



## **ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**30 JUNE 2011**

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## ***Directory***

|  |  |
|--|--|
| <b>Bishop</b>                                | Most Reverend Barry Jones DD   |
| <b>Bishop Emeriti</b>                        | Most Reverend Basil Meeking DD<br>Most Reverend John Cunneen DD ( <i>RIP – 09.11.2010</i> )  |
| <b>Vicar General</b>                         | Reverend Rick Loughnan   |
| <b>Chancellor</b>                            | Reverend Monsignor William Middleton ( <i>Appointed – 15.06.2011</i> )<br>Reverend Monsignor James Harrington ( <i>Retired – 06.12.2010</i> )<br>Reverend Monsignor Charles Drennan ( <i>10.12.2010 – 25.04.2011</i> )   |
| <b>College of Consultors</b>                 | Reverend Peter Costello<br>Reverend Simon Eccleton<br>Reverend John Fitzmaurice ( <i>Resigned – 24.08.2011</i> )<br>Reverend Monsignor James Harrington ( <i>Retired – 06.12.2010</i> )<br>Reverend Rick Loughnan<br>Reverend Monsignor Charles Drennan ( <i>Resigned – 25.04.2011</i> )<br>Reverend Monsignor William Middleton ( <i>Appointed – 14.01.2011</i> ) |
| <b>Diocesan Management and Finance Board</b> | Geoff Bailey, Chairman<br>Greg Bevin<br>Stephen Boock<br>Most Reverend Barry Jones DD<br>Rex Lynch<br>George Macfarlane<br>Barbara Matthews<br>Brian Phillips<br>Murray Winder   |
| <b>Diocesan Education Council</b>            | Rex Lynch, Chairman<br>Reverend John Fitzmaurice ( <i>Resigned – 24.08.2011</i> )<br>Robin Kilworth  |
| <b>Diocesan Welfare Council</b>              | Murray Winder, Chairman<br>Charlotte Boyes<br>Mary Caldwell<br>Brian Cowan<br>Brian Dilger<br>Joan Doocey<br>John Kennedy ( <i>Resigned – 28.08.2010</i> )<br>Lynda Macdonald<br>Kerry McCashin<br>Reverend Kevin Wei ( <i>Resigned – 13.09.2011</i> )   |

## ***Executive Directory***

### **Managers**

Diocesan Financial Administrator  
Catholic Education Office  
Diocesan Youth Team  
Catholic Social Services  
Finance  
Pastoral Planning Office

Paddy Beban  
Mike Nolan  
Chris Lysaght  
Jon Brian  
Janice Rennell  
Mike Stopforth

### **Auditor**

***Ernst & Young***  
P O Box 2091  
Christchurch 8104

### **Solicitors**

***Cavell Leitch Law***  
Ground Floor  
6 Hazeldine Road  
Addington  
Christchurch

### **Investment Advisors**

***JB Were Pty. (NZ) Ltd***  
Level 6  
HSBC Tower  
62 Worcester Boulevard  
Christchurch

### **Bankers**

***Westpac***  
Level 2  
2 Show Place  
Christchurch

### **Engineers**

***Eliot Sinclair & Partners Ltd***  
Level 5  
Transport House  
151 Kilmore Street  
Christchurch

***Opus International Consultants Ltd***  
20 Moorhouse Avenue  
Christchurch

### **Location**

***Cathedral House on Washington***  
2, 9 Washington Way  
Christchurch

## Statement of Financial Position

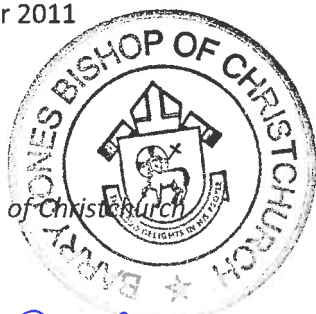
### As At 30 June 2011

|                                  | Notes | 30 June<br>2011<br>'000 | 30 June<br>2010<br>'000 |
|----------------------------------|-------|-------------------------|-------------------------|
| <b>Current Assets</b>            |       |                         |                         |
| Cash and Cash Equivalents        |       | 3,785                   | 2,439                   |
| Trade and Other receivables      | 3     | 1,922                   | 631                     |
| Inventories                      |       | 11                      | 23                      |
| Other Financial Assets           | 5     | 14,531                  | 11,311                  |
| Property Under Development       |       | 0                       | 459                     |
| <b>Total Current Assets</b>      |       | <b>20,249</b>           | <b>14,863</b>           |
| <b>Non Current Assets</b>        |       |                         |                         |
| Other Financial Assets           | 5     | 16,811                  | 18,750                  |
| Property, Plant and Equipment    | 6     | 107,576                 | 121,887                 |
| Intangible Assets                | 7     | 33                      | 15                      |
| <b>Total Non Current Assets</b>  |       | <b>124,420</b>          | <b>140,652</b>          |
| <b>Current Liabilities</b>       |       |                         |                         |
| Trade and Other Payables         | 8     | 1,495                   | 878                     |
| Borrowings                       | 9     | 719                     | 715                     |
| <b>Total Current Liabilities</b> |       | <b>2,214</b>            | <b>1,593</b>            |
| <b>Non Current Liabilities</b>   | 9     | <b>4,637</b>            | <b>5,352</b>            |
| <b>Net Assets</b>                |       | <b>137,818</b>          | <b>148,570</b>          |
| <b>Total Equity</b>              | 10    | <b>137,818</b>          | <b>148,570</b>          |

For and on behalf of the Board of Management and Finance, which authorised the issue of the financial report on 18 November 2011

+ Barry Jones

Roman Catholic Bishop of Christchurch



H G Bailey  
Chairman

**Statement of Changes in Equity**  
**For the Year Ending 30 June 2011**

|   | <i>Notes</i> | <b>2011<br/>Actual<br/>'000</b> | <b>2010<br/>Actual<br/>'000</b> |
|---|--------------|---------------------------------|---------------------------------|
| <b>Opening Equity</b>                                   |              | <b>148,570</b>                  | <b>141,544</b>                  |
| Net Operating Surplus for the period (deficit)          |              | (11,143)                        | 6,263                           |
| Other Comprehensive Income                              |              | 391                             | 763                             |
| <b>Total Comprehensive Income for the Period (loss)</b> |              | <b>(10,752)</b>                 | <b>7,026</b>                    |
| <b>Closing Equity</b>                                   | <i>10</i>    | <b><u>137,818</u></b>           | <b><u>148,570</u></b>           |

