



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2014

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Directory

Bishop	Most Reverend Barry Jones DD
Bishop Emeritus	Most Reverend Basil Meeking DD
Vicar General	Reverend Rick Loughnan
Chancellor	Reverend Geoff Gray (<i>Appointed 29.05.2014</i>) Reverend Monsignor William Middleton (<i>Resigned 06.05.2014</i>)
College of Consultors	Reverend John Adams Reverend Simon Eccleton Reverend Geoff Gray (<i>Appointed 29.05.2014</i>) Reverend Frank Kelly (<i>Appointed 10.07.2014</i>) Reverend Rick Loughnan Reverend Monsignor William Middleton (<i>Resigned 06.05.2014</i>) Reverend John Noonan
Diocesan Management and Finance Board	Geoff Bailey, Chairman Greg Bevin Stephen Boock (<i>Resigned 06.04.2014</i>) Most Reverend Barry Jones DD Rex Lynch George Macfarlane Barbara Matthews Brian Phillips
Diocesan Education Council	Rex Lynch, Chairman Reverend John Adams Robin Kilworth
Diocesan Welfare Council	Charlotte Cummings, Chairperson Mary Caldwell Brian Cowan Brian Dilger Joan Doocey Lynda Macdonald (<i>Resigned 10.09.2013</i>) Kerry McCashin (<i>Resigned 08.10.2013</i>) Francis Sullivan Peter Sivertsen
Diocesan Youth Council	Rachel Pitcaithly, Chairperson Reverend Rick Loughnan Janice Rennell Sergio Ruiz Jacinta Stopforth Makafalani Tatafu Sarah Waggott

Executive Directory

Managers

Diocesan Financial Administrator
Catholic Education Office
Catholic Youth Team
Catholic Social Services
Finance
Bishop's Pastoral Office

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

Auditor

Ernst & Young
20-22 Twigger St, Addington
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

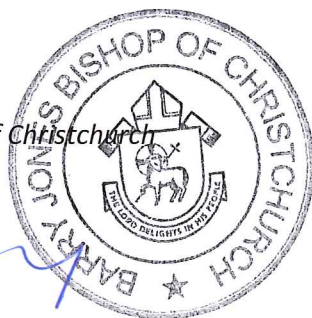
As At 30 June 2014

	Notes	30 June 2014 '000	30 June 2013 '000
Current Assets			
Cash and Cash Equivalents		1,385	7,729
Trade and Other receivables	3	2,504	2,151
Inventories		13	11
Other Financial Assets	5	82,274	91,414
Total Current Assets		86,176	101,305
Non Current Assets			
Other Financial Assets	5	42,382	28,144
Property, Plant and Equipment	6	107,346	107,696
Intangible Assets	7	38	17
Total Non Current Assets		149,766	135,857
Current Liabilities			
Trade and Other Payables	8	1,308	1,244
Income in Advance		354	227
Borrowings	9	598	647
Total Current Liabilities		2,260	2,118
Non Current Liabilities	9	2,686	3,284
Net Assets		230,996	231,760
Total Equity	10	230,996	231,760

For and on behalf of the Management and Finance Board, which authorised the issue of the financial report on 24 September 2014

f. B. Jones

+ Barry Jones
Roman Catholic Bishop of Christchurch



H G Bailey
Chairman

Statement of Changes in Equity

For the Year Ending 30 June 2014

	Notes	2014 Actual '000	2013 Actual '000
Opening Equity		231,760	220,371
Net Operating Surplus for the period (deficit)		(1,739)	11,195
Other Comprehensive Income		975	194
Total Comprehensive Income for the Period (loss)		(764)	11,389
Closing Equity	10	230,996	231,760

