investments with an original maturity of greater than 3 months.

(b) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories:

Loans and Advances

Loans and advances are made to Parishes, Diocesan Schools, Religious Order Schools and Catholic Organisations in accordance with the prudential policy of the Association. These loans are classified as Amortised cost under AASB 9 and are measured at amortised cost less impairment. The Association is the main provider of Loans and Advances to non-laiety entities of the Catholic Archdiocese of Adelaide. The lending terms are set by the Association with regard to other Diocese rates, commercial market rates and the cost of funds to the Association. There is no external market for loans to Diocesan entities with the Association able to set the price of both Loans and Deposits. No impairment is included in the valuation of these Loans and Advances as the Association controls the collection of loan repayments and has the ability to implement action for financially challenged borrowers. The cash flows from Loans and Advances comprise of interest and principal only.

Due from Other Financial Institutions

Due from Other Financial Institutions, bills of exchange and debentures are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective interest basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Due from Other financial institutions are held by the Association under a business model whereby the Association intends to hold until maturity. These investments comprise of principal and interest only cash flows. The Association's business model does not include the trading of these investments. These assets have been classified as Amortised cost under AASB 9.

Receivables

Trade receivables and other receivables are classified as Amortised cost and are recorded at amortised cost less impairment. No impairment has been recognised for trade and other receivables.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

Equity Investments

Equity investments represent investments the Association intends to hold for long term purposes. The cash flows include entitlements to profit share through dividends or trust distributions. The Association has categorised these investments under AASB 9 as Fair Value through Profit and Loss (FVTPL) and they are stated at fair value. The current year fair value movement is recognised in the Profit and loss Statement. The fair value of income securities, listed shares, units in trusts and overseas equities has been determined with reference to the quoted market prices. The fair value of unlisted shares is determined with reference to the respective entity's net assets. Any impairment of these assets will be reflected through the Profit and Loss, as will any subsequent reversal of previous impairment.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land and religious sites. Depreciation is calculated on a straight-line basis so as to write off the net cost over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The estimated useful lives used in the calculation of depreciation for the current and comparative period are as follows:

Buildings	20 – 40 years	Leasehold Improvements	5 – 25 years
Plant and equipment	1 – 10 years	Motor Vehicles	5 years

(d) Impairment of Assets

At each reporting date, the Association reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where the asset is categorised as a FVOCI asset any impairment loss is recognised in OCI, for other assets the impairment is recognised in the profit or loss immediately.

(e) Investment Property

Property held to earn rentals and/or for capital appreciation is classified as an investment property and, is initially recognised at cost until the project is completed, including transaction costs. Subsequent to completion, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment are included in profit or loss in the period in which they arise.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

(f) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

(g) Employee benefits

Leave benefits

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

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

(h) Payables

Trade payables and other payable are recognised when the Association becomes obliged to make future payments resulting from the purchase of goods and services.

(i) Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(j) Taxation

The Association is a charitable institution exempt from income tax under the current provisions of Section 23(e) of the Income Tax Assessment Act 1997.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

(k) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Interest expense is recognised using the effective interest rate method.

Subsequent to initial recognition, borrowings are measured at amortised cost. Borrowing costs are expensed directly to profit and loss.

(l) Deposits

Deposits are recorded at the gross value outstanding to the customer. Interest expense is recognised on an accrual basis.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services – revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Grants – where it has been determined that the grant agreement is enforceable and sufficiently specific performance obligations exist, revenue is recognised over time as the performance obligation is met. Otherwise, revenue is recognised on receipt. If an amount is received in advance of completion of the performance of obligations, a revenue in advance liability is recognised and reduced as performance obligations are met.

If an amount received is in advance of completion of the performance of obligations, a revenue in advance liability is recognised and reduced as performance obligations are met.

Interest – revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Donations – income is recognised when monies are received by the Association.

Rental Income - recognised on a straight-line basis over the term of the lease.

Insurance Income – insurance revenue received from 1 July 2023 is recognised using the Premium Allocation Approach (PAA) method included in AASB 17 as all contracts span 12 months. Insurance revenue received in return for the transfer of insurance contract liabilities prior to 30 June 2023 are recognised using the General Measurement Model (GMM) included in AASB 17 with insurance revenue released to the profit and loss based on coverage units determined with reference to historical payments and including appropriate risk margin and allowances for time value of money.

(n) Transactions with owner

Where there are transactions with Catholic Church organisations within the Archdiocese of Adelaide an assessment is made whether the transactions are considered transactions with the owner in their capacity as an owner. Transactions with the owner in their capacity as owner are recognised as either a contribution from or a distribution to the owner and are recognised directly in equity. Transactions with Catholic Church organisations outside the Archdiocese of Adelaide are generally not determined to be transactions with the owner in their capacity as an owner. Where there are transactions with Catholic Church organisations within the Archdiocese of Adelaide that are not considered transactions with the owner in their capacity as an owner, they are recognised in profit or loss.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

(o) Leases

At the inception of a contract, the Association 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 of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the Association uses the definition of a lease in AASB 16.

As a lessee:

The Association 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, 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, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term.

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, the Association's incremental borrowing rate. Generally, the Association uses its incremental borrowing rate as the discount rate.

The Association 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.

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, a change in the amount expected to be payable under a residual value guarantee, if the Association 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. Any revision will create a corresponding adjustment to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Association presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

The Association has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including residential properties. The Association recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Association recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income' and 'investment income' where the lease relates to investment property.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

(p) Derivative financial instruments

The Association enters into derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in profit or loss depends on the nature of the hedging relationship.

The Association has no derivatives designated as hedges as at 31 December 2023.