**Statement of Comprehensive Income  
For the Year Ending 30 June 2011**

| 2010<br>Actual                                       |  | Notes | 2011<br>Budget<br>(Unaudited) | 2011<br>Actual  |
|--|--|-------|-------------------------------|-----------------|
| '000   |  |       | '000                          | '000            |
| <b>Operating Income</b>                              |  |       |                               |                 |
| 863  | Grants and Donations                                   |       | 693                           | 1,706           |
| 560  | Allocations  |       | 568                           | 539             |
| 2,946  | Government Grants                                      | 14    | 3,130                         | 3,537           |
| 5,068  | Investment Income                                      |       | 2,055                         | 3,084           |
| 3,060  | Other Income   | 15    | 2,930                         | 4,867           |
| <b>12,497</b>  | <b>Total</b>   |       | <b>9,376</b>                  | <b>13,733</b>   |
| <b>Less Expenditure</b>                              |  |       |                               |                 |
| 2,171  | Employee Benefits & Expenses                           |       | 2,271                         | 2,258           |
| 460  | Consultancy  |       | 447                           | 340             |
| 1,794  | Depreciation & Amortisation                            |       | 1,888                         | 1,866           |
| 317  | School Maintenance                                     |       | 100                           | 145             |
| 161  | Finance Costs  |       | 235                           | 155             |
| 1,825  | Other Expenses   |       | 1,704                         | 20,509          |
| <b>6,728</b>   | <b>Total</b>   |       | <b>6,645</b>                  | <b>25,273</b>   |
| <b>5,769</b>   | <b>Net Operating Surplus (deficit)</b>                 |       | <b>2,731</b>                  | <b>(11,540)</b> |
| 494  | Non Operating Revenue                                  | 16    | 400                           | 397             |
| <b>6,263</b>   | <b>Total Surplus recognised for period (deficit)</b>   | 19    | <b>3,131</b>                  | <b>(11,143)</b> |
| 1,423  | Internal Recoveries                                    |       | 1,432                         | 1,443           |
| (1,423)  | Less Internal Charges                                  |       | (1,432)                       | (1,443)         |
| 0  |  |       | 0                             | 0               |
| (2,057)  | Net Transfers (to)/from Special Funds                  |       | 1,056                         | (1,934)         |
| <b>4,206</b>   | <b>Net Surplus (after internal transfers)(deficit)</b> | 17    | <b>4,187</b>                  | <b>(13,077)</b> |
| <b>Other Comprehensive Income</b>                    |  |       |                               |                 |
| Fair Value gains/losses on Available for Sale Assets |  |       |                               |                 |
| 113  | Unrealised Gains Reserve on Shares                     |       | 0                             | 335             |
| 650  | Unrealised Gains Reserve on Bonds                      |       | 0                             | 56              |
| <b>763</b>   | <b>Total Other comprehensive Income</b>                |       | <b>0</b>                      | <b>391</b>      |
| (3,241)  | Capital Expenditure                                    | 18    | (5,505)                       | (3,767)         |
| 1,073  | Loan Principal Receipts                                |       | 0                             | 0               |
| (474)  | Loan Principal Repayments                              |       | (252)                         | (287)           |
| <b>2,327</b>   | <b>Total Comprehensive Income</b>                      |       | <b>(1,570)</b>                | <b>(16,740)</b> |
| (after internal transfers and capital expenditure)   |  |       |                               |                 |
| <b>Net Cost by Activity</b>                          |  |       |                               |                 |
| (785)  | Ministry of Liturgy                                    |       | (1,032)                       | (1,019)         |
| 412  | Ministry of the Word                                   |       | 3,643                         | 1,815           |
| (533)  | Ministry of Charity                                    |       | (616)                         | (618)           |
| 5,112  | Overheads  |       | 2,192                         | (13,255)        |
| <b>4,206</b>   | <b>Total Net Cost</b>                                  |       | <b>4,187</b>                  | <b>(13,077)</b> |

**Statement of Cash Flows  
For the Year Ended 30 June 2011**

|  | <i>Note</i> | <b>2011<br/>'000</b> | <b>2010<br/>'000</b> |
|--|-------------|----------------------|----------------------|
| <b>Cash Flows From Operating Activities</b>                |             |                      |                      |
| Cash was provided from:                                    |             |                      |                      |
| Grants and Donations Received                              |             | 1,706                | 863                  |
| Allocations Received                                       |             | 539                  | 560                  |
| Government Grants Received                                 |             | 3,537                | 2,946                |
| Investment Income Received                                 |             | 2,628                | 3,211                |
| Net GST Received   |             | 0                    | 0                    |
| Other Income Received                                      |             | 3,335                | 1,655                |
|  |             | <u>11,745</u>        | <u>9,235</u>         |
| Cash was applied to:                                       |             |                      |                      |
| Payments to employees and suppliers                        |             | 6,405                | 4,553                |
| Interest Paid  |             | 155                  | 161                  |
| Net GST Payments   |             | 22                   | 493                  |
|  |             | <u>6,582</u>         | <u>5,207</u>         |
| <b>Net Cash Inflow (Outflow) From Operating Activities</b> | <b>19</b>   | <b>5,163</b>         | <b>4,028</b>         |
| <b>Cash Flows From Investing Activities</b>                |             |                      |                      |
| Cash was provided from:                                    |             |                      |                      |
| Disposal of Property, Plant & Equipment                    |             | 1,272                | 2,062                |
|  |             | <u>1,272</u>         | <u>2,062</u>         |
| Cash was applied to:                                       |             |                      |                      |
| Acquisition of Property, Plant & Equipment                 |             | 4,306                | 3,007                |
| Increase in Investments                                    |             | 495                  | 3,198                |
|  |             | <u>4,801</u>         | <u>6,205</u>         |
| <b>Net Cash Inflow (Outflow) From Investing Activities</b> |             | <b>(3,529)</b>       | <b>(4,143)</b>       |
| <b>Cash Flows From Financing Activities</b>                |             |                      |                      |
| Cash was provided from:                                    |             |                      |                      |
| Advance of Term Liabilities                                |             | 0                    | 1,124                |
|  |             | <u>0</u>             | <u>1,124</u>         |
| Cash was applied to:                                       |             |                      |                      |
| Repayment of Term Liabilities                              |             | 288                  | 474                  |
|  |             | <u>288</u>           | <u>474</u>           |
| <b>Net Cash Inflow (Outflow) From Financing Activities</b> |             | <b>(288)</b>         | <b>650</b>           |
| <b>Net Increase (Decrease) in Cash Funds</b>               |             | <b>1,346</b>         | <b>535</b>           |
| <b>Cash balance as at 1 July 2010</b>                      |             | <b>2,439</b>         | <b>1,904</b>         |
| <b>Cash balance as at 30 June 2011</b>                     |             | <b><u>3,785</u></b>  | <b><u>2,439</u></b>  |
| This total is recorded in the financial statements as:     |             |                      |                      |
| Cash and Cash Equivalents                                  |             | <u>3,785</u>         | <u>2,439</u>         |



**Statement of Cost of Services - Ministry of Liturgy : "To Sanctify"**  
**For the Year Ending 30 June 2011**

| 2010<br>Actual |  | 2011<br>Budget<br>(Unaudited) | 2011<br>Actual |
|----------------|--|-------------------------------|----------------|
| '000           |  | '000                          | '000           |
|                | <b>Operating Income</b>  |                               |                |
| 121            | Grants and Donations   | 175                           | 316            |
| 146            | Other Income   | 103                           | 139            |
| <b>267</b>     | <b>Total</b>   | <b>278</b>                    | <b>455</b>     |
|                | <b>Less Expenditure</b>  |                               |                |
| 383            | Personnel Costs  | 411                           | 378            |
| 1              | Consultancy  | 74                            | 4              |
| 112            | Depreciation   | 111                           | 111            |
| 0              | Interest on Loans  | 0                             | 0              |
| 605            | Other  | 644                           | 789            |
| <b>1,101</b>   | <b>Total</b>   | <b>1,240</b>                  | <b>1,282</b>   |
| <b>(834)</b>   | <b>Net Operating (Deficit)</b>   | <b>(962)</b>                  | <b>(827)</b>   |
| 0              | Non Operating Revenue  | 0                             | 0              |
| <b>(834)</b>   | <b>Total (Deficit) recognised for period</b>   | <b>(962)</b>                  | <b>(827)</b>   |
| 51             | Internal Recoveries  | (3)                           | 21             |
| (156)          | Less Internal Charges  | (124)                         | (128)          |
| (105)          |  | (127)                         | (107)          |
| 154            | Net Transfers (to)/from Special Funds  | 57                            | (85)           |
| <b>(785)</b>   | <b>Net (Deficit )</b>  | <b>(1,032)</b>                | <b>(1,019)</b> |
| (81)           | Capital Expenditure  | (2)                           | (4)            |
| 0              | Loan Principal Receipts  | 0                             | 0              |
| 0              | Loan Principal Repayments  | 0                             | 0              |
| <b>(866)</b>   | <b>Net Operating (Deficit)</b><br>(after internal transfers and capital expenditure) | <b>(1,034)</b>                | <b>(1,023)</b> |
|                | <b>Net Cost by Activity</b>  |                               |                |
| (272)          | Pastoral Initiatives   | (308)                         | (412)          |
| (97)           | Pastoral Planning Office   | (164)                         | (102)          |
| (73)           | Chaplaincy   | (75)                          | (85)           |
| (188)          | Priestly Formation   | (291)                         | (309)          |
| (155)          | Cathedral  | (194)                         | (111)          |
| 0              | Cathedral Music  | 0                             | 0              |
| <b>(785)</b>   | <b>Total Net Cost</b>  | <b>(1,032)</b>                | <b>(1,019)</b> |