Statement of Comprehensive Income For the Year Ending 30 June 2014

2013 Actual		Notes	2014 Budget (Unaudited) '000	2014 Actual '000
'000				
	Operating Income			
1,082	Grants and Donations		694	1,025
565	Allocations		560	560
3,362	Government Grants	13	3,423	3,418
4,691	Investment Income		5,713	6,608
16,331	Other Income	14	1,573	2,414
26,031	Total		11,963	14,025
	Less Expenditure			
2,412	Employee Benefits & Expenses		2,489	2,432
1,154	Consultancy		539	1,018
1,727	Depreciation & Amortisation		1,660	1,698
2,384	School Maintenance		300	4,274
112	Finance Costs		92	90
7,422	Other Expenses		3,038	6,586
15,211	Total		8,118	16,098
10,820	Net Operating Surplus (deficit)		3,845	(2,073)
375	Non Operating Revenue	15	390	334
11,195	Total Surplus recognised for period (deficit)	18	4,235	(1,739)
1,461	Internal Recoveries		1,604	1,688
(1,461)	Less Internal Charges		(1,604)	(1,688)
0			0	0
(13,752)	Net Transfers (to)/from Special Funds		(2,769)	(1,259)
(2,557)	Net Surplus (Deficit) (after internal transfers)	16	1,466	(2,998)
	Other Comprehensive Income			
	Fair Value gains/(losses) on Available for Sale Assets			
591	Unrealised Gains/(losses) Reserve on Shares		0	154
(397)	Unrealised Gains/(losses) Reserve on Bonds		0	821
194	Total Other comprehensive Income		0	975
(1,605)	Capital Expenditure	17	(3,077)	(1,452)
0	Loan Principal Receipts		0	0
(308)	Loan Principal Repayments		(285)	(286)
(4,276)	Total Comprehensive Income (after internal transfers and capital expenditure)		(1,896)	(3,761)
	Net Cost by Activity			
(913)	Ministry of Liturgy		(1,080)	(835)
39	Ministry of the Word		1,253	(280)
(2,137)	Ministry of Charity		(1,152)	(703)
454	Overheads		2,445	(1,180)
(2,557)	Total Net Cost		1,466	(2,998)

**Statement of Cash Flows
For the Year Ending 30 June 2014**

	<i>Note</i>	2014 '000	2013 '000
Cash Flows From Operating Activities			
Cash was provided from:			
Grants and Donations Received		1,025	1,082
Allocations Received		560	565
Government Grants Received		3,418	3,362
Investment Income Received		6,845	4,599
Net GST Received		1	0
Other Income Received		2,141	72,121
		<u>13,990</u>	<u>81,729</u>
Cash was applied to:			
Payments to employees and suppliers		14,136	12,922
Interest Paid		90	112
Net GST Payments		0	27
		<u>14,226</u>	<u>13,061</u>
Net Cash Inflow (Outflow) From Operating Activities	18	(236)	68,668
Cash Flows From Investing Activities			
Cash was provided from:			
Disposal of Property, Plant & Equipment		19	0
		<u>19</u>	<u>0</u>
Cash was applied to:			
Acquisition of Property, Plant & Equipment		1,504	1,417
Increase in Investments		4,336	62,385
		<u>5,840</u>	<u>63,802</u>
Net Cash Inflow (Outflow) From Investing Activities		(5,821)	(63,802)
Cash Flows From Financing Activities			
Cash was provided from:			
Advance of Term Liabilities		0	0
		<u>0</u>	<u>0</u>
Cash was applied to:			
Repayment of Term Liabilities		287	307
		<u>287</u>	<u>307</u>
Net Cash Inflow (Outflow) From Financing Activities		(287)	(307)
Net Increase (Decrease) In Cash Funds		(6,344)	4,559
Cash balance as at 1 July 2013		7,729	3,170
Cash balance as at 30 June 2014		<u>1,385</u>	<u>7,729</u>
This total is recorded in the financial statements as:			
Cash and Cash Equivalents		<u>1,385</u>	<u>7,729</u>

Statement of Cost of Services - Ministry of Liturgy : "To Sanctify"
For the Year Ending 30 June 2014

