



DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
ABN: 50 681 607 010

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Financial statements for the year ended 31 December 2019

Contents

	Page
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Equity & Reserves	5
Notes to the Financial Statements	6
Declaration by Executive Director	15
Independent Auditor's Report	16

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Statement of Comprehensive Income
For the year ended 31 December 2019

	Note	2019	2018
		\$	\$
FINANCIAL OPERATIONS			
Finance income	5	3,217,335	3,414,018
Finance expenses	6	<u>825,717</u>	<u>852,752</u>
Net surplus/(deficit) from financial operating activities		<u>2,391,618</u>	<u>2,561,266</u>
OTHER			
Other income	5	26,994	61,774
Operating expenses	6	<u>243,447</u>	<u>266,640</u>
Net operating surplus/(deficit) from other activities		<u>(216,453)</u>	<u>(204,865)</u>
Net surplus/(deficit) before distributions		<u>2,175,165</u>	<u>2,356,400</u>
Contributions to the Roman Catholic Trust for the Diocese of Cairns		<u>2,196,000</u>	<u>2,192,000</u>
Net (deficit)/surplus for the year transferred to Reserves		<u>(20,835)</u>	<u>164,400</u>

This statement should be read in conjunction with the notes to the financial statements.

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Statement of Financial Position
As at 31 December 2019

	Note	2019	2018
		\$	\$
<u>Assets</u>			
Cash and cash equivalents	7	27,454,832	29,217,339
Short-term investments	8	15,000,000	9,000,000
Trade and other receivables	9	5,297,712	5,110,444
Prepayments		3,527	4,206
Total current assets		47,756,071	43,331,989
Investments	10	5,000,000	5,000,000
Property, plant and equipment	11	3,250	9,402
Trade and other receivables	9	34,495,954	32,009,910
Total non-current assets		39,499,204	37,019,312
Total assets		87,255,275	80,351,300
<u>Liabilities</u>			
Creditors and borrowings	12	43,175,099	34,744,998
Employee entitlements	13	35,771	30,539
Total current liabilities		43,210,870	34,775,537
Creditors and borrowings	12	33,674,752	35,185,275
Total non-current liabilities		33,674,752	35,185,275
Total liabilities		76,885,622	69,960,813
Net assets		10,369,653	10,390,488
<u>Reserve Funds</u>			
Retained Surplus		10,369,653	10,390,488
Total reserve funds		10,369,653	10,390,488

This statement should be read in conjunction with the notes to the financial statements.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Statement of Changes in Equity
For the year ended 31 December 2019**

	Note	Retained surplus \$	Total equity \$
Balance at 1 January 2018		10,226,088	10,226,088
Net surplus		164,400	164,400
Total other comprehensive income		-	-
Total comprehensive income		164,400	164,400
Balance at 31 December 2018		10,390,488	10,390,488
Balance at 1 January 2019		10,390,488	10,390,488
Net (deficit)		(20,835)	(20,835)
Total other comprehensive income		-	-
Total comprehensive income		(20,835)	(20,835)
Balance at 31 December 2019		10,369,653	10,369,653

This statement should be read in conjunction with the notes to the financial statements.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to the Financial Statements
For the year ended 31 December 2019**

1. Reporting entity

The Diocese of Cairns Catholic Development Fund ("CDF") forms part of The Roman Catholic Trust Corporation for the Diocese of Cairns ("the Diocese"). The Diocese's registered office is at 130 Lake Street, Cairns, Queensland.

CDF operates as an independent entity responsible only for Diocesan treasury administrative and financial functions through the Executive Director. CDF is a not-for-profit entity involved in the provision of treasury services to the wider Cairns Diocese.

In the opinion of the Executive Director, CDF is not a reporting entity because there are unlikely to be users dependent on a general purpose financial report.

2. Basis of accounting

a) Statement of compliance

The financial statements are special purpose financial statements which have been prepared in accordance with the requirements under Canon Law. CDF is not a "Reporting Entity" as defined in Statements of Accounting Concepts SAC1 and accordingly the requirements of Australian Accounting Standards and other professional reporting requirements do not have mandatory applicability. The financial report has been prepared in accordance with the following Australia Accounting Standards and other professional reporting requirements. The financial statements do not comply with International Financial Reporting Standards ("IFRSs") adopted by the International Accounting Standards Board.