**Statement of Cost of Services - Ministry of The Word : "To Teach"**  
**For the Year Ending 30 June 2011**

| <b>2010<br/>Actual</b> |  | <b>2011<br/>Budget</b>      | <b>2011<br/>Actual</b> |
|------------------------|--|-----------------------------|------------------------|
| <b>'000</b>            |  | <b>(Unaudited)<br/>'000</b> | <b>'000</b>            |
|                        | <b>Operating Income</b>                            |                             |                        |
| 7                      | Grants and Donations                               | 33                          | 6                      |
| 2,863                  | Government Grants                                  | 3,058                       | 3,444                  |
| 53                     | Investment Income                                  | 35                          | 39                     |
| <u>1,552</u>           | Other Income                                       | <u>1,755</u>                | <u>1,675</u>           |
| <b><u>4,475</u></b>    | <b>Total</b>                                       | <b><u>4,881</u></b>         | <b><u>5,164</u></b>    |
|                        | <b>Less Expenditure</b>                            |                             |                        |
| 709                    | Personnel Costs                                    | 745                         | 750                    |
| 156                    | Consultancy  | 127                         | 104                    |
| 1,555                  | Depreciation                                       | 1,633                       | 1,590                  |
| 317                    | School Maintenance                                 | 100                         | 145                    |
| 161                    | Interest on Loans                                  | 235                         | 155                    |
| <u>346</u>             | Other  | <u>494</u>                  | <u>800</u>             |
| <b><u>3,244</u></b>    | <b>Total</b>                                       | <b><u>3,334</u></b>         | <b><u>3,544</u></b>    |
| <b>1,231</b>           | <b>Net Operating Surplus</b>                       | <b>1,547</b>                | <b>1,620</b>           |
| <u>0</u>               | Non Operating Revenue                              | <u>0</u>                    | <u>0</u>               |
| <b><u>1,231</u></b>    | <b>Total Surplus recognised for period</b>         | <b><u>1,547</u></b>         | <b><u>1,620</u></b>    |
| 512                    | Internal Recoveries                                | 581                         | 509                    |
| <u>(571)</u>           | Less Internal Charges                              | <u>(614)</u>                | <u>(578)</u>           |
| <u>(59)</u>            |  | <u>(33)</u>                 | <u>(69)</u>            |
| (760)                  | Net Transfers (to)/from Special Funds              | 2,129                       | 264                    |
| <b><u>412</u></b>      | <b>Net Operating Surplus/(Deficit)</b>             | <b><u>3,643</u></b>         | <b><u>1,815</u></b>    |
| (2,472)                | Capital Expenditure - Diocesan Schools             | (5,335)                     | (3,420)                |
| <u>(437)</u>           | Capital Expenditure - Other                        | <u>(72)</u>                 | <u>(19)</u>            |
| <u>(2,909)</u>         | Total Capital Expenditure                          | <u>(5,407)</u>              | <u>(3,439)</u>         |
| 1,073                  | Loan Principal Receipts                            | 0                           | 0                      |
| <u>(474)</u>           | Loan Principal Repayments                          | <u>(252)</u>                | <u>(287)</u>           |
| <b><u>(1,898)</u></b>  | <b>Net (Deficit)</b>                               | <b><u>(2,016)</u></b>       | <b><u>(1,911)</u></b>  |
|                        | (after internal transfers and capital expenditure) |                             |                        |
|                        | <b>Net Cost by Activity</b>                        |                             |                        |
| 12                     | Catholic Education Office                          | 19                          | 59                     |
| 372                    | Attendance Dues                                    | 143                         | 73                     |
| 334                    | Diocesan Schools                                   | 3,857                       | 2,083                  |
| (210)                  | Youth and Young People                             | (289)                       | (299)                  |
| (96)                   | Tertiary Chaplaincy                                | (87)                        | (101)                  |
| 0                      | CCJP   | 0                           | 0                      |
| <b><u>412</u></b>      | <b>Total Net Cost</b>                              | <b><u>3,643</u></b>         | <b><u>1,815</u></b>    |



**Statement of Cost of Services - Ministry of Charity : "To Care For"**  
**For the Year Ending 30 June 2011**

| <b>2010<br/>Actual</b> |   | <b>2011<br/>Budget<br/>(Unaudited)</b> | <b>2011<br/>Actual</b> |
|------------------------|---|--|------------------------|
| <b>'000</b>            |   | <b>'000</b>                            | <b>'000</b>            |
|                        | <b>Operating Income</b>   |  |                        |
| 365                    | Grants and Donations  | 335                                    | 414                    |
| 83                     | Government Grants   | 72                                     | 93                     |
| 240                    | Other Income  | 243                                    | 197                    |
| <b>688</b>             | <b>Total</b>  | <b>650</b>                             | <b>704</b>             |
|                        | <b>Less Expenditure</b>   |  |                        |
| 511                    | Personnel Costs   | 530                                    | 532                    |
| 23                     | Consultancy   | 21                                     | 55                     |
| 64                     | Depreciation  | 61                                     | 62                     |
| 417                    | Other   | 417                                    | 407                    |
| <b>1,015</b>           | <b>Total</b>  | <b>1,029</b>                           | <b>1,056</b>           |
| <b>(327)</b>           | <b>Net Operating Surplus</b>  | <b>(379)</b>                           | <b>(352)</b>           |
| 0                      | Non Operating Revenue   | 0                                      | 0                      |
| <b>(327)</b>           | <b>Total Surplus recognised for period</b>  | <b>(379)</b>                           | <b>(352)</b>           |
| 22                     | Internal Recoveries   | 49                                     | 73                     |
| (274)                  | Less Internal Charges   | (286)                                  | (318)                  |
| (252)                  |   | (237)                                  | (245)                  |
| 46                     | Net Transfers (to)/from Special Funds   | 0                                      | (21)                   |
| <b>(533)</b>           | <b>Net Operating Surplus/(Deficit)</b>  | <b>(616)</b>                           | <b>(618)</b>           |
| (2)                    | Capital Expenditure   | (10)                                   | (15)                   |
| 0                      | Loan Principal Receipts   | 0                                      | 0                      |
| 0                      | Loan Principal Repayments   | 0                                      | 0                      |
| <b>(535)</b>           | <b>Net Operating Surplus/(Deficit)<br/>(after internal transfers and capital expenditure)</b> | <b>(626)</b>                           | <b>(633)</b>           |
|                        | <b>Net Cost by Activity</b>   |  |                        |
| (4)                    | Welfare - Catholic Social Services  | (62)                                   | 33                     |
| 0                      | Welfare - Other   | (18)                                   | (18)                   |
| (302)                  | Governance  | (308)                                  | (340)                  |
| (125)                  | Bishop's Conference   | (122)                                  | (133)                  |
| 0                      | Catholic Shop   | (2)                                    | (39)                   |
| (12)                   | Tribunal  | (10)                                   | (10)                   |
| (79)                   | Thanks Giving   | (80)                                   | (92)                   |
| (11)                   | Inform  | (14)                                   | (19)                   |
| <b>(533)</b>           | <b>Total Net Cost</b>   | <b>(616)</b>                           | <b>(618)</b>           |