2013 Actual		2014 Budget (Unaudited)	2014 Actual
'000		'000	'000
	Operating Income		
127	Grants and Donations	141	160
<u>215</u>	Other Income	<u>183</u>	<u>235</u>
<u>342</u>	Total	<u>324</u>	<u>395</u>
	Less Expenditure		
535	Personnel Costs	608	582
1	Consultancy	14	6
33	Depreciation	37	38
<u>1,011</u>	Other	<u>995</u>	<u>948</u>
<u>1,580</u>	Total	<u>1,654</u>	<u>1,574</u>
(1,238)	Net Operating (Deficit)	(1,330)	(1,179)
<u>0</u>	Non Operating Revenue	<u>0</u>	<u>0</u>
(1,238)	Total (Deficit) recognised for period	(1,330)	(1,179)
9	Internal Recoveries	15	14
<u>(93)</u>	Less Internal Charges	<u>(129)</u>	<u>(141)</u>
<u>(84)</u>		<u>(114)</u>	<u>(127)</u>
409	Net Transfers (to)/from Special Funds	364	471
<u>(913)</u>	Net (Deficit)	<u>(1,080)</u>	<u>(835)</u>
(57)	Capital Expenditure	(83)	(91)
0	Loan Principal Receipts	0	0
0	Loan Principal Repayments	0	0
<u>(970)</u>	Net Operating (Deficit)	<u>(1,163)</u>	<u>(926)</u>
	(after internal transfers and capital expenditure)		
	Net Cost by Activity		
0	Archives	(10)	(23)
(111)	Bishop's Pastoral Office	(136)	(129)
(2)	Pastoral Earthquake Recovery	(12)	0
(1)	Perpetual Adoration	(9)	(4)
(17)	Communication	(67)	(19)
(86)	ThanksGiving Programme	(97)	(96)
(157)	Chaplaincy	(188)	(182)
(432)	Priestly Formation	(528)	(324)
(25)	Cathedral	(16)	38
(82)	Cathedral Music	(17)	(96)
<u>(913)</u>	Total Net Cost	<u>(1,080)</u>	<u>(835)</u>

Statement of Cost of Services - Ministry of The Word : "To Teach"
For the Year Ending 30 June 2014

2013 Actual		2014 Budget (Unaudited)	2014 Actual
'000		'000	'000
	Operating Income		
82	Grants and Donations	89	143
3,277	Government Grants	3,338	3,322
33	Investment Income	35	32
1,347	Other Income	1,280	1,402
4,739	Total	4,742	4,899
	Less Expenditure		
748	Personnel Costs	807	792
736	Consultancy	265	557
1,566	Depreciation	1,542	1,564
2,384	School Maintenance	300	4,274
112	Interest on Loans	92	90
736	Other	922	953
6,282	Total	3,928	8,230
(1,543)	Net Operating Surplus	814	(3,331)
0	Non Operating Revenue	0	0
(1,543)	Total Surplus recognised for period	814	(3,331)
568	Internal Recoveries	582	580
(614)	Less Internal Charges	(646)	(659)
(46)		(64)	(79)
1,628	Net Transfers (to)/from Special Funds	503	3,130
39	Net Operating Surplus/(Deficit)	1,253	(280)
(1,344)	Capital Expenditure - Diocesan Schools	(2,680)	(1,264)
(88)	Capital Expenditure - Other	(214)	(19)
(1,432)	Total Capital Expenditure	(2,894)	(1,283)
0	Loan Principal Receipts	0	0
(308)	Loan Principal Repayments	(285)	(286)
(1,701)	Net (Deficit) (after internal transfers and capital expenditure)	(1,926)	(1,849)
	Net Cost by Activity		
209	Catholic Education Office	(14)	133
159	Attendance Dues	326	127
20	Diocesan Schools	1,338	(97)
(349)	Youth and Young People	(397)	(443)
0	CCJP	0	0
39	Total Net Cost	1,253	(280)

