

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

FINANCIAL STATEMENTS

31 DECEMBER 2019

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**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

STATEMENT BY THE FINANCE AND ADMINISTRATION BOARD

The Finance and Administration Board has determined that The Presbyterian Church of Queensland Capital Fund ("the Fund") is not a reporting entity. The Finance and Administration Board has determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Finance and Administration Board:

1. The accompanying statement of income and expenditure is drawn up to give a true and fair view of the surplus of the Capital Fund for the year ended 31 December 2019.
2. The accompanying balance sheet is drawn up to give a true and fair view of the state of affairs of the Capital Fund as at 31 December 2019.
3. At the date of this statement, there are reasonable grounds to believe that the Capital Fund will be able to pay its debts as and when they fall due.
4. The accompanying Statement of Cash Flows is drawn up to give a true and fair view of cash flows for the year ended 31 December 2019.

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



Ian Andersen
CHAIRMAN



Paul Cotton
VICE CHAIRMAN

Signed at Brisbane on this 16th day of July 2020

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
INCOME			
Interest Received:			
Loans		500,635	508,349
Bank		15,491	430
Cash on Deposit		66,743	78,360
RBS Morgans*		3,697	-
Dividends		398,877	323,089
Profit on Sale of Shares		103,310	85,763
		<hr/>	<hr/>
		1,088,753	995,991
LESS EXPENDITURE			
Interest Paid		870,789	713,758
Bank Charges: General		106	291
Bank Charges: RBS Morgans*		33,925	-
Movement in the provision for the decline in market value of investments		-	254,084
		<hr/>	<hr/>
		904,820	968,133
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		183,933	27,858
		<hr/>	<hr/>

*Note – account split out in 2019 for clarity in reporting.

The above Statement of Income and Expenditure should be read in conjunction with the notes thereto.

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

**BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
ACCUMULATED FUNDS			
Capital Account	2	1,910,863	1,726,930
WR Black Grant for Interest Free Loans		10,000	10,000
		<u>1,920,863</u>	<u>1,736,930</u>
- Represented by -			
CURRENT ASSETS			
Cash at Bank	5 (a)	82,560	71,991
Cash on Deposit	5 (a)	4,280,467	3,594,130
Accounts Receivable		384,551	74,450
Investments	3	3,172,777	2,016,834
Loan Accounts	4	805,970	995,533
		<u>8,726,325</u>	<u>6,752,938</u>
CURRENT LIABILITIES			
Accounts Payable & Accruals		497	496
Deposits at Call - Interest Bearing		26,018,055	17,683,258
- Interest Free		16,383	16,383
Transfer between Accounts			
- PCQ RBS Morgans		5,437,072	-
- CAP & PCQ		(4,545,009)	-
		<u>26,926,998</u>	<u>17,700,137</u>
WORKING CAPITAL		<u>(18,200,673)</u>	<u>(10,947,199)</u>
NON-CURRENT ASSETS			
Investments	3	8,911,801	4,051,922
Loan Accounts	4	11,209,735	8,632,207
		<u>20,121,536</u>	<u>12,684,129</u>
		<u>1,920,863</u>	<u>1,736,930</u>

The above Balance Sheet should be read in conjunction with the notes thereto.

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:	\$	\$
Interest Received	365,766	546,480
Interest Paid	(870,789)	(713,757)
Dividend Received	398,877	323,089
GST Received/ (Paid)	640	765
Other Receipts/ (Payments)	69,278	(171,436)
Net Cash inflow from Operating activities	5 (b) <u>(36,228)</u>	<u>(14,859)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans (advanced)/repaid	162,035	(2,211,591)
Debentures/shares purchased	(6,097,129)	(186,902)
Net Cash outflow from Investing activities	<u>(5,935,094)</u>	<u>(2,398,493)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Deposits Received	7,906,960	2,901,914
Net Cash inflow from Financing activities	<u>7,906,960</u>	<u>2,901,914</u>
Net increase/(decrease) in cash held	615,599	488,562
Cash at the beginning of the financial year	4,352,267	3,863,705
Cash at the end of the financial year	5 (a) <u>4,967,866</u>	<u>4,352,267</u>

The above Statement of Cash Flows should be read in conjunction with the notes thereto.