(q) Consolidation

The consolidated financial statements incorporate the financial statements of the Association and entities controlled by the Association and its subsidiaries. Control is achieved when the Association:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Association reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3 New Standards not yet adopted

A number of new standards, amendments to standards are effective for annual periods beginning after 1 January 2024, and have not been applied in preparing these consolidated financial statements. Management has not assessed the impact of these standards on the Association. The Finance Council does not plan to early adopt these standards.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

4 Segment Note Income Statement

	CCES *		CEO		DPF		Charities		PRF		EE		CCEY		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Income																		
Interest Income	14,889	8,018	146	140	26	6	58	11	3	-	1	-	7	1	(500)	(420)	14,630	7,756
Interest Expense	(7,301)	(1,260)	(129)	(133)	-	-	-	-	-	-	-	-	(129)	(128)	500	420	(7,059)	(1,101)
Net Interest Income	7,588	6,758	17	7	26	6	58	11	3	-	1	-	(122)	(127)	-	-	7,571	6,655
Income from SA Commission for Catholic Schools (SACCOS)	-	-	27,443	23,034	-	-	-	-	-	-	-	-	-	-	-	-	27,443	23,034
Levies and Fees Income	3,336	2,893	17,179	15,958	654	651	-	-	-	-	-	-	5,038	6,348	(1,074)	(871)	25,133	24,979
Insurance Income	7,894	-	-	-	-	-	-	-	-	-	-	-	-	-	(339)	-	7,555	-
Rental Income	15,486	15,304	-	-	-	-	-	-	-	-	183	176	-	-	(89)	(58)	15,580	15,422
Donations	512	641	-	-	2,738	2,287	344	482	12	46	-	-	-	-	-	-	3,606	3,456
Other Income	457	2,060	1,474	343	53	49	-	-	-	15	23	15	16	24	(175)	(301)	1,848	2,190
Total Income	35,273	27,656	46,113	39,342	3,471	2,993	402	493	15	46	207	191	4,932	6,245	(1,677)	(1,230)	88,736	75,736
Expenses																		
Employee Benefits Expense	(12,649)	(10,183)	(21,541)	(19,824)	(3,537)	(3,295)	(134)	(107)	-	-	-	-	(3,891)	(5,188)	1,202	701	(40,350)	(37,896)
Occupancy Expense	(5,464)	(5,248)	(1,106)	(1,036)	(165)	(154)	-	-	-	-	(15)	(13)	(186)	(293)	111	72	(6,825)	(6,672)
Depreciation Expense	(824)	(812)	(2,838)	(2,452)	(556)	(549)	-	-	-	-	(7)	(7)	(408)	(560)	-	-	(4,633)	(4,380)
Equipment Expense	(1,280)	(776)	(6,831)	(7,676)	(692)	(703)	-	-	-	-	(79)	(53)	(22)	(41)	210	247	(8,694)	(9,002)
Communication Expense	(643)	(600)	(301)	(286)	(52)	(46)	(31)	(31)	-	-	-	-	(16)	(47)	38	-	(1,005)	(1,010)
Community and Education Program Expense	(116)	(100)	(1,219)	(1,129)	-	-	(334)	(333)	-	-	-	-	-	-	-	-	(1,669)	(1,562)
Insurance Expenses	(5,619)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,619)	-
General Administration Expense	(4,066)	(2,632)	(6,832)	(5,223)	473	234	(11)	(10)	-	-	(52)	(169)	(387)	(619)	148	321	(10,727)	(8,098)
Net Loss on Investment Properties at fair value	(28,513)	(15,000)	-	-	-	-	-	-	-	-	1,070	-	-	-	-	-	(27,443)	(15,000)
National Redress and Abuse Provision Adjustment	(13,511)	(1,313)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,511)	(1,313)
Total Expenses	(72,685)	(36,664)	(40,668)	(37,626)	(4,529)	(4,513)	(510)	(481)	-	-	917	(242)	(4,710)	(6,748)	1,709	1,341	(120,476)	(84,933)
Operating Profit/(Loss) for the year	(37,412)	(9,008)	5,445	1,716	(1,058)	(1,520)	(108)	(12)	15	46	1,124	(51)	222	(503)	32	111	(31,740)	(9,197)
Finance Income on Equity Investments	7,785	7,059	-	-	-	-	-	-	-	-	-	-	-	-	(32)	(111)	7,753	6,948
Net value (loss)/gain on Equity Investments	14,676	(20,346)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,676	(20,346)
Finance Expenses on Borrowings	(927)	(481)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(927)	(481)
Net Finance Income	21,534	(13,768)	-	-	-	-	-	-	-	-	-	-	-	-	(32)	(111)	21,502	(13,879)
Profit/(Loss) for the year	(15,878)	(22,776)	5,445	1,716	(1,058)	(1,520)	(108)	(12)	15	46	1,124	(51)	222	(503)	-	-	(10,238)	(23,076)