Statement of Cost of Services - Ministry of Charity : "To Care For"
For the Year Ending 30 June 2014

2013 Actual		2014 Budget (Unaudited)	2014 Actual
'000		'000	'000
	Operating Income		
428	Grants and Donations	294	423
85	Government Grants	85	96
319	Other Income	94	216
832	Total	473	735
	Less Expenditure		
498	Personnel Costs	496	453
69	Consultancy	74	53
53	Depreciation	28	43
2,129	Other	823	754
2,749	Total	1,421	1,303
(1,917)	Net Operating Surplus	(948)	(568)
0	Non Operating Revenue	0	0
(1,917)	Total Surplus recognised for period	(948)	(568)
19	Internal Recoveries	70	43
(323)	Less Internal Charges	(356)	(371)
(304)		(286)	(328)
84	Net Transfers (to)/from Special Funds	82	193
(2,137)	Net Operating Surplus/(Deficit)	(1,152)	(703)
(106)	Capital Expenditure	(50)	(40)
0	Loan Principal Receipts	0	0
0	Loan Principal Repayments	0	0
(2,243)	Net Operating Surplus/(Deficit) (after internal transfers and capital expenditure)	(1,202)	(743)
	Net Cost by Activity		
(45)	Welfare - Catholic Social Services	(121)	65
(1,434)	Welfare - Other	(45)	(2)
(260)	Governance	(251)	(289)
(267)	Pastoral Initiatives	(402)	(260)
(101)	Bishop's Conference	(301)	(182)
(23)	Catholic Shop	(22)	(24)
(7)	Tribunal	(10)	(11)
(2,137)	Total Net Cost	(1,152)	(703)

Statement of Cost of Services - Overhead Activities
As At 30 June 2014

2013 Actual		2014 Budget (Unaudited)	2014 Actual
'000		'000	'000
	Operating Income		
445	Grants and Donations	170	299
565	Allocations	560	560
4,658	Investment Income	5,678	6,576
14,450	Other Income	16	561
20,118	Total	6,424	7,996
	Less Expenditure		
632	Personnel Costs	578	605
348	Consultancy	186	402
76	Depreciation	53	53
3,545	Other	298	3,931
4,601	Total	1,115	4,991
15,517	Net Operating Surplus	5,309	3,005
375	Non Operating Revenue	390	334
15,892	Total Surplus recognised for period	5,699	3,339
865	Internal Recoveries	937	1,051
(431)	Less Internal Charges	(473)	(517)
434		464	534
(15,873)	Net Transfers (to)/from Special Funds	(3,718)	(5,053)
453	Net Surplus (after internal transfers)	2,445	(1,180)
(11)	Capital Expenditure	(50)	(38)
0	Loan Principal Receipts	0	0
0	Loan Principal Repayments	0	0
442	Net Surplus (after internal transfers and capital expenditure)	2,395	(1,218)
	Net Cost by Activity		
0	Diocesan Financial Administrator	0	0
2	Cathedral House Building	0	0
(78)	Other Diocesan Properties	(31)	(61)
0	Administration	10	0
0	Insurance	0	25
1,802	Other Income	1,475	1,266
2,255	Investment Income	1,110	910
(3,528)	Earthquake Recovery	(119)	(3,320)
453	Total Net Cost	2,445	(1,180)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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 2014. The financial statements were authorised for issue by the Management and Finance Board on 24 September 2014.

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.

There have been no new or amended NZIFRS adopted by the Diocese as of 1 July 2013.