**Statement of Cost of Services - Overhead Activities**  
**For the Year Ending 30 June 2011**

| <b>2010<br/>Actual</b> |   | <b>2011<br/>Budget<br/>(Unaudited)</b> | <b>2011<br/>Actual</b> |
|------------------------|---|--|------------------------|
| <b>'000</b>            |   | <b>'000</b>                            | <b>'000</b>            |
|                        | <b>Operating Income</b>   |  |                        |
| 370                    | Grants and Donations  | 150                                    | 970                    |
| 560                    | Allocations   | 568                                    | 539                    |
| 5,015                  | Investment Income   | 2,020                                  | 3,045                  |
| 1,122                  | Other Income  | 829                                    | 2,856                  |
| <b>7,067</b>           | <b>Total</b>  | <b>3,567</b>                           | <b>7,410</b>           |
|                        | <b>Less Expenditure</b>   |  |                        |
| 568                    | Personnel Costs   | 585                                    | 598                    |
| 280                    | Consultancy   | 225                                    | 177                    |
| 63                     | Depreciation  | 83                                     | 103                    |
| 457                    | Other   | 149                                    | 18,513                 |
| <b>1,368</b>           | <b>Total</b>  | <b>1,042</b>                           | <b>19,391</b>          |
| <b>5,699</b>           | <b>Net Operating Surplus</b>  | <b>2,525</b>                           | <b>(11,981)</b>        |
| 494                    | Non Operating Revenue   | 400                                    | 397                    |
| <b>6,193</b>           | <b>Total Surplus recognised for period</b>                                | <b>2,925</b>                           | <b>(11,584)</b>        |
| 838                    | Internal Recoveries   | 805                                    | 840                    |
| (422)                  | Less Internal Charges   | (408)                                  | (419)                  |
| <b>416</b>             |   | <b>397</b>                             | <b>421</b>             |
| (1,497)                | Net Transfers (to)/from Special Funds                                     | (1,130)                                | (2,092)                |
| <b>5,112</b>           | <b>Net Surplus (after internal transfers)</b>                             | <b>2,192</b>                           | <b>(13,255)</b>        |
| (249)                  | Capital Expenditure   | (86)                                   | (309)                  |
| 0                      | Loan Principal Receipts   | 0                                      | 0                      |
| 0                      | Loan Principal Repayments   | 0                                      | 0                      |
| <b>4,863</b>           | <b>Net Surplus<br/>(after internal transfers and capital expenditure)</b> | <b>2,106</b>                           | <b>(13,564)</b>        |
|                        | <b>Net Cost by Activity</b>   |  |                        |
| 0                      | Diocesan Financial Administrator  | 0                                      | 0                      |
| 0                      | Cathedral House Building  | 0                                      | 3                      |
| 41                     | Other Diocesan Properties   | (50)                                   | (50)                   |
| 0                      | Administration  | 0                                      | (17)                   |
| 0                      | Insurance   | 0                                      | 0                      |
| 1,049                  | Other Income  | 970                                    | 967                    |
| 4,022                  | Investment Income   | 1,272                                  | 2,083                  |
|                        | Earthquake Recovery   | 0                                      | (16,241)               |
| <b>5,112</b>           | <b>Total Net Cost</b>   | <b>2,192</b>                           | <b>(13,255)</b>        |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. Corporate Information**

The Roman Catholic Bishop of the Diocese of Christchurch is a corporation sole established in civil law under the statutory authority of the Roman Catholic Bishops Empowering Act 1997. The Roman Catholic Bishop of the Diocese of Christchurch is domiciled in Christchurch, New Zealand.

These financial statements relate to the administration function and other prime responsibilities of the Roman Catholic Bishop of the Diocese of Christchurch. There are other assets which are owned by the Roman Catholic Bishop of the Diocese of Christchurch (Diocese) as a corporation sole, for example, parishes, which are not included in these financial statements.

The primary objective of the Diocese is to provide administration services for the Catholic community rather than making a financial return. Accordingly, the Diocese has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Diocese are for the year ended 30 June 2011. The financial statements were authorised for issue by the Management and Finance Board on 18 November 2011.

**2. Statement of Accounting Policies**

**Basis of preparation:**

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. The financial statements have also been prepared on a historical cost basis, except for investments, which have been measured at fair value; and land, buildings and property under development which have been measured at deemed cost.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Diocese is New Zealand dollars.

**Statement of Compliance:**

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities applying differential reporting.

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

Standards and interpretation issued and not yet adopted

Other Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Diocese for the annual reporting period ending 30 June 2011. These are outlined below:

| Reference | Title                 | Summary   | Application date of standard | Impact on Diocese's Financial Statements   | Application date for Diocese |
|-----------|-----------------------|---|------------------------------|--|------------------------------|
| NZ IFRS 9 | Financial Instruments | <p>This standard is part of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39. The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which included:</p> <ul style="list-style-type: none"> <li>▶ Two categories for financial assets are being amortised cost or fair value</li> <li>▶ Removal of the requirement to separate embedded derivatives in financial assets</li> <li>▶ Strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows.</li> <li>▶ An option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition.</li> </ul> | 1 January 2013               | The Diocese's financial assets are currently measured at fair value, the impact on the Diocese's financial statements is expected to be minimal. | 1 June 2013                  |



| Reference                | Title                                       | Summary   | Application date of standard | Impact on Diocese's Financial Statements   | Application date for Diocese |
|--------------------------|---|---|------------------------------|--|------------------------------|
| NZ IFRS 9<br>(Continued) | Financial Instruments                       | <ul style="list-style-type: none"> <li>▶ Reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for the asset changes.</li> <li>▶ Changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.</li> </ul>   | 1 January 2013               | The Diocese's financial assets are currently measured at fair value, the impact on the Diocese's financial statements is expected to be minimal. | 1 June 2013                  |
| NZ IAS 24                | Related party Disclosures<br>(Revised 2009) | <p>This Standard makes amendments to New Zealand Accounting Standard NZ IAS 24 <i>Related Party Disclosures</i>.</p> <p>The amendments simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including</p> <ul style="list-style-type: none"> <li>▶ The definition now identifies a subsidiary and an associate with the same investor as related parties of each other</li> <li>▶ Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other</li> <li>▶ The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, there second and third entities are related to each other</li> </ul> <p>A partial exemption is also from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p> <p>A Partial exemption is also provided for public benefit entities in respect of certain transactions with Minister of the Crown.</p> | 1 January 2011               | The impact of this standard on the Diocese's financial statements is expected to be minimal.   | 1 July 2011                  |



| Reference                                     | Title  | Summary  | Application date of standard | Impact on Diocese's Financial Statements   | Application date for Diocese |
|---|--|--|------------------------------|--|------------------------------|
| Improvements to NZ Equivalents to IFRS (2010) | Amendments to NZ Accounting Standards arising from the Annual Improvements Project (2010) (NZ IFRS 7, NZ IAS 1, 34,) | <p>The amendments to NZ IFRS 7 emphasise the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.</p> <p>The amendments to quantitative and credit risk disclosures are as follows:</p> <ul style="list-style-type: none"> <li>▶ Clarify that only financial assets whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure on the amount that represents the maximum exposure to such risk.</li> <li>▶ Require, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk)</li> <li>▶ Remove the disclosure requirement of the collateral held as security, other credit</li> <li>▶ Enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.</li> <li>▶ Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired</li> <li>▶ Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date</li> </ul> | 1 January 2011               | The impact of this standard on the Diocese's financial statements is expected to be minimal. | 1 July 2011                  |