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATEMENT OF ACCOUNTING POLICIES

This special purpose financial report of The Presbyterian Church of Queensland Capital Fund ("the Fund") has been prepared for distribution to the Finance and Administration Board to fulfil the Finance and Administration Board's financial reporting requirements under the rules of The Presbyterian Church of Queensland. The accounting policies used in the preparation of this report, as described below, are consistent with the financial reporting requirements under The Presbyterian Church of Queensland and with previous years, and are appropriate to meet the needs of the Finance and Administration Board.

The requirements of Australian Accounting Standards and other professional reporting requirements (including the Australian Accounting Interpretations) do not have mandatory applicability to The Presbyterian Church of Queensland Capital Fund because it is not a 'reporting entity'. The Finance and Administration Board has, however, prepared the financial report in accordance with the Australian Accounting Standards listed below. No other Australian Accounting Standards or other professional reporting requirements have been applied.

AASB 110:	Events after the Balance Sheet Date
AASB 107:	Cash Flow Statements

This Report was authorised for issue by the Finance and Administration Board on the 16th Day of July 2020.

The statements are prepared on an accrual basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these statements:

Income Recognition

Interest earned on investments but not yet receivable has been recognised as at balance date. The accrued interest payable on deposits and accrued interest receivable on loans has been recognised as at balance date.

Cash Policy

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Going Concern

The Finance and Administration Board notes that the Balance Sheet shows a negative Working Capital figure of \$18,200,673 (2018: \$10,947,199). The reason for this is that, in accordance with Australian Accounting Standards, Deposits at Call have to be shown as Current Liabilities. The Board is confident that the Fund is able to continue as a going concern because the Fund has had a Working Capital deficiency for over 20 years. History has proven that only a small portion of the liability is called on each year. Although the COVID-19 pandemic as per the Subsequent Events note in the financials could increase the amount of deposits at call, it is highly unlikely that the total liability will be required to be extinguished within the next 12 months

Impact of AASB 1058 adoption

AASB 1058 was adopted using the modified retrospective approach and as such comparatives have not been restated. The adoption of AASB 1058 had no material impact on the financial statements.

Impact of AASB16 adoption

No operating leases are held, therefore no impact due to these new lease standards.

2. MOVEMENTS ON CAPITAL ACCOUNT FOR THE YEAR

	2019	2018
	\$	\$
Balance - 1 January	1,726,930	1,699,072
Surplus for the Year	183,933	27,858
Balance - 31 December	<u>1,910,863</u>	<u>1,726,930</u>

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. INVESTMENTS

	2019		2018			
	Carrying Value	Revaluation Movement	Closing Balance	Carrying Value	Revaluation Movement	Closing Balance
Current						
Cash Management Account	604,839	-	604,836	686,146	-	686,146
Management Investments						
Total Global Equities (Market Value - \$2,223,008; 2018 - \$1,155,506)	1,425,306	-	1,425,306	810,478	-	810,478
Total Australian Property (Market Value - \$1,611,705; 2018 - \$499,880)	1,115,830	-	1,115,830	549,658	(49,778)	499,880
Global Property (Market Value - \$21,261 2018 \$20,330)	26,802	-	26,802	26,802	(6,472)	20,330
Total Current Investments	3,172,777	-	3,172,777	2,073,084	(56,250)	2,016,834
Non-Current						
Australian Equities (Market Value- \$10,185,743, 2018- \$4,051,921)	8,911,801	-	8,911,801	4,249,756	(197,834)	4,051,922
Total Non-Current Investments	8,911,801	-	8,911,801	4,249,756	(197,834)	4,051,922
Total Investments	12,084,578	-	12,084,578	6,322,840	(254,084)	6,068,756