* CCES includes the Seminary Fund

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

5 Segment Note Balance Sheet

	CCES		CEO		DPF		Charities		Priest Retirement Foundation		Ecumenical Endeavours		CCEY		Eliminations		Total		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets																			
Cash and Cash Equivalents	24,731	25,170	56,294	55,860	193	148	1,824	1,933	112	97	377	312	2,345	2,395	(61,472)	(61,231)	24,404	24,684	
Due from Other Financial Institutions	85,110	122,160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,110	122,160	
Equity Investments	160,298	134,166	-	-	-	-	-	-	-	-	-	-	-	-	-	-	160,298	134,166	
Investment Properties	168,940	194,030	-	-	-	-	-	-	-	4,150	3,080	-	-	-	-	-	173,090	197,110	
Property, Plant and Equipment	26,477	25,946	24,405	7,404	2,223	2,010	-	-	-	36	42	6,163	6,527	-	-	-	59,304	41,929	
Trade and Other Receivables	20,921	13,220	6,426	5,017	803	691	1	1	-	-	3	664	29	(3,152)	(1,478)	25,663	17,483		
Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	1,300	-	-	-	1,300	-	
Loans and Advances	293,700	217,012	-	-	-	-	-	-	-	-	-	-	-	(5,950)	(10,018)	287,750	206,994		
Total Assets	780,177	731,704	87,125	68,281	3,219	2,849	1,825	1,934	112	97	4,563	3,437	9,172	10,251	(70,574)	(72,727)	815,619	745,826	
Liabilities																			
Deposits	578,445	575,201	-	-	-	-	-	-	-	-	-	-	-	-	(61,472)	(61,232)	516,973	513,969	
Trade and Other Payables	3,514	1,669	5,151	2,419	1,098	1,070	-	-	-	1,076	1,073	191	271	(847)	(907)	10,183	5,595		
Borrowings	30,000	-	15,818	5,395	1,970	570	-	-	-	-	-	-	3,355	4,623	(7,920)	(10,588)	43,223	-	
Insurance Contract Liabilities	17,405	-	-	-	-	-	-	-	-	-	-	-	-	-	(335)	-	17,070	-	
Provisions	18,902	7,046	4,414	4,381	90	90	-	-	-	-	-	-	143	97	-	-	23,549	11,614	
Income in Advance	-	-	650	439	-	-	-	-	-	-	-	-	-	-	-	-	650	439	
Total Liabilities	648,266	583,916	26,033	12,634	3,158	1,730	-	-	-	-	1,076	1,073	3,689	4,991	(70,574)	(72,727)	611,648	531,617	
Net Assets	131,911	147,788	61,092	55,647	61	1,119	1,825	1,934	112	97	3,487	2,364	5,483	5,260	-	-	203,971	214,209	
Equity																			
Retained earnings	125,496	142,314	13,051	7,606	11	1,069	313	421	112	97	2,325	1,576	3,350	3,127	-	-	144,658	156,210	
Reserves	6,415	5,474	48,041	48,041	50	50	1,512	1,513	-	-	-	-	2,133	2,133	-	-	58,151	57,211	
Non-controlling Interest	-	-	-	-	-	-	-	-	-	-	1,162	788	-	-	-	-	1,162	788	
Total Equity	131,911	147,788	61,092	55,647	61	1,119	1,825	1,934	112	97	3,487	2,364	5,483	5,260	-	-	203,971	214,209	

* CCES includes the Seminary Fund

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

6 Profit for the Year

	2023	2022
	\$	\$
Includes the following items of income and expense:		
Profit/(Loss) on disposal of property, plant and equipment	<u>844,530</u>	<u>488,579</u>

7 Remuneration of Auditors

	2023	2022
	\$	\$
Audit Services performed by KPMG	207,500	198,050
Other Non-Audit Services performed by KPMG	-	479,230
Audit Services for Controlled entities performed by Other Auditors	1,500	1,000
	<u>839,061</u>	<u>678,280</u>

8 Net Interest Income

The following is the average rate for each major category of interest earning assets and interest bearing liabilities

	2023	2022
	\$	\$
<i>Interest Earning Assets</i>		
Interest Income from cash and cash equivalents, cash management funds and term investments	7,083,778	3,008,161
<i>Average Earning rate from cash and cash equivalents, cash management funds and term investments</i>	4.16%	1.78%
Interest Income from loans and advances	7,546,118	4,747,948
<i>Average Earning rate from loans and advances</i>	3.05%	2.62%
<i>Interest Bearing Liabilities</i>		
Interest Paid on deposits	(7,059,304)	(1,101,243)
<i>Average Interest rate paid on deposits</i>	1.37%	0.22%
Net Income	<u>7,570,592</u>	<u>6,654,866</u>
Net Interest Margin	2.13%	1.99%

9 Other Income

	2023	2022
	\$	\$
Sundry Income	1,848,259	2,190,613
Profit on sale of fixed assets	844,530	488,579
Total Other Income	<u>2,692,789</u>	<u>2,679,192</u>

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

10 Due from Other Financial Institutions

	2023	2022
	\$	\$
Term Investment with Other Financial Institutions	85,110,385	122,160,320
Total Term Investment with Other Financial Institutions	85,110,385	122,160,320

11 Equity Investments

	2023	2022
	\$	\$
Overseas Equities at fair value	37,350,644	29,852,301
Listed Shares at fair value	59,121,477	46,878,591
Unlisted Shares at fair value	191,489	202,906
Units in Trusts at fair value	63,634,482	57,232,065
Total Equity Investments	160,298,092	134,165,863

12 Investment Properties

	2023	2022
	\$	\$
Balance at beginning of year	197,110,000	211,110,000
Additions for the year	3,422,538	1,000,000
Net gain/(loss) from fair value adjustment	(27,442,538)	(15,000,000)
Balance at end of the year	173,090,000	197,110,000

Investment properties are measured at fair value based upon an independent valuation performed by Knight Frank (250 Victoria Square, Adelaide) in December 2023 and McGees (49 Wakefield Street, Adelaide) during November 2023. The valuations, which conform to Australian Valuation Standards, were determined by reference to discounted cash flows. The models include assumptions about the future prices of properties and expectations about future interest rates. Management have performed an assessment and do not believe the value at 31 December 2023 differs materially from these valuations. The additions include various capital expenditure incurred during the year to maintain the Investment properties.