AASB 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
AASB 110	<i>Events after the Balance Date</i>
AASB 116	<i>Property Plant & Equipment</i>
AASB 119	<i>Employee Benefits</i>

The financial statements were authorised for issue on the date shown on the Declaration by Executive Director on page 15.

b) Basis of measurement

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

c) Functional currency

These financial statements are presented in Australian dollars, which is CDF's functional currency.

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of CDF's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to the Financial Statements
For the year ended 31 December 2019**

2. Basis of accounting (continued)

d) Use of estimates and judgements (continued)

Assumptions and estimation uncertainties

Management is not aware of any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

e) Economic dependency and going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

CDF is an internal treasury management entity and is reliant on other Diocesan operations, and their government funding, in order to continue its operations. Management has no reason to believe that the required funding will not be forthcoming for the foreseeable future. However, should these other Diocesan entities have their future government funding significantly reduced or curtailed, CDF would be unlikely to be able to continue its operations at current levels.

Subsequent to 31 December 2019 CDF has been impacted by the evolving situation surrounding COVID-19. With uncertainty in the economy, investments returns have dropped significantly and are impacting CDF revenue. Early placed term deposits have buffered this impact, but as these mature the ability to re-invest, and the investment rates being offered, will provide much lower future revenue. With Increased levels of unemployment across the region there are also anticipated impacts on other Diocesan entities revenue streams and government funding programs which may impact their cash reserves. Any decline in member cash reserves will also impact CDF's ability to create revenue by limiting funds available for investment.

3. New and amended accounting standards

CDF has adopted the recognition, measurement and classification aspects of all amendments to Australian Accounting Standards issued by the AASB which are relevant to, and effective for, CDF's financial statements for the annual period beginning 1 January 2019 and are as follows:

AASB 15 'Revenue from Contracts with Customers'

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* as well as a number of revenue-related Interpretations. The new standard has been applied retrospectively without restatement the initial application did not result in any adjustment to the opening balance of retained earnings at 1 January 2019.

In accordance with the transition guidelines, AASB 15 has only been applied to contracts that are incomplete as at 1 January 2019.

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by CDF in any year.

Revenue arises mainly from Investment and Lending activities

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to the Financial Statements
For the year ended 31 December 2019**

3. New and amended accounting standards (continued)

To determine whether to recognise revenue, CDF follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) CDF satisfies performance obligations by transferring the promised goods or services to its customers.

AASB 1058 'Income of Not-for-Profit Entities'

AASB 1058 replaces most of the Not-for-Profit provisions of AASB 1004 *Contributions* by clarifying and simplifying income recognition requirements. This new standard has been applied retrospectively without restatement. The initial application did not result in any adjustment to the opening balance of retained earnings at 1 January 2019.

Income is recognised immediately by CDF in profit or loss where CDF acquires an asset for consideration that is significantly less than fair value of the asset principally to enable the entity to further its objectives.

AASB 16 'Leases'

The adoption of this new Standard will result in CDF recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

CDF has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 January 2019. At this date, CDF has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. As a result there is no impact on the opening balance of the retained earnings at 1 January 2019.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except where noted.

Policy applicable before 1 January 2019

a) Finance income and expenses

Finance income and finance costs include interest income and interest expense. Both financial income and expenses are recognised using the effective interest method.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to the Financial Statements
For the year ended 31 December 2019**

4. Significant accounting policies (continued)

b) Employee entitlements

(i) Short-term benefits (wages, salaries and annual leave)

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if CDF has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans (superannuation)

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Long-term employee benefits (long service leave)

CDF's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

c) Income tax

CDF as part of the Diocese, has been granted exemption from income tax under Division 50 of the Income Tax Assessment Act 1997.

d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in income or expenses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to CDF.

(iii) Depreciation and amortisation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives and is generally recognised in expenses.

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to the Financial Statements
For the year ended 31 December 2019

4. Significant accounting policies (continued)

e) Financial instruments

(i) Non-derivative financial assets and financial liabilities - Recognition and derecognition

CDF initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

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

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

(ii) Non-derivative financial assets - Measurement

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with the Australian Development Fund (ADF) and term deposits with original maturities of three months or less.