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 2014. These are outlined below:

Reference	Title	Summary	Application date of standard	Impact on Diocese's Financial Statements	Application date for Diocese
	<i>PBE Standards for Tier 1 and Tier 2 Public Benefit Entities</i>	<p>The package of PBE Standards issued, applicable for Tier 1 and Tier 2 PBEs consists of the following standards:</p> <ul style="list-style-type: none"> ▶ Standard XRB A1 <i>Accounting Standards Framework</i>, which is the overarching standard that sets out the accounting standards framework; ▶ A suite of 39 PBE Standards; and ▶ The Public Benefit Entities (conceptual) Framework. <p>The new PBE Standards are based on International Public Sector Accounting Standards, which are themselves based on IFRS. Therefore major changes to accounting policies are not expected. Nevertheless, there are some potentially significant differences and also a range of smaller differences between the PBE Standards and NZ IFRS. Examples of potential significant differences could include:</p> <ul style="list-style-type: none"> ▶ PBE Standards with no equivalent NZ IFRS ▶ PBE IPSAS 23 <i>Revenue from Non-Exchange Transactions</i>, which prescribes requirements for accounting for revenue from non-exchange transactions; ▶ PBE IPSAS 32 <i>Service Concession Arrangements: Grantor</i>, which prescribes the accounting for service concession arrangements by the grantor ▶ Differences between equivalent standards ▶ PBE IPSAS 20 <i>Related Party Disclosures</i>, exempts all transactions between related parties (except key management personnel remuneration) that occur on arm's length terms and conditions from disclosure, and provides a potentially wider definition of key management personnel compared to NZ IFRS 24 <i>Related Party Disclosures</i>. ▶ Please note that this is not a complete list of differences between PBE Standards and NZ IFRS. 	1 April 2015	The new PBE Standards are based on International Public Sector Accounting Standards, which are themselves based on IFRS. Therefore major changes to accounting policies are not expected.	1 April 2015

Reference	Title	Summary	Application date of standard	Impact on Diocese's Financial Statements	Application date for Diocese
NZ IFRS 9 (PBE) (2009)	Financial Instruments	<p>NZ IFRS 9 (PBE) (2009) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39 (PBE). The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:</p> <ul style="list-style-type: none"> ▶ two categories for financial assets being amortised cost or fair value; ▶ removal of the requirement to separate embedded derivatives in financial assets; ▶ 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; ▶ 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 de-recognition; ▶ reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and ▶ changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income. 	1 January 2015	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 July 2015

Reference	Title	Summary	Application date of standard	Impact on Diocese's Financial Statements	Application date for Diocese
NZ IFRS 9 (PBE) (2010)	Financial Instruments	<p>NZ IFRS 9 (PBE) (2010) supersedes NZ IFRS 9 (PBE) (2009). The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 (PBE) as issued in 2009. The existing NZ IAS 39 (PBE) <i>Financial Instruments: Recognition and Measurement</i> requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p>	1 January 2015	The Diocese's financial liabilities are low, therefore the impact on the Diocese's financial statements is expected to be minimal.	1 July 2015

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.

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.

(f) 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.

(g) 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.

(h) 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.

(h) 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.

(i) Property, Plant & Equipment

Property, plant and equipment consist of:

- ▶ Land and Buildings;
- ▶ School Improvements (new buildings, additions to existing buildings, fitouts);
- ▶ 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	10 years	10%
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.

(j) Leases

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

(k) 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.

(l) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(o) 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%
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(p) 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.

(q) 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).

(r) 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.

(s) 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

	2014	2013
	'000	'000
Trade & Other Debtors	2,119	1,741
<i>(less Provision for Impairment of Debtors)</i>	(201)	(122)
Interest Receivable	45	69
GST Receivable	339	274
Prepayments	202	189
Total	2,504	2,151

4. Provision for Impairment of Debtors

	2014	2013
	'000	'000
As at 1 July	122	119
Arising during the year	79	3
Used during the year	0	0
As at 30 June	201	122

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

5. Other Financial Assets

	2014	2013
	'000	'000
Catholic Development Fund Deposits	4,084	5,607
Bonds & Notes	38,330	19,086
Bank Deposits	66,250	74,289
Offshore Bond Fund	6,133	11,179
Catholic Development Fund Equity (see Note 20)	3,958	4,171
Shares	5,901	5,226
Total	124,656	119,558
Less Current Portion	(82,274)	(91,414)
Total Non Current Investments	42,382	28,144