| Reference   | Title  | Summary   | Application date of standard | Impact on Diocese's Financial Statements   | Application date for Diocese |
|---|--|---|------------------------------|--|------------------------------|
| Improvements to NZ Equivalents to IFRS (2010)<br><i>(Continued)</i> | Amendments to NZ Accounting Standards arising from the Annual Improvements Project (2010) (NZ IFRS 7, NZ IAS 1, 34,) | <p>The amendments to NZ IAS 1 clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>The amendments to NZ IAS 34 provides guidance to illustrate how to apply disclosure principles in NZ IAS 34 and add disclosure requirements around:</p> <ul style="list-style-type: none"> <li>▶ The circumstances likely to affect fair values of financial instruments and their classification</li> <li>▶ Transfers of financial instruments between different levels of the fair value hierarchy</li> <li>▶ Changes in classification of financial assets</li> <li>▶ Changes in contingent liabilities and assets</li> </ul> | 1 January 2011               | The impact of this standard on the Diocese's financial statements is expected to be minimal. | 1 July 2011                  |
| FRS 44  | New Zealand Additional Disclosures   | FRS 44 is a consequence of the joint Trans-Tasman Convergence project of the Australian Accounting Standards Board and the Financial Reporting Standards Board. This standard relocates New Zealand specific disclosures from other standard to one place and revises disclosures in various areas.   | 1 July 2011                  | The impact of this standard on the Diocese's financial statements is expected to be minimal. | 1 July 2011                  |

### Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(a) Differential Reporting

The Catholic Diocese of Christchurch qualifies for differential reporting because it is not publicly accountable and the Roman Catholic Bishop of the Diocese of Christchurch is corporation sole under The Roman Catholic Bishops' Empowering Act 1997. The Bishop is the beneficial owner and governing body for the diocese. The Diocese has taken advantage of all differential reporting exemptions, with the exception of NZ IAS 7 Statement of Cash Flows.

(b) Goods and Services Tax (GST)

These financial statements have been prepared on a GST exclusive basis except for Receivables and Payables in the Statement of Financial Position, which are recorded at their GST inclusive values.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

(c) Income Tax

The Catholic Diocese of Christchurch is exempt from income taxation under the provisions of section CW41 and CW42 of the Income Tax Act 2007.

(d) Revenue Recognition

1. Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Diocese and the revenue can be reliably measured.
2. Interest income is recognised using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.
3. Dividends are recognised when received.
4. Gifts, donations and bequests are recorded as income for the year in which they are received.
5. Property Sales are recognised at the date of settlement.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(f) Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Diocese will not be able to collect all amounts due according to the original terms of receivables. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate computed at initial recognition.

(g) Inventory

Inventory represents Catholic Shop inventory on hand as at balance date. Inventories are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the First In First Out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

The write down from cost to current replacement cost or net realisable value is recognised in the income statement.

(h) Property Under Development

Property under Development represents unsold lots, as at balance date, in the Catherine Fields subdivision in Rolleston. It is measured at the deemed cost of the original land, plus development expenditure incurred to balance date, less the cost of sections sold.

(i) Financial Assets

The Diocese classifies its financial assets into the following categories: loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determine the classification of investments at initial recognition and re-evaluate this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the income statement.

Purchases and sales of investments are recognised on trade-date, the date on which the Diocese commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Diocese has transferred substantially all the risks and rewards of ownership.

1. Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

Currently, the Diocese has short term deposits and trade and other receivables in this category.



(i) Financial Assets (Continued)

2. Available for sale financial assets

These are non-derivative financial assets, principally equity securities and fixed interest deposits that are designated as available for sale or are not classified as loans and receivables. After initial recognition available for sale assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised as profit or loss.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The fair value of available for sale financial assets has been determined by Goldman Sachs JB Were (NZ) Ltd. Equity investments are at market value as determined by the various stock exchanges that the assets are held on, eg NZX, ASX, FTSE, NYSE. For fixed interest deposits, market value is determined by either the NZX Debt market or the Trading Banks market spread data for those securities that do not trade on the NZ Debt market platform.

Currently, the Diocese has equity securities and fixed interest deposits in this category.

(j) Impairment of Financial Assets

At each balance date the Diocese assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the income statement.

(i) Available for Sale Financial Assets

For available for sale financial assets, classed as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from equity and recognised in the income statement.

(ii) Loans and receivables

Impairment of a loan or a receivable is established when there is objective evidence that the Diocese will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/client, probability that the debtor/client will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. Impairment losses are recognised directly against the instruments carrying amount.

(k) Property, Plant & Equipment

Property, plant and equipment consist of:

- ▶ Land and Buildings;
- ▶ School Improvements;
- ▶ Computer equipment;
- ▶ Furniture, fixtures and equipment;
- ▶ Motor vehicles and
- ▶ Work in Progress.

Property, plant and equipment are shown at cost less accumulated depreciation and accumulated impairment losses. Cost represents the value of the consideration given to acquire the asset and the value of other directly attributable costs that have been incurred in bringing the asset to the location and condition necessary for its intended use.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the income statement.

Depreciation

Depreciation is provided on a straight line basis on all property plant and equipment excluding land and work in progress at rates that will write off the cost (or deemed cost) of the assets to their estimated residual values over their estimated useful lives. The depreciation rates are as follows:

|                                   |             |            |
|-----------------------------------|-------------|------------|
| Buildings                         | 50 years    | 2%         |
| Computer Equipment                | 3 years     | 33%        |
| Furniture, Fixtures and Equipment | 20 years    | 5%         |
| Motor Vehicles                    | 4 years     | 25%        |
| School improvements               | 5 -60 years | 1.7% - 20% |

The estimated useful lives and residual values are reviewed at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(l) Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(m) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Diocese conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.



(m) Impairment of non-financial assets other than goodwill *(Continued)*

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or circumstances indicate that the impairment may have reversed.

(n) Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying a rate of exchange ruling at the date of the transaction.

At balance date foreign monetary assets are translated at the closing rate, and exchange variations arising from these translations are recognised in the income statement.

(o) Provisions

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

When the Diocese expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(p) Employee benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, sick leave and retirement entitlements when there is a present obligation arising from a past event.

*Short-term benefits*

Employee benefits that the Diocese expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay, which are expected to approximate to the remuneration rate expected to apply at the time of settlement.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date and expected to be taken within the next 12 months and accumulating sick leave.

The Diocese recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year.





(p) Employee benefits (Continued)

The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Diocese anticipate it will be used by staff to cover those future absences.

(q) Intangible assets

*Software*

Software is a finite life intangible asset and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 3 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period

Costs associated with maintaining computer software are recognised as an expense when incurred.

*Software Licenses*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use, the specific software.

*Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the income statement

The useful lives and associated amortisation rates for software have been estimated as follows:

|          |         |     |
|----------|---------|-----|
| Software | 3 years | 33% |
|----------|---------|-----|

(r) Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the borrowings.

Borrowings are classified as current liabilities unless the Diocese has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

*Borrowing Costs*

Borrowing costs are recognised as an expense when incurred. The Diocese does not currently hold qualifying assets but if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).



(t) Government Grants

Government Grants are recorded as income in the income statement when they are received. Any surplus/deficit remaining in the cost centre at balance date is transferred to/from equity by way of a special reserve relating to that cost centre.

The Diocese receives government grants relating to Diocesan schools and from Child Youth and Family. There is an obligation to use the grants for the purpose they were granted for.

(u) Suspensory Loans

Suspensory Loans in respect of diocesan schools have been recorded at their historic value less the proportion of the loan forgiven by the Government to date. Suspensory Loans are forgiven over a twenty-five year period from the date that the loans were originally advanced.