The investment property held by the controlled entity Ecumenical Endeavours Pty Ltd is measured at fair value based upon an independent valuation by McGees Property in November 2023. Management have performed an assessment and believe the valuation as at 31 December 2023 does not differ materially to this valuation.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

13 Property, Plant and Equipment

31 December 2023	Land and buildings	Right of use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Carrying amount at the beginning of the period	30,580,894	451,012	850,864	6,416,863	3,461,012	168,640	41,929,285
Depreciation expense	(606,360)	(248,634)	(135,704)	(2,565,525)	(1,076,954)	-	(4,633,177)
Disposals		-		(17,113)	(832,930)		(850,043)
Additions	18,035,657	75,420	181,090	1,360,446	3,093,525	118,167	22,864,305
Transfers						(5,930)	(5,930)
Carrying amount at the end of the period	48,010,191	277,798	896,250	5,194,671	4,644,653	280,877	59,304,440

31 December 2022	Land and buildings	Right of use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Carrying amount at the beginning of the period	32,427,397	664,811	264,157	5,481,606	3,224,362	2,717,056	44,779,389
Depreciation expense	(653,462)	(225,506)	(105,867)	(2,439,608)	(956,002)	-	(4,380,445)
Disposals	(1,300,617)	-	-	(6,816)	(482,598)	-	(1,790,031)
Additions	107,576	-	708,146	3,366,109	1,675,250	2,272,584	8,129,665
Transfers		11,707	(15,572)	15,572	-	(4,821,000)	(4,809,293)
Carrying amount at the end of the period	30,580,894	451,012	850,864	6,416,863	3,461,012	168,640	41,929,285

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

14 Trade and Other Receivables

	2023	2022
	\$	\$
Trade and Other Receivables		
Trade Receivables	4,322,236	816,600
Allowance for Doubtful Debts	(10,685)	(52,084)
	<u>4,311,551</u>	<u>764,516</u>
Other Receivables	4,825,453	2,671,607
Operating Lease Receivable	12,891,140	10,166,928
Long Service Leave Receivable	2,324,968	2,248,367
Amounts Receivable from SA Commission for Catholic Schools Inc.	-	641,248
Accrued Interest Receivable	1,309,523	990,275
	<u>1,309,523</u>	<u>990,275</u>
Total Trade and Other Receivables	<u>25,662,635</u>	<u>17,482,941</u>

15 Assets Held for Sale

	2023	2022
	\$	\$
Property, Plant & Equipment	-	1,300,000
Total Assets Held for Sale	<u>-</u>	<u>1,300,000</u>

Operations at the Early Learning Centre at Parafield Gardens have ceased with all items of property, plant and equipment sold to the Holy Family Catholic School. This agreement was dated 1 January 2023 with an agreed value of \$1.3M being payable in two instalments in 2023 and 2024, resulting in a \$7,000 loss on the written-down value of assets to fair value less costs to sell. The remaining instalment for sale of this asset due in 2024 is included in other receivables.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

16 Loans and Advances

	2023	2022
	\$	\$
Loans and Advances	<u>287,749,796</u>	<u>206,994,062</u>
<i>By concentration of risk</i>		
Parishes & Trusts	6,218,231	5,537,378
Diocesan Schools	268,331,400	184,897,150
Religious Order Schools	8,448,140	11,446,223
Other Catholic Organisations	<u>4,752,025</u>	<u>5,113,311</u>
Total Loans and Advances	<u>287,749,796</u>	<u>206,994,062</u>
<i>By maturity</i>		
Within 12 months	720,176	302,800
1-5 years	9,209,465	5,957,820
Over 5 years	<u>277,820,155</u>	<u>200,733,442</u>
Total Loans and Advances	<u>287,749,796</u>	<u>206,994,062</u>

The Provision for Expected Credit Loss on Loans is Nil (2022: Nil)

17 Deposits

	2023	2022
	\$	\$
Deposits at amortised cost	<u>516,973,296</u>	<u>513,968,824</u>
<i>Concentration of Deposits</i>		
Parishes	54,433,756	52,160,472
Diocesan Schools	278,452,216	241,824,041
Religious Order Schools	20,491,062	34,195,180
Other Catholic Organisations	147,113,078	167,983,578
Funeral Trusts	<u>16,483,184</u>	<u>17,805,553</u>
Total Deposits	<u>516,973,296</u>	<u>513,968,824</u>
<i>By maturity</i>		
On call	506,659,039	487,017,824
Up to 3 months	-	2,211,000
3-6 months	10,314,257	20,350,000
Over 6 months	<u>-</u>	<u>4,390,000</u>
Total Deposits	<u>516,973,296</u>	<u>513,968,824</u>

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

18 Trade and Other Payables

	2023	2022
	\$	\$
Trade and Other Payables		
Trade Payables	2,904,774	2,660,395
Other Payables	4,564,390	2,379,972
Amounts Payable to SA Commission for Catholic Schools Inc.	2,354,665	-
Accrued Interest Payable	30,400	24,805
Lease Liability Current	297,376	257,339
Lease Liability Non-Current	31,090	272,983
Total Trade and Other Payables	10,182,695	5,595,494

19 Borrowings

	2023	2022
	\$	\$
Secured		
Bank Loan (ANZ) at amortised cost (i)	30,000,000	-
Interest Free loan (Treasurer of SA) at amortised cost (ii)	13,223,085	-
Total Borrowings	43,223,085	-

Summary of borrowing arrangements

- i) Secured by a mortgage over the Association's investment property located at 250 Victoria Square with a carrying value of \$164,000,000 with the bank facility maturing in 2025. This facility can be drawn/repaid at any time up to a limit of \$80 million.
- ii) Secured by a mortgage over the Association's property located at 27 Valetta Road, Kidman Park with a carrying value of \$15,840,000. This is due for repayment via four equal annual instalments with final instalment due in March 2027.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

20 Insurance Contract Liabilities

	2023	2022
	\$	\$
Insurance contract liabilities		
Liabilities for remaining coverage	15,011,344	-
Liabilities for incurred claims	2,059,000	-
Total Insurance contract liabilities	17,070,344	-

During 2023, the Association negotiated a new Deed for Self-Insurance with Catholic Church Insurance Ltd (CCI) and Return to Work South Australia (RTWSA), appointing itself as the manager for Self-Insurance arrangements, excluding CCI from the agreement.