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

6. Property Plant & Equipment

30 June 2014	Cost	Current Yr Depn.	Accum Depn	Book Value
	'000	'000	'000	'000
Land	41,644	0	0	41,644
Buildings	12,275	246	1,919	10,356
Buildings (<i>Work in Progress</i>)	24	0	0	24
Furniture & Equipment	1,068	82	719	349
Furniture & Equipment (<i>Work in Progress</i>)	1	0	0	1
Motor Vehicles	384	33	284	100
School Improvements	64,957	1,337	10,175	54,782
School Improvements (<i>Work in progress</i>)	91			91
Total	120,444	1,698	13,098	107,346

30 June 2013	Cost	Current Yr Depn.	Accum Depn	Book Value
	'000	'000	'000	'000
Land	41,656	0	0	41,656
Buildings	12,260	264	1,674	10,586
Buildings (<i>Work in Progress</i>)	2	0	0	2
Furniture & Equipment	919	90	637	282
Furniture & Equipment (<i>Work in Progress</i>)	11	0	0	11
Motor Vehicles	435	28	303	132
School Improvements	62,945	1,338	8,844	54,101
School Improvements (<i>Work in progress</i>)	926	0	0	926
Total	119,154	1,720	11,458	107,696

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 were written off in 2011 as a result of damage caused by the Canterbury Earthquakes. No further damage has been sustained or identified requiring any further write down to asset carrying values. Proceeds from the insurance claim recognised as income during 2013 (refer Note 14) amounted to \$13,222,000 (total claim \$103,522,000). The insurance claim is now settled and nothing further is expected to be received. \$101m is recorded in the Earthquake Recovery Special Purpose Fund within Equity, as disclosed at note 10.

All Diocesan assets continue to be fully insured against all risks with the exception of Natural Disaster (earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, hydrothermal activity or fire caused by any one of these) other than that separately provided for the residential units and contents under the Earthquake Commission.

7. Intangible Assets

	Cost or Revaluation '000	Current Yr Depn. '000	Accum Depn '000	Book Value '000
30 June 2014				
Software	116	0	114	2
(Work in Progress)	36	0	0	36
	152	0	114	38
30 June 2013				
Software	114	8	114	0
(Work in Progress)	17	0	0	17
	131	8	114	17

8. Trade and Other Payables

	2014 '000	2013 '000
Creditors & Accruals	950	871
Employee Entitlements	182	189
Other Current Liabilities	176	184
Total	1,308	1,244

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 end of the 2014 financial year.

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 2014 amounted to \$334,000 (2013: \$375,000).

Other Loans (\$1,523,000) are held with the Catholic Development Fund. The current interest rates on these loans are 5.47% p.a.

	2014 '000	2013 '000
Pre-suspensory Loans	0	20
Suspensory Loans	1,605	1,943
Other Loans	1,523	1,789
Future GST Liability	156	179
Total	3,284	3,931
Less Current Portion	598	(647)
Total Non Current Liabilities	2,686	3,284

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.

Equity	2014	2013
	'000	'000
General Equity	106,752	109,752
Special Purpose Funds	122,204	120,943
Unrealised Gains Reserves	2,040	1,065
Total Equity	230,996	231,760

Special Purpose Funds	2014	2013
	'000	'000
Education – Diocesan School Capital & Maintenance Programme	846	2,142
Education – Attendance Dues	(22)	87
Education – General	638	597
Education – Dallington School	97	88
Youth	255	239
Youth & Education	140	133
Catholic Social Services	845	822
Pastoral – Missionary	292	271
Pastoral – Ongoing Formation, Education & Seminary	1,642	1,603
Aged Care – Armstrong Village	896	851
Bishop's Capital Health Fund		
(90% Income distributed to Clergy Trust Fund)	226	222
Gamblins Rd		
(Income distributed to Cathedral College Proprietors Trust Board)	1,019	1,019
CCJP	15	15
Darfield Parish (Income distributed to Darfield Parish)	100	100
Chatham Island Parish	7	9
Property Reserve	12,687	12,687
Dallington Land Settlement Reserve	1,280	1,167
Earthquake Recovery	101,049	98,627
Other	192	264
Total Special Purpose Funds	122,204	120,943