3. Trade and other Receivables

|   | <b>2011</b>  | <b>2010</b> |
|---|--------------|-------------|
|   | <i>'000</i>  | <i>'000</i> |
| Trade & Other Debtors                             | 1,626        | 378         |
| <i>(less Provision for Impairment of Debtors)</i> | <i>(85)</i>  | <i>(3)</i>  |
| Interest Receivable                               | 134          | 73          |
| GST Receivable                                    | 138          | 132         |
| Prepayments                                       | 108          | 51          |
| <b>Total</b>                                      | <b>1,922</b> | <b>631</b>  |

4. Provision for Impairment of Debtors

|                         | <b>2011</b> | <b>2010</b> |
|-------------------------|-------------|-------------|
|                         | <i>'000</i> | <i>'000</i> |
| As at 1 July            | 3           | 16          |
| Arising during the year | 85          | 3           |
| Used during the year    | <i>(3)</i>  | <i>(16)</i> |
| As at 30 June           | <b>85</b>   | <b>3</b>    |

*This provision relates to debtors where it is evident that not all amounts due will be able to be collected.*

5. Other Financial Assets

|  | <b>2011</b>     | <b>2010</b>     |
|--|-----------------|-----------------|
|  | <i>'000</i>     | <i>'000</i>     |
| Catholic Development Fund Deposits             | 9,264           | 8,094           |
| Bonds & Notes                                  | 12,145          | 13,500          |
| Loans  | 4               | 4               |
| Catholic Development Fund Equity (see Note 20) | 5,678           | 5,353           |
| Shares   | 4,251           | 3,110           |
| <b>Total</b>                                   | <b>31,342</b>   | <b>30,061</b>   |
| Less Current Portion                           | <i>(14,531)</i> | <i>(11,311)</i> |
| <b>Total Non Current Investments</b>           | <b>16,811</b>   | <b>18,750</b>   |

*For details of impairment of Financial Assets refer to Notes 12 and 17.*



## 6. Property Plant & Equipment

| <b>30 June 2011</b>                                | <b>Cost</b>    | <b>Current Yr</b> | <b>Accum</b> | <b>Book Value</b> |
|--|----------------|-------------------|--------------|-------------------|
|  | <b>'000</b>    | <b>Depn.</b>      | <b>Depn</b>  | <b>'000</b>       |
|  |                | <b>'000</b>       | <b>'000</b>  |                   |
| Land   | 42,486         | 0                 | 0            | 42,486            |
| Buildings  | 9,094          | -531              | 1,268        | 7,826             |
| Buildings ( <i>Work in Progress</i> )              | 2              | 0                 | 0            | 2                 |
| Furniture & Equipment                              | 772            | 100               | 450          | 322               |
| Motor Vehicles                                     | 349            | 31                | 329          | 20                |
| School Improvements                                | 59,896         | 733               | 6,134        | 53,762            |
| School Improvements<br>( <i>Work in progress</i> ) | 3,158          | 0                 | 0            | 3,158             |
| <b>Total</b>                                       | <b>115,757</b> | <b>333</b>        | <b>8,181</b> | <b>107,576</b>    |

| <b>30 June 2010</b>                                | <b>Cost</b>    | <b>Current Yr</b> | <b>Accum</b> | <b>Book Value</b> |
|--|----------------|-------------------|--------------|-------------------|
|  | <b>'000</b>    | <b>Depn.</b>      | <b>Depn</b>  | <b>'000</b>       |
|  |                | <b>'000</b>       | <b>'000</b>  |                   |
| Land   | 45,479         | 0                 | 0            | 45,479            |
| Buildings  | 22,952         | 460               | 1,799        | 21,153            |
| Buildings ( <i>Work in Progress</i> )              | 77             | 0                 | 0            | 77                |
| Furniture & Equipment                              | 658            | 67                | 350          | 308               |
| Motor Vehicles                                     | 349            | 40                | 297          | 52                |
| School Improvements                                | 59,082         | 1,224             | 5,401        | 53,681            |
| School Improvements<br>( <i>Work in progress</i> ) | 1,137          | 0                 | 0            | 1,137             |
| <b>Total</b>                                       | <b>129,734</b> | <b>1,791</b>      | <b>7,847</b> | <b>121,887</b>    |

Land and buildings contained in fixed assets to the value of \$338,000 have been donated for specific use as a tertiary chaplaincy centre. Should the Diocese cease to use the building for the purpose specified in the original terms of the donation, ownership of the building will revert to the previous owners. Diocesan management consider the likelihood of this occurring to be remote.

Land, buildings and school improvements of \$16.3m have been written off as a result of damage caused by the Canterbury Earthquakes. This write off has been included in Other Expenses (refer Note 17). Insurance claims for these assets are still in process no asset has been recognised as the amounts are not able to be estimated. Proceeds received to date (refer Note 15) amount to \$2,461,000. This covers costs incurred to date for stabilisation/make safe repairs and deconstruction work on the major buildings affected.

## 7. Intangible Assets

|                             | <b>Cost or</b>     | <b>Current Yr</b> | <b>Accum</b> | <b>Book</b>  |
|-----------------------------|--------------------|-------------------|--------------|--------------|
|                             | <b>Revaluation</b> | <b>Depn.</b>      | <b>Depn</b>  | <b>Value</b> |
|                             | <b>'000</b>        | <b>'000</b>       | <b>'000</b>  | <b>'000</b>  |
| <b>30 June 2011</b>         |                    |                   |              |              |
| Software                    | 114                | 9                 | 98           | 16           |
| ( <i>Work in Progress</i> ) | 17                 | 0                 | 0            | 17           |
|                             | <b>131</b>         | <b>9</b>          | <b>98</b>    | <b>33</b>    |

**30 June 2010**



|          |     |   |    |    |
|----------|-----|---|----|----|
| Software | 103 | 3 | 88 | 15 |
|----------|-----|---|----|----|

## 8. Trade and Other Payables

|                           | <b>2011</b><br>'000 | <b>2010</b><br>'000 |
|---------------------------|---------------------|---------------------|
| Creditors & Accruals      | 1,139               | 578                 |
| GST Payable               | 0                   | 0                   |
| Employee Entitlements     | 205                 | 155                 |
| Other Current Liabilities | 151                 | 145                 |
| <b>Total</b>              | <b>1,495</b>        | <b>878</b>          |

## 9. Borrowings

Pre-suspensory and Suspensory Loans are secured over school land and buildings. The majority of the Other Loans and Mortgages are unsecured, being in respect of properties owned by the Catholic Diocese.

Pre-Suspensory loans are with Ichthus Limited. The interest rate is 7.5% p.a. These loans will be repaid by the year 2013.

Suspensory Loans are forgiven by the Government over a twenty-five year period; these loans are interest free and will be forgiven by the year 2023. Loans forgiven in 2011 amounted to \$401,000 (2010: \$401,000).

Other Loans (\$2,265,000) are held with the Catholic Development Fund. The current interest rates on these loans vary from, 0% p.a. to 8.5% p.a.

|                                      | <b>2011</b><br>'000 | <b>2010</b><br>'000 |
|--------------------------------------|---------------------|---------------------|
| Pre-suspensory Loans                 | 145                 | 218                 |
| Suspensory Loans                     | 2,722               | 3123                |
| Other Loans                          | 2,265               | 2479                |
| Future GST Liability                 | 224                 | 247                 |
| <b>Total</b>                         | <b>5,356</b>        | <b>6,067</b>        |
| Less Current Portion                 | (719)               | (715)               |
| <b>Total Non Current Liabilities</b> | <b>4,637</b>        | <b>5,352</b>        |

## 10. Equity

Equity is made up of general equity, special purpose funds and unrealised gain reserves.

The special purpose funds result from:

- ▶ bequests that have restrictions over their use;
- ▶ contractual funding for specific purposes;
- ▶ decisions taken by the Diocesan Management and Finance Board to set funds aside for a specific purpose.

Sufficient cash and investment balances are retained to cover these special purpose funds.

The unrealised gains reserves are used to record increments and decrements in the fair value of available for sale assets.