Effective, July 4, 2023, the Association assumed the role of self-insurance manager for the Adelaide Catholic Archdiocese registration with RTWSA encompassing 185 Catholic Entities. Consequently, all workers' compensation claims liabilities within the registered group were transferred to the Association as of that date.

Simultaneously, the Association engaged in negotiations with CCI to assume responsibility for pre-1 July 2023 worker's compensation claims liabilities. The agreed consideration amounted to \$10,168,000 and was determined through an independent actuarial assessment of liabilities including evaluations of risk margin and claims administration costs as of 30 June 2023.

AASB 17 facilitates a streamlined assessment of liabilities across contract groups. Management has categorized contracts into two groups: those predating 30 June 2023, and those post-dating 1 July 2023. Pre-30 June 2023 contracts are measured following the General Measurement Model (GMM) while post 1 July 2023 contracts use the Premium Allocation Approach (PAA) due to their short-term nature, expiring within 12 months.

An Independent Actuarial Valuation, mandated by RTWSA, integrates historical data analysis with future cashflow forecasts for known and unknown claims. It incorporates risk margins aligned with APRA-regulated standards, which have been determined the most appropriate risk margin for the Association. Projections include a 2.9% annual inflation rate for future claims and apply a 4% per annum discount rate.

Administrative expenses for claims handling are estimated at 10% of future cash flows.

Contracts post 1 July 2023

Contracts issued post 1 July 2023 are valued using the Premium Allocation Approach in AASB 17. This method allocates insurance revenue on a straight-line basis to the profit and loss, including in Insurance revenue the contributions received for the period 1 July 2023 – 31 December 2023. The liability for remaining coverage includes contributions for the period 1 January 2024 – 30 June 2024, received prior to 31 December 2023. An independent actuarial valuation for these contracts, factoring in inflation, risk, and discounting is included in the liability for incurred claims as at 31 December 2023.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

Contracts prior to 30 June 2023

The General Measurement Method requires the measurement of insurance contracts at the date of issue including the following:

- present value of future cashflows
- claims handling expenditure
- risk margin
- contract services margin (CSM).

Contract service margin and contract revenue are assigned to income based on coverage units determined by quantity of benefits provided and expected coverage period. At year-end the liability for remaining coverage is assessed by independent actuarial review, as required by RTWSA, with any changes in liabilities for remaining coverage and contract service margins being reflected in income and expenditure.

The Association utilised the independent actuarial valuation obtained at year-end to establish coverage units, risk margin, discount rates and closing balances of insurance contract liabilities. A discount rate of 4% was applied to calculate liabilities at the issuance date aligning with the rate from the independent actuarial valuation as at 31 December 2023. It was concluded that no material changes in discount rates occurred between 1 July 2023 and 31 December 2023.

Revenue recognition in income and expenditure is tied to coverage units, calculated with regard to the anticipated cashflows outlined in the independent actuarial report as at 31 December 2023. Consequently, \$1,717,753 of the proceeds received from CCI for pre-30 June 2023 contracts is allocated to revenue.

Comparison of the liability for remaining coverage with the independent actuarial assessment at 31 December 2023 resulted in these contracts becoming onerous at 31 December 2023, due to the inclusion of higher risk margins than was assumed at the date of transfer of liability. The income and expenditure statement now includes the full CSM and liability adjustments, in line with the independent actuarial valuation.

The below table summarises the liability for remaining coverage for contracts prior to 30 June 2023 at date of issue and balance date.

Liability for remaining coverage	30 June 2023	31 December 2023
PV expected claims costs	8,690,400	7,125,000
PV claims handling expenses	1,046,520	713,000
Risk Margin	328,440	1,332,000
Contract Service Margin	306,000	-
	<u>10,371,360</u>	<u>9,170,000</u>

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

Totals for all Insurance contracts for the year

	Contracts Pre 30 June 2023	Contract Post 1 July 2023	Total
Insurance Revenue	1,717,753	5,837,833	7,555,586
Insurance Expenses			
Insurance service expenses	516,393	2,059,000	2,575,393
Insurance finance expenses	203,360	-	203,360
Excess of Loss insurance	-	-	303,791
Claims Direct costs	-	-	1,482,353
RTWSA Fees	-	-	263,491
Claims Management Consultant	-	-	791,100
	<u>719,753</u>	<u>2,059,000</u>	<u>5,619,488</u>
Insurance contract liabilities			
Liability for remaining coverage	9,170,000	5,841,345	15,011,345
Liability for incurred Claims	-	2,059,000	2,059,000
	<u>9,170,000</u>	<u>7,900,345</u>	<u>17,070,345</u>

The Association provided RTWSA with a \$15,000,000 bank guarantee as required under the Return to Work Act 2014 pursuant to clause 8 of Schedule 3 of the Return to Work Regulations 2015 of South Australia and as agreed with RTWSA at the commencement of the Association's management of the self-insurance registration.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

21 Provisions

	2023	2022
	\$	\$
National Redress and Abuse Provision	16,243,000	4,888,000
Employee Benefits		
Current	6,661,269	6,135,675
Non-Current	645,122	590,043
Total Employee Benefits	7,306,391	6,725,718
Total Provisions	23,549,391	11,613,718

The Royal Commission into Institutional Responses to Child Sexual Abuse issued its final report, which included the Catholic Church, in December 2017. As part of the Australian Government’s response to the Royal Commission, a National Redress Scheme for Institutional Child Sexual Abuse, has been established. The Catholic Church in Australia has joined this Scheme through Australian Catholic Redress Limited (ACRL). Management have determined it is probable the Association, as a participant entity of ACRL, will have obligations arising from participating in this Scheme. The provision has been estimated based on historical claims, expected claims and settlements. The maximum claims under the ACRL is \$150,000 for financial compensation and \$5,000 for counselling fees. Management have calculated an estimate of the future liability for the Association that may arise from being a participant entity.