Short-term investments

Term deposits in excess of three months are reported as short-term investments.

Loans and receivables

Loans and receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(f) Impairment

(i) Non-derivative financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Recognition of credit losses is no longer dependent on CDF first identifying a credit loss event. Instead CDF considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to CDF on terms that CDF would not consider otherwise, indications that a debtor will enter bankruptcy.

4. Significant accounting policies (continued)

(f) Impairment (continued)

(i) *Non-derivative financial assets (continued)*

CDF considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at a specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in expenses and reflected in an allowance account. CDF makes use of a simplified approach in accounting for trade and receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset. CDF uses its historical experience to calculate the expected credit losses using a provision matrix. When CDF considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through other income.

(ii) *Non-financial assets*

At each reporting date, CDF reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. As CES is a not-for-profit entity, value in use is the written down current replacement cost of an asset as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and as the entity would, if deprived of the asset, replace its remaining future economic benefits.

(ii) *Non-financial assets*

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in expenses.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Loans

(i) *Loans to approved borrowers*

Loans to Parishes & other Diocesan institutions represent loans to approved borrowers which are either legally part of the Roman Catholic Trust Corporation for the Diocese of Cairns or to Orders of Congregations or other Incorporated Catholic Bodies.

**DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to the Financial Statements
For the year ended 31 December 2019**

4. Significant accounting policies (continued)

g) Loans (continued)

(i) Loans to approved borrowers (continued)

The following factors are relevant in relation to loans:

Many of the borrowings are covered by substantial deposits by the same entities and one of the conditions under which the loans are made is that borrowers will continue to deposit their surplus funds with CDF.

A significant proportion of these deposits by borrowing entities are in the name of the Diocesan Entities under the direct control of the Bishop.

	Note	2019 \$	2018 \$
5. <u>Income</u>			
Finance income			
Interest from loans		1,734,174	1,853,071
Investment income		1,483,162	1,560,947
Total Finance income		<u>3,217,335</u>	<u>3,414,018</u>
Other income			
Other income		26,994	61,774
Total Other income		<u>26,994</u>	<u>61,774</u>
6. <u>Finance expenses</u>	Note	2019 \$	2018 \$
Finance Expenses			
Savings interest		266,043	264,741
Term Deposit Interest		559,674	588,012
Total Finance expenses		<u>825,717</u>	<u>852,752</u>
Other Expenses			
Ordinary Expenses		240,381	263,310
Other Expenses		3,066	3,330
Total other expenses		<u>243,447</u>	<u>266,640</u>
7. <u>Cash, cash equivalents</u>			
<u>Cash and cash equivalents</u>			
Cash on hand		-	200
Cash at bank - CDF		9,405	26,371
Cash at bank - NAB		2,864,492	2,742,866
Cash at bank - ADF		24,580,935	26,447,902
Total cash, cash equivalents in the statement of cash flows		<u>27,454,832</u>	<u>29,217,339</u>

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to the Financial Statements
For the year ended 31 December 2019

	Note	2019 \$	2018 \$
8. <u>Short term investments</u>			
Term deposits		15,000,000	9,000,000
Total short term investments in the statement of cash flows		<u>15,000,000</u>	<u>9,000,000</u>
These are term deposits greater than 3 months but less than 12 months.			
9. <u>Trade and other receivables</u>			
Current			
Trade receivables		-	-
Interest receivable		361,164	357,712
Internal debtors		236,996	-
Loans to Parishes & institutions		4,698,205	4,750,140
GST receivable		1,346	1,403
Sundry debtors		-	1,189
Total trade receivables - current		<u>5,297,712</u>	<u>5,110,444</u>
Non-Current			
Loans to Parishes & institutions		34,495,954	32,009,910
		<u>34,495,954</u>	<u>32,009,910</u>
10. <u>Investments</u>			
Term deposits		5,000,000	5,000,000
Total investments in the statement of cash flows		<u>5,000,000</u>	<u>5,000,000</u>
These are term deposits greater than 12 months.			
11. <u>Property, plant and equipment</u>			
<u>Tenancy works</u>			
At cost		-	118,296
Accumulated depreciation		-	(108,894)
Carrying amount at 31 December		<u>-</u>	<u>9,402</u>
<u>Furniture and equipment</u>			
At cost		8,966	-
Accumulated depreciation		(8,502)	-
Carrying amount at 31 December		<u>464</u>	<u>-</u>
<u>Computer equipment</u>			
At cost		38,332	-
Accumulated depreciation		(35,547)	-
Carrying amount at 31 December		<u>2,785</u>	<u>-</u>
Total Property, plant and equipment		<u>3,250</u>	<u>9,402</u>