# 10. **Equity** *(Continued)*

| <b>Equity</b>             | <b>2011</b><br>'000 | <b>2010</b><br>'000 |
|---------------------------|---------------------|---------------------|
| General Equity            | 113,303             | 126,375             |
| Special Purpose Funds     | 23,396              | 21,463              |
| Unrealised Gains Reserves | 1,123               | 732                 |
| <b>Total Equity</b>       | <b>137,818</b>      | <b>148,570</b>      |

| <b>Special Purpose Funds</b>   | <b>2011</b><br>'000 | <b>2010</b><br>'000 |
|--|---------------------|---------------------|
| Education – Diocesan School Capital & Maintenance Programme              | 3,868               | 3,894               |
| Education – Attendance Dues  | 92                  | (21)                |
| Education – General  | 553                 | 529                 |
| Youth  | 39                  | 39                  |
| Youth & Education  | 124                 | 119                 |
| Catholic Social Services   | 793                 | 781                 |
| Pastoral – Missionary  | 236                 | 218                 |
| Pastoral – Ongoing Formation, Education & Seminary                       | 1,335               | 1,171               |
| Aged Care – Armstrong Village  | 727                 | 604                 |
| Bishop's Capital Health Fund   | 216                 | 214                 |
| <i>(90% Income distributed to Clergy Trust Fund)</i>                     |                     |                     |
| Gamblins Rd  | 1,019               | 1,018               |
| <i>(Income distributed to Cathedral College Proprietors Trust Board)</i> |                     |                     |
| CCJP   | 16                  | 15                  |
| Darfield Parish  | 100                 | 100                 |
| Chatham Island Parish  | 15                  | 14                  |
| Property Reserve   | 12,687              | 12,447              |
| Cathedral Music  | 51                  | 28                  |
| Earthquake Recovery  | 1,184               | 0                   |
| Other  | 341                 | 293                 |
| <b>Total Special Purpose Funds</b>                                       | <b>23,396</b>       | <b>21,463</b>       |

| <b>Unrealised Gains Reserves</b>          | <b>2011</b><br>'000 | <b>2010</b><br>'000 |
|---|---------------------|---------------------|
| <i>Unrealised Gains Reserve on Shares</i> |                     |                     |
| Opening Balance                           | (45)                | (158)               |
| Movement during the year                  | 335                 | 113                 |
| Closing Balance                           | 290                 | (45)                |
| <i>Unrealised Gains Reserve on Bonds</i>  |                     |                     |
| Opening Balance                           | 777                 | 127                 |
| Movement during the year                  | 56                  | 650                 |
| Closing Balance                           | 833                 | 777                 |
| <b>Total Unrealised Gains Reserves</b>    | <b>1,123</b>        | <b>732</b>          |

In 2010 the Diocese identified a small number of bonds and shares with a significant and prolonged decline in fair value below cost. Consequently the cumulative loss on these assets has been removed from equity and recognised in the Statement of Financial Performance (2011 Nil). Refer to Note 17 for further details.

## 11. Capital Management

The Diocese capital is its equity, which comprises retained earnings and reserves. Equity is represented by net assets. When managing capital, management's objective is to ensure the entity continues as a going concern. It is the policy of the Diocese to fund operational expenses from operational income each year. Some non operational expenditure is funded from reserves. Special purpose reserves may be used to fund or partially fund activities that meet the criteria (special purpose) of the reserve.

Capital is also managed in terms of the Diocese's Treasury Policy which is reviewed from time to time by the Bishop's advisors.

The Diocese is not subject to any external capital requirements.

## 12. Financial Instruments

Detail of the significant accounting policies and method adopted, including the criteria for recognition and the basis in which income and expenses are recognised in respect of each class of financial asset, and financial liability are disclosed in the Statement of Accounting Policies.

|                               | Cash & Cash<br>Equivalents | Trade &<br>Other<br>Receivables | Other<br>Financial<br>Assets | Total<br>Financial<br>Assets |
|-------------------------------|----------------------------|---------------------------------|------------------------------|------------------------------|
| <b>30 June 2011</b>           |                            |                                 |                              |                              |
| Loans and Receivables         | 2,785                      | 1,926                           | 0                            | 4,711                        |
| Available For Sale            | 0                          | 0                               | 32,342                       | 32,342                       |
| <b>Total Financial Assets</b> | <b>2,785</b>               | <b>1,926</b>                    | <b>32,342</b>                | <b>37,053</b>                |

|                                    | Trade &<br>Other<br>Payables | Borrowings   | Total<br>Financial<br>Liabilities |
|------------------------------------|------------------------------|--------------|-----------------------------------|
| Recorded at Amortised Cost         | 1,495                        | 5,356        | 6,851                             |
| <b>Total Financial Liabilities</b> | <b>1,495</b>                 | <b>5,356</b> | <b>6,851</b>                      |
| <b>Net Exposure</b>                | <b>2,785</b>                 | <b>431</b>   | <b>26,916</b>                     |

|                               | Cash & Cash<br>Equivalents | Trade &<br>Other<br>Receivables | Other<br>Financial<br>Assets | Total<br>Financial<br>Assets |
|-------------------------------|----------------------------|---------------------------------|------------------------------|------------------------------|
| <b>30 June 2010</b>           |                            |                                 |                              |                              |
| Loans and Receivables         | 2,439                      | 631                             | 0                            | 3,070                        |
| Available For Sale            | 0                          | 0                               | 30,061                       | 30,061                       |
| <b>Total Financial Assets</b> | <b>2,439</b>               | <b>631</b>                      | <b>30,061</b>                | <b>33,131</b>                |



**12. Financial Instruments (Continued)**

|                                    | Trade &<br>Other<br>Payables | Borrowings   | Total<br>Financial<br>Liabilities |
|------------------------------------|------------------------------|--------------|-----------------------------------|
| Recorded at Amortised Cost         | 878                          | 6,067        | 6,945                             |
| <b>Total Financial Liabilities</b> | <b>878</b>                   | <b>6,067</b> | <b>6,945</b>                      |
| <b>Net Exposure</b>                | <b>2,439</b>                 | <b>(247)</b> | <b>23,994</b>                     |

**13. Government Grants**

Government Grants are received from the Ministry of Education for major capital and maintenance work to be undertaken within the Diocesan schools; and from the Child Youth and Family service for foster care and other services provided by Catholic Social Services.

**14. Other Income**

|   | <b>2011</b><br>'000 | <b>2010</b><br>'000 |
|---|---------------------|---------------------|
| Education (Attendance Dues, Religious Education Fees & Foreign Fee Paying Students) | 1,158               | 1,005               |
| Catholic Shop Sales   | 111                 | 160                 |
| Cathedral Trust   | 0                   | 0                   |
| Prison Chaplaincy Service   | 59                  | 63                  |
| Programmes & Events (Youth & Education)   | 298                 | 51                  |
| Gain on Property Sales  | 354                 | 1,096               |
| Insurance Proceeds  | 2,461               | 0                   |
| Other Income  | 426                 | 685                 |
| <b>Total</b>  | <b>4,867</b>        | <b>3,060</b>        |

**15. Non Operating Revenue**

Non Operating Income includes items of a non operating nature and is separately disclosed so as not to distort the results from normal operating activities. Non operating revenue is made up of the reduction in school loans and the amount forgiven on suspensory loans during the financial year.