The key assumptions that have the most significant effect on the provision recognised in the financial statements include:

- The number of claims per year;
- The average amount of each claim; and
- The probability of successful claims.

The Association has obtained an Independent Actuarial Review of management’s estimate of the future liability for the Association under the ACRL as at 31 December 2023, using data provided by the Association and with reference to key assumptions included above and activity under ACRL during 2023. The key assumptions have been reassessed during 2023 due to increased number of claims received during 2023 for both the organisation and for the national scheme. The average amount of each claim settled has also increased across the scheme during 2023. This has resulted in a significant increase to the provision which reflects the estimated value of the liability at 31 December 2023 as assessed by the Independent Actuary. Management believe this to be the most accurate assessment of the future liability for the Association.

Actual results may differ from these assumptions.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

22 Retained Earnings

	2023	2022
	\$	\$
Balance at the beginning of the financial year	156,210,799	181,390,880
Profit/(loss) for the year	(10,237,848)	(23,075,874)
Profit attributable to Non-controlling Interests	(374,530)	17,058
Transfer (to) / from reserves	(940,389)	(2,121,265)
Balance at end of financial year	144,658,032	156,210,799

23 Reserves

	2023	2022
	\$	\$
Government Funding	1,492,312	1,492,312
General	4,972,712	4,031,898
Catholic Charities	1,512,197	1,512,622
Transactions with Owner's Reserve	50,174,011	50,174,011
Total Reserves	58,151,232	57,210,843

Government Funding Reserve

The government funding reserve is equivalent to the value of capital grants contributed by the government for building projects on land owned by the Association and for equipment used, which has been transferred from retained earnings.

General Reserve

The general reserve is equivalent to the value of gifted and trust reserves for special allocations at the discretion of the Archbishop, towards assisting the pastoral objectives of the organisation, which has been transferred from retained earnings.

Catholic Charities Reserve

The catholic charities reserve is equivalent to the value of bequest amounts left to the Archdiocese of Adelaide for charity purposes, which has been transferred from retained earnings.

Transaction with Owner's Reserve

The transaction with owner's reserve is funds contributed from Catholic Church organisations within the Archdiocese of Adelaide considered transactions with owners in their capacity as owners. These funds are to be used for schools.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

24 Non-controlling Interest

	2023	2022
	\$	\$
Non-controlling Interest	1,162,226	787,696
Total Non-controlling Interest in Controlled Entities	1,162,226	787,696

The Association's equity interest in Ecumenical Endeavours Pty Ltd is 67% (2022: 67%). The Association has determined it exercises control over Ecumenical Endeavours Pty Ltd and accordingly has recognised this entity in the Consolidated Group. The following table summarises the information relating to the Non-controlling interest in this subsidiary.

	2023	2022
	\$	\$
NCI percentage (%)	33%	33%
Current Assets	391,777	328,653
Non-current Assets	4,185,511	3,122,384
Current Liabilities	(18,041)	(15,379)
Non-current Liabilities	(1,072,568)	(1,072,568)
Net Assets	<u>3,486,679</u>	<u>2,363,090</u>
Net assets attributable to NCI	1,162,226	787,696
Revenue	1,277,047	191,170
Profit / (Loss)	<u>1,123,589</u>	<u>(51,173)</u>
Profit / (Loss) allocated to NCI	374,530	(17,058)

25 Restricted use of cash balances

	2023	2022
	\$	\$
Included in cash and cash equivalents are the following amounts that are restricted:		
Catholic charities legacy funds donated by bequests	1,793,034	1,887,143
Deductible gift recipient funds for Catholic Diocesan Charities Appeal	31,644	45,803
Seminary Legacy Funds donated by bequests	326,113	475,113
Priest Retirement Foundation funds donated for benefit of retired Priests	111,925	97,035

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

26 Commitments for expenditure

As at 31 December 2023 the Association has no commitments for expenditure.

27 Contingencies

(a) State Government Housing Agreement

The Association has the following housing agreements with the State Government in relation to grants that specifically funded building projects on land owned by the Association.

- (1) The Association has an agreement with the Minister of Housing in relation to the capital grants contribution to the building renovations of the Hutt Street Care Centre managed by the Daughters of Charity on land registered to the Association. Under the terms of the agreement, the grant has been made on the basis that the Association continues to run the facility in accordance with its permitted use and for the term of 20 years (to the year 2024). The grant (\$907,394) will be repayable to the Minister during this time if the above condition is not met by the Association during the term.
- (2) The Association has an agreement with South Australian Community Housing Authority in relation to the capital grants contribution to the construction of Residential Units for the Ain Karim housing project on land at Fitzgerald Avenue, Enfield registered to the Association. Under the terms of the agreement if the Association ceases using the property for the purpose of community housing it will have a liability to repay the grant (\$584,917) on a proportionate basis.