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. LOAN ACCOUNTS

	2019			2018		
	Current \$	Non Current \$	Total \$	Current \$	Non Current \$	Total \$
<u>Congregations</u>						
Acacia Ridge	3,024	33,655	36,679	-	-	-
Coorparoo	10,716	115,273	125,989	10,631	109,797	120,428
Dalby	-	-	-	1,268	10,996	12,264
Graceville	8,235	57,732	65,967	21,372	56,000	77,372
Korean	205,856	535,399	741,255	203,867	680,200	884,067
Tamborine Mtn	36,207	145,382	181,589	31,040	144,016	175,056
Mackay	17,935	199,065	217,000	-	-	-
Mitchelton	73,186	354,751	427,937	71,117	384,058	455,175
Southside	174,983	1,658,731	1,833,714	181,298	1,730,347	1,911,645
St George/D'bandi	662	2,328	2,990	2,019	8,441	10,460
Wavell Heights	16,586	96,943	113,529	5,118	32,278	37,396
	547,390	3,199,259	3,746,649	527,730	3,156,133	3,683,863
Note: Karnkendi isn't a part of the Congregation loans except for reporting purposes only, the loan is held within the PCSA Capital Fund Deposit account. The balance and all repayments affect the Capital fund Loan account only. Closing balance as at 31.12.19 is \$16,292.19						
<u>Other</u>						
Staff – Minister	258,580	110,476	369,056	467,803	126,074	593,877
Credeire Services*	-	5,350,000	5,350,000	-	5,350,000	5,350,000
	258,580	5,460,476	5,719,056	467,803	5,476,074	5,943,877
TOTAL	805,970	8,659,735	9,465,705	995,533	8,632,207	9,627,740

*Credeire Services Loan is fully guaranteed by PCQ.

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. CASH FLOW INFORMATION

	2019	2018
	\$	\$
(a) Reconciliation of Cash:		
· Cash at bank	82,560	71,991
Cash on Deposit	4,280,467	3,594,130
Cash RBS Management Account	604,839	686,146
	<hr/>	<hr/>
	4,967,866	4,352,267
	<hr/>	<hr/>
(b) Reconciliation of net cash provided by operating activities to operating surplus		
Operating (Deficit)/Surplus	183,933	27,858
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	(220,801)	(40,659)
Increase/(Decrease) in payables	-	(2,823)
Increase/(Decrease) in GST	640	765
	<hr/>	<hr/>
Net cash provided by operating activities	(36,228)	(14,859)
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6. Subsequent Event - COVID-19 Impact

Subsequent to reporting date, on 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities. As a result, the Fund's share portfolio value has been negatively impacted. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown, which is expected to impair the Fund's financial assets (equity investments) held at the lower of fair value and cost. Although the Fund cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Fund's future results and financial position for the year ending 31 December 2020. The Finance and Administration Board however do not believe the decline in the equity markets will impact on the Fund's ability to continue as a going concern, due the availability of significant liquid funds/cash reserves.

**THE PRESBYTERIAN CHURCH OF QUEENSLAND
CAPITAL FUND**

AUDITOR'S INDEPENDENCE DECLARATION



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**DECLARATION OF INDEPENDENCE BY K L COLYER TO THE FINANCE AND ADMINISTRATION BOARD OF
THE PRESBYTERIAN CHURCH OF QUEENSLAND CAPITAL FUND**

As lead auditor of The Presbyterian Church of Queensland for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of s290 of APES 110 *Code of Ethics for Professional Accountants* in relation to the audit.

A handwritten signature in black ink, appearing to read 'K L Colyer'. The signature is fluid and cursive, with a large loop at the end.

K L Colyer
Director

BDO Audit Pty Ltd

Brisbane, 16 July 2020

INDEPENDENT AUDITOR'S REPORT

To the members of The Presbyterian Church of Queensland - Capital Fund

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Presbyterian Church of Queensland - Capital Fund (the Entity), which comprises the balance sheet as at 31 December 2019, the statement of income and expenditure, the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Finance and Administration Board's assertion statement.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in note 1.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Entity in accordance with ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist to meet the requirements of Finance and Administration Board. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of matter - Subsequent event

We draw attention to Note 6 of the financial report, which describes the non-adjusting subsequent event on the impact of the COVID-19 outbreak on the entity. Our opinion is not modified with respect to this matter.



Responsibilities of the Finance and Administration Board and those charged with governance for the Financial Report

The Finance and Administration Board is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Finance and Administration Board and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

K L Colyer
Director

Brisbane, 16 July 2020