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
Notes to the Financial Statements
For the year ended 31 December 2019

	Note	2019 \$	2018 \$
12. <u>Creditors and borrowings</u>			
<i><u>Current</u></i>			
On call savings accounts		42,909,036	34,314,286
Sundry creditors		16,996	170,791
Interest payable		249,067	259,921
		<u>43,175,099</u>	<u>34,744,998</u>
<i><u>Non - current</u></i>			
Term deposits		<u>33,674,752</u>	<u>35,185,275</u>
		<u>33,674,752</u>	<u>35,185,275</u>
Total creditors and borrowings		<u>76,849,851</u>	<u>69,930,274</u>
All loans owing to Catholic Development Fund are repayable in fixed monthly instalments with interest payable at 4.7%. The loans are not subject to any formal security.			
13. <u>Employee entitlements</u>			
<i><u>Current</u></i>			
Long service leave		<u>35,771</u>	<u>30,539</u>
		<u>35,771</u>	<u>30,539</u>
14. <u>Auditor's remuneration</u>			
<i><u>Audit services</u></i>			
Audit of financial statements		<u>13,475</u>	<u>13,200</u>
		<u>13,475</u>	<u>13,200</u>
15. <u>Events after the reporting period</u>			

In 2020 CDF is likely to be impacted by the evolving situation surrounding COVID-19 which is expected to have a significant impact on the regional economy. In response, CDF have implemented a range of initiatives to manage costs through this period. Due to the uncertainty of the situation it is not possible to predict the full impact on CDF. This situation and related impacts are considered non-adjusting events and no adjustments have been made to the recognition and measurement of assets and liabilities at 31 December 2019.

Apart from the above there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material or unusual nature likely, in the opinion of CDF officers, to affect significantly the operations of CDF, the results of those operations, or the state of affairs of CDF in future financial years.

DIOCESE OF CAIRNS
CATHOLIC DEVELOPMENT FUND
For the year ended 31 December 2019

Declaration by Executive Director

The Moderator of the Curia and Executive Director of Diocesan Finance and Employee Services declare that in their opinion:

- (a) the Diocese of Cairns Catholic Development Fund is not a reporting entity;
- (b) The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* including:
 - (i) giving a true and fair view of the Diocese of Cairns Catholic Development Funds' financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 2; and
- (c) There are reasonable grounds to believe that the Catholic Education Services is able to pay all its debts as and when they become due and payable.

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

Dated at Cairns this 10th day of August 2020.



Rev Neil Muir
Moderator of the Curia
Catholic Diocese of Cairns



Mrs Jasmin Greer
Executive Director
Catholic Diocese of Cairns

Independent auditor's report

Cairns Corporate Tower
15 Lake Street
Cairns QLD 4870

Correspondence to:
PO Box 7200
Cairns QLD 4870

T +61 7 4046 8888
F +61 7 4051 0116
E info.cairns@au.gt.com
W www.grantthornton.com.au

Independent auditor's report to the members of the Roman Catholic Trust Corporation for the Diocese of Cairns as trustee of the Catholic Development Fund

Opinion

We have audited the financial report of the Catholic Development Fund (the "Entity"), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Declaration by the Moderator of the Curia and the Executive Director.

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 its financial performance for the year then ended in accordance with Australian Accounting Standards to the extent 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 the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

Emphasis of matter – Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling management's financial reporting responsibilities to the Roman Catholic Trust Corporation for the Diocese of Cairns as Trustee. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the financial report

Management of the Entity are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate for the purpose of fulfilling management's financial reporting responsibilities. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

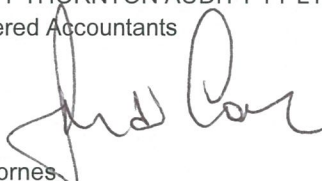
Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A D Cornes
Partner – Audit & Assurance

Cairns,

10th August

2020