(b) Employee Benefit Contingency

The Association engages a number of employees under contracts which include a Right of School Return Clause which requires the Association to provide a position in a school on completion of the contract with the Association. Should no such position be available a liability may arise to the Association. This contingency is estimated at \$7,211,825 based on existing contracts at the end of the period. This is not included as a liability to the Association as at balance date as it is expected school positions would exist for these employees.

(c) National Redress Contingency

The Association has agreed to participate in the Catholic entity, Australian Catholic Redress Ltd (ACRL), established to administer the Catholic Church's involvement with the National Redress Scheme. The entity provides for cross financial guarantees amongst participants (legislative requirement), with the advantage of a statutory release across participants within the group. Any cross-indemnity required as members of the ACRL would be limited to 5.5% of any unmet liability.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

28 Cash flow reconciliation

	2023	2022
	\$	\$
Profit/(loss) for the year	(10,237,848)	(23,075,874)
Add/(Less) Non-Cash Items and Cash from Investing or Financing Activities:		
Depreciation Expense	4,633,177	4,380,445
(Gain) on Sale of Fixed Assets	(844,530)	(488,579)
(Gain)/loss on Equity Investments	(14,675,507)	20,346,155
Finance Income	(7,753,772)	(6,948,437)
Rental Income	(15,579,559)	(15,421,614)
Finance Expenses on Borrowings	927,479	480,513
Interest paid on Borrowings related Investments	15,834	484,265
Loss/(gain) on Investment Properties	27,442,538	15,000,000
	(5,834,340)	17,832,748
Movements in Assets and Liabilities:		
(Increase) in Trade and Other Receivables	(4,155,482)	(2,047,801)
(Increase) in Loans and Advances	(80,755,734)	(51,425,866)
Decrease/(increase) in amounts due from Other Financial Institutions	37,049,935	(21,223,857)
Increase in Trade and Other Payables	4,587,201	209,797
Increase in Insurance contract liabilities	17,070,344	-
Increase in Provisions	11,935,673	434,808
Increase in Deposits	3,004,472	44,732,214
Increase in Income in Advance	209,973	439,203
	(11,053,618)	(28,881,502)
Net Cash Flows from Operating Activities	(27,125,806)	(34,124,628)

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

29 Fair value of financial instruments

(a) Fair values

The aggregate fair value of financial assets and financial liabilities, both recognised and unrecognised at the reporting date of the Association, are as follows:

	Total carrying amount as per Statement of Financial Position		Aggregate net fair value		Fair value hierarchy
	2023	2022	2023	2022	
	\$	\$	\$	\$	
Financial Assets					
Trade and Other Receivables	25,662,635	17,482,941	25,662,635	17,482,941	Level 3
Due from Other Financial Institutions	85,110,385	122,160,320	84,786,649	121,572,547	Level 1 & 2
Equity Investments	160,298,092	134,165,863	160,298,092	134,165,863	Level 1,2 & 3
Loans and Advances	287,749,796	206,994,062	287,749,796	206,994,062	Level 3
Total	558,820,908	480,803,186	558,497,172	480,215,413	
Financial Liabilities					
Deposits	516,973,296	513,968,824	516,973,296	513,968,824	Level 3
Insurance Contract Liabilities	17,070,344	-	17,070,344	-	Level 3
Trade and Other Payables	10,182,695	5,595,494	10,182,695	5,595,494	Level 3
Borrowings	43,223,085	-	43,223,085	-	Level 3
Total	587,449,420	519,564,318	587,449,420	519,564,318	

Fair value hierarchy levels have not been disclosed for some financial instruments such as cash and cash equivalents, trade receivables, trade receivables and trade and other payables, because their carrying amounts are a reasonable approximation of fair values.

The following methods and assumptions were used to determine the fair values of financial assets and liabilities:

Due from Other Financial Institutions:

These financial assets represent the Association's liquidity portfolio and are comprised of floating-rate note (FRN) investments and term deposits held with Australian Domiciled Australian Deposit-taking Institutions. Where the FRN investments have a residual maturity of greater than twelve months, the fair value of those investments have been reported at their current market values. The fair values of all other investments are reported at their carrying values, as these investments mature in less than 12 months and the rate of returns is the same as the current market rates for term deposits having substantially the same terms and conditions. Therefore, the carrying amount of these investments is a reasonable estimate of fair value.

Equity Investments:

The fair value of income securities and listed shares are determined with reference to the quoted market prices. The fair value of unlisted shares is determined with reference to the respective entity's net assets.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

Loans and Advances:

The Association is the main provider of loans and advances to non-laiety entities of the Catholic Archdiocese of Adelaide. The lending terms are set by the Association with regard to other Diocese rates, commercial market rates and the cost of funds to the Association. There is no external market for loans to Diocesan entities with the Association able to set the price on both Loans and Deposits. The carrying value is measured as the net realisable value of Loans and Advances and represents their fair value.

Deposits:

The Association is the only holder of Deposits for non-laiety entities of the Catholic Archdiocese of Adelaide. There is no external market for Deposits with the Association able to set the interest rate at its discretion. The fair value is therefore set at the carrying value of all Deposits.

Borrowings:

The fair value of borrowings is equal to the carrying value due to the short term nature of each drawdown on the facility being 30 days at variable interest rates.

(b) Fair value hierarchy

The table below analyses the Associations financial instruments carried at fair value.