**16. Net Operating Surplus/(Deficit)**

|  | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|
|  | <i>'000</i> | <i>'000</i> |
| <i>After Charging:</i>                       |             |             |
| Auditor's Fees - Audit Fees                  | 18          | 17          |
| Employee Benefits and Expenses               | 2,065       | 2,012       |
| Donations Expense                            | 80          | 38          |
| Interest Expense                             | 155         | 160         |
| Lease Expense                                | 60          | 40          |
| Provision for Doubtful Debts                 | 85          | 3           |
| Bad Debts Written Off                        | (3)         | 5           |
| Loss on Assets (Earthquake Damaged Property) | 16,301      | 0           |
| Impairment Loss on Investments               | 0           | 166         |
| <i>Including:</i>                            |             |             |
| Interest Revenue                             | 1,435       | 1,330       |
| Dividend Revenue                             | 139         | 102         |
| Gain on Sale of Assets                       | 354         | 1,211       |

**17. Capital Expenditure**

|                            | <b>2011</b>  | <b>2010</b>  |
|----------------------------|--------------|--------------|
|                            | <i>'000</i>  | <i>'000</i>  |
| Diocesan Schools           | 3,624        | 2,592        |
| Land & Buildings           | 12           | 366          |
| Property Under Development | 0            | 115          |
| Computer Equipment         | 54           | 108          |
| Vehicles                   | 0            | 3            |
| Other Plant & Equipment    | 60           | 44           |
| Intangible Assets          | 17           | 13           |
|                            | <b>3,767</b> | <b>3,241</b> |

**18. Reconciliation of Net Surplus with Cash flows from Operating Activities**

|  | <b>2011</b>  | <b>2010</b>  |
|--|--------------|--------------|
|  | <i>'000</i>  | <i>'000</i>  |
| Net Surplus (deficit)                        | (11,143)     | 6,263        |
| <b>Add/(Less) Non Cash Items:</b>            |              |              |
| Depreciation and Amortisation                | 1,866        | 1,794        |
| Non Operating Revenue (Loans forgiven)       | (397)        | (494)        |
| (Gain)/Loss on Sale of Asset                 | (354)        | (1,211)      |
| Loss on Assets (Earthquake Damaged Property) | 16,301       | 0            |
| Change in CDF Equity                         | (325)        | (1,951)      |
| Impairment Loss on Investment                | 0            | 165          |
|  | <b>5,948</b> | <b>4,566</b> |

**18. Reconciliation of Net Surplus with Cash flows from Operating Activities (Continued)**

**Movements in Other Working Capital Items:**

|  |              |              |
|--|--------------|--------------|
| Decrease/(Increase) in Prepayments             | (57)         | 1            |
| Decrease/(Increase) in Accounts Receivable     | (1,228)      | (98)         |
| Decrease/(Increase) in Stock                   | 12           | (4)          |
| Decrease/(Increase) in GST Receivable          | (32)         | (493)        |
| (Decrease)/Increase in Accounts Payable        | 567          | 138          |
| (Decrease)/Increase in Holiday Pay             | 50           | 39           |
| (Decrease)/Increase in Income in Advance       | 0            | (2)          |
|  | (688)        | (419)        |
| Less Fixed Assets in Accounts Payable          | (27)         | (119)        |
|  | (27)         | (119)        |
| <b>Net Cash Flow from Operating Activities</b> | <b>5,233</b> | <b>4,028</b> |

**19. Catholic Development Fund**

The Catholic Development Fund (CDF) is a charitable Trust that is administered by the Catholic Diocese. It provides a facility for investors to deposit funds, and a loan facility for Catholic objectives. The investment in the CDF has been reflected in the financial statements on an equity accounting basis, on the basis that the Diocese has the capacity to affect, but not unilaterally control, the operating activities of the fund.

The Roman Catholic Bishop of the Diocese of Christchurch provides a guarantee in respect of depositors funds placed with the Catholic Development Fund. The likelihood of this guarantee being called is considered to be remote.

| <b><i>Catholic Development Fund</i></b>  | <b><i>2011</i></b><br><i>'000</i><br><i>(31 March)</i> | <b><i>2010</i></b><br><i>'000</i><br><i>(31 March)</i> |
|--|--|--|
| Surplus  | 1,270  | 820  |
| Distribution to Diocese  | 1,200  | 400  |
| Capital Injection from the Diocese   | 0  | 0  |
| Unrealised gains/(losses) in fair value of Available for Sale Financial Assets | 255  | 1,530  |
| Diocese Investment in CDF:   |  |  |
| Opening Carrying Amount  | (30 June)<br>5,353                                     | (30 June)<br>3,403                                     |
| Closing Carrying Amount  | 5,678  | 5,353  |



## 20. Related Party Transactions

The Catholic Diocese of Christchurch invests funds in the Catholic Development Fund. The Diocese provides assistance to the Fund in managing its day to day operations. In October 2002 the Management and Finance Board of the Diocese resolved to stop charging the Fund for these services. An annual distribution was received from the Fund. Interest on deposits is received from and interest on loans has been paid to the Fund. No debts were forgiven or written off during the period.

During the year, The Catholic Diocese purchased the professional services of Mackay, Bailey, Butchard Ltd. Mr Geoff Bailey, a Partner of Mackay, Bailey, Butchard, is a board member of the Diocesan Board of Management and Finance. The Diocese purchased \$259 worth of professional services during the 2011 financial year.

## 21. Contingent Liabilities

A contingent liability exists in respect of suspensory loans, which become repayable to the extent of any outstanding balance on a loan if a school closes before the loan is forgiven. The suspensory loans recorded as a non current liability in the Statement of Financial Position as at 30 June 2011 were \$2,722,359 (2010: \$3,123,077). The likelihood of any schools closing is considered remote.

## 22. Commitments

As at 30 June 2011 there are commitments for the following:

|                                  | <b>2011</b><br>'000 | <b>2010</b><br>'000 |
|----------------------------------|---------------------|---------------------|
| <b>Capital Commitments</b>       |                     |                     |
| School Improvements              | 797                 | 2,983               |
| Property Under Development       | 0                   | 0                   |
| <b>Total Capital Commitments</b> | <b>797</b>          | <b>2,983</b>        |
| <b>Lease Commitments</b>         |                     |                     |
| Within one year                  | 203                 | 36                  |
| Two to five years                | 431                 | 11                  |
| Five years plus                  | 107                 | 0                   |
| <b>Total Lease Commitments</b>   | <b>741</b>          | <b>47</b>           |

The Diocese has entered into a long term lease arrangements for certain school land, and Diocesan office space. The leases have a term of 6 years from with the right of renewal.

## 23. Subsequent Events

There were no significant events after balance date affecting the financial statements.





**Independent Auditor's Report****To the Roman Catholic Bishop of the Diocese of Christchurch****Report on the Financial Statements**

We have audited the financial statements of Catholic Diocese of Christchurch ("the Diocese") on pages 4 to 31 which comprise the statement of financial position of the Diocese as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Bishop as a corporation sole, in accordance with the Roman Catholic Bishop's Empowering Act 1997 and other relevant legislation by which the Bishop is governed. Our audit has been undertaken so that we might state to the Bishop those matters we are required to state to the Bishop in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bishop as a corporation sole, for our audit work, for this report, or for the opinions we have formed.

**Diocesan Management and Finance Board's Responsibility for the Financial Statements**

The Diocesan Management and Finance Board are responsible for the preparation of the financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as Diocesan Management and Finance Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

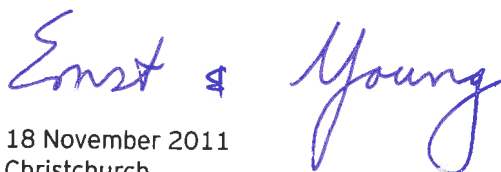
Other than in our capacity as auditor we have no relationship with, or interest in the Diocese.

Partners and employees of our firm may deal with the Diocese on normal terms within the ordinary course of the activities of the Diocese.

**Opinion**

In our opinion, the financial statements on pages 4 to 31:

- ▶ comply with generally accepted accounting practice in New Zealand;
- ▶ give a true and fair view of the financial position of the Diocese as at 30 June 2011 and its financial performance and cash flows for the year then ended.



18 November 2011  
Christchurch