Different levels have been identified as follows:

- Level 1: Quoted Prices in active markets for identical assets and liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets and liabilities either directly (i.e.: as prices) or indirectly (i.e.: derived from prices)
- Level 3: Inputs for assets and liabilities that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
2023				
Equity Investments				
Listed	55,467,395	3,654,082	-	59,121,477
Unlisted	-	-	191,489	191,489
Overseas Equities	36,555,556	795,088	-	37,350,644
Units in Unit Trusts	5,547,048	58,087,434	-	63,634,482
	97,569,999	62,536,604	191,489	160,298,092
2022				
Equity Investments				
Listed	46,878,591	-	-	46,878,591
Unlisted	-	-	202,906	202,906
Overseas Equities	29,852,301	-	-	29,852,301
Units in Unit Trusts	57,232,065	-	-	57,232,065
	133,962,957	-	202,906	134,165,863

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

30 Leasing arrangements

Operating leases relate to the investment properties owned by the Association with lease terms of between 5 to 15 years, with an option to extend for a further 5 to 10 years. All operating lease agreements contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The income earned by the Association from its investment properties is shown as investment income and the direct operating expenses arising on the investment properties are included as occupancy expenses in the Statement of Profit or Loss and Other Comprehensive Income.

31 Related Party Disclosures

The Association is a religious structure which is governed by Canon Law and Civil Law as Catholic Church Endowment Society Inc. The Archbishop is the sole member of the Association. Control of government funded agencies of the Archdiocese, for example Centacare and Catholic Schools, is as directed by relevant government bodies, including the Education and Welfare departments of both State and Federal Government. These agencies are therefore not included in the Consolidated Financial Statements of the Association as control over their activities is governed by the funding source.

Canonically, Catholic Parishes of the Diocese are autonomous from the Archdiocese, whilst civilly all assets are owned by the Association as the legal entity. These assets are not recorded within the Consolidated Financial Statements of the Association it has no control over these assets under Canon Law.

Whilst there is no control evident over Catholic Parishes or Schools operating in the Archdiocese, or over the agency Centacare, these are related due to the nature of the religious group. Transactions between these related parties include the following:

- Treasury Functions
- Motor Vehicle Supply
- ICT Services
- Payroll Services
- Property Services
- Parish collections for support of Priests and Archdiocesan operations.

All transactions with related parties are on an arm's length basis.

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

(a) Key Management Personnel

The following roles within the Association have authority and responsibility for planning, directing and controlling the activities of the Association during the year.

- Archbishop of Adelaide
- Diocesan Financial Administrator
- Vicar General
- Director of Catholic Education

Transactions with key management personnel are limited to remuneration under employment contracts.

	2023	2022
	\$	\$
Compensation to Key Management Personnel of the Association	1,081,327	1,009,652

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

(b) Controlled Entities

The Association entered into transactions with its Controlled Entities. These transactions are carried out under normal commercial terms and are eliminated on consolidation in the financial reports. The following table provides the total amount of transactions that were entered into with controlled entities for the year.

	Amounts included in the accounts of the Association		Amounts included in the accounts of the Association		Deposits held by the Association		Loans made by the Association	
	2023	2022	2023	2022	2023	2022	2023	2022
Income / (Expense)	\$	\$	Payable / (Receivable)	\$	\$	\$	\$	\$
Catholic Education Office	1,519,207	947,547	137,099	151,396	56,293,836	55,860,154	2,594,900	5,394,600
Diocesan Presbytery Fund	(25,924)	(5,637)	-	-	188,856	148,337	-	-
Catholic Diocesan Charities Appeal	(57,873)	(11,313)	-	-	1,829,418	1,932,946	-	-
Seminary Fund	105,000	149,000	105,000	149,000	326,113	475,113	-	-
Ecumenical Endeavours Pty Ltd	30,912	(201)	-	-	376,981	311,406	-	-
Priest Retirement Foundation	(3,257)	(425)	-	-	111,925	97,035	-	-
Catholic Church Early Years Inc	260,198	203,389	-	-	2,344,778	2,395,451	3,354,848	4,623,244
Total	1,828,263	1,282,360	242,099	300,396	61,471,907	61,220,442	5,949,748	10,017,844

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

(c) Other Related Parties

The Association entered into transactions with other non-controlled related parties, including Catholic Parishes and Catholic Schools. These transactions are carried out under normal commercial terms. The following table provides the total amount of transactions that were entered into with non-controlled related parties for the year.

	Amounts included in the accounts of the Association			Amounts included in the accounts of the Association			Distribution (to) / from schools			Deposits held by the Association			Loans made by the Association		
	2023	2022	2023	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	Payable / (Receivable)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Catholic Parishes	2,076,781	2,851,349	6,520	123,437	-	-	54,433,756	52,160,472	1,766,023	872,881					
Centacare	(96,084)	140,956	785,700	(125,196)	-	-	14,298,517	12,718,603	-	-					
Catholic Schools	19,649,809	17,505,460	1,730,337	296,122	-	-	298,943,278	276,019,221	276,779,540	196,343,373					
Other related Catholic organisations	26,379,906	22,868,609	-	-	-	-	120,374,317	89,744,964	4,747,375	5,105,158					
Total	48,010,412	43,366,374	2,522,557	294,363	-	-	488,049,868	430,643,260	283,292,938	202,321,412					

Catholic Church Endowment Society
Notes to and forming part of the Consolidated Financial Statements
For the year ended 31 December 2023

32 Consolidated Entities

The entities currently controlled by the Association and included in the consolidated financial statements are:

- The Catholic Education Office (*registered charity with ACNC*)
- The Diocesan Presbytery Fund
- The Catholic Diocesan Charities Appeal (*Deductible Gift Recipient registered with ACNC*)
- The Seminary Fund
- Ecumenical Endeavours Pty Ltd (*registered charity with ACNC*)
- Priest Retirement Foundation (*registered charity with ACNC*)
- Catholic Church Early Years Inc. (*registered charity with ACNC*)

33 Subsequent Events

Subsequent to balance date, there have been no events which would have a material effect on the Consolidated Entity and the Association's financial statements as at 31 December 2023 or in future years.