10. Equity (Continued)

Unrealised Gains Reserves	2014	2013
	'000	'000
<i>Unrealised Gains Reserve on Shares</i>		
Opening Balance	705	114
Movement during the year	154	591
Closing Balance	859	705
<i>Unrealised Gains Reserve on Bonds</i>		
Opening Balance	360	757
Movement during the year	821	(397)
Closing Balance	1,181	360
Total Unrealised Gains Reserves	2,040	1,065

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 Equivalents	Trade & Other Receivables	Other Financial Assets	Total Financial Assets
30 June 2014				
Loans and Receivables	1,385	2,504	0	3,889
Available For Sale	0	0	124,656	124,656
Total Financial Assets	1,385	2,504	124,656	128,545
30 June 2014		Trade & Other Payables	Borrowings	Total Financial Liabilities
Recorded at Amortised Cost		1,308	3,284	4,592
Total Financial Liabilities		1,308	3,284	4,592
Net Exposure	1,385	1,196	121,372	123,953

12. Financial Instruments (Continued)

	Cash & Cash Equivalents	Trade & Other Receivables	Other Financial Assets	Total Financial Assets
30 June 2013				
Loans and Receivables	7,729	2,151	0	9,880
Available For Sale	0	0	119,558	119,558
Total Financial Assets	7,729	2,151	119,558	129,438

	Trade & Other Payables	Borrowings	Total Financial Liabilities
30 June 2013			
Recorded at Amortised Cost	1,244	3,931	5,175
Total Financial Liabilities	1,244	3,931	5,175
Net Exposure	7,729	115,627	124,623

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

	2014 '000	2013 '000
Education (Attendance Dues, Special Character Contributions & Foreign Fee Paying Students)	1,209	1,168
Catholic Shop Sales	92	88
Prison Chaplaincy Service	76	71
Programmes & Events (Youth & Education)	35	101
Gain on Property Sales	9	1,160
Insurance Proceeds	0	13,222
Other Income	993	521
Total	2,414	16,331

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 amount forgiven on suspensory loans during the financial year.

16. Net Operating Surplus/(Deficit)

	2014	2013
	<i>'000</i>	<i>'000</i>
<i>After Charging:</i>		
Auditor's Fees - Audit Fees	19	19
Auditor's Fees – Other Services	22	3
Employee Benefits and Expenses	2,212	2,203
Donations Expense	395	386
Interest Expense	90	112
Lease Expense	214	226
Provision for Doubtful Debts	79	19
Bad Debts Written Off	(0)	(0)
Loss on Assets	20	1,416
<i>Including:</i>		
Interest Revenue	5,003	3,253
Dividend Revenue	315	224
Gain on Sale of Assets	462	220

17. Capital Expenditure

	2014	2013
	<i>'000</i>	<i>'000</i>
Diocesan Schools	1,264	1,344
Land & Buildings	25	0
Computer Equipment	25	22
Vehicles	0	132
Other Plant & Equipment	117	107
Intangible Assets	21	
	1,452	1,605

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

	2014	2013
	<i>'000</i>	<i>'000</i>
Net Surplus (deficit)	(1739)	11,195
Add/(Less) Non Cash Items:		
Depreciation and Amortisation	1,698	1,727
Non Operating Revenue (Loans forgiven)	(334)	(375)
(Gain)/Loss on Sale of Asset	11	256
Change in CDF Equity	213	(109)
	(151)	12,694

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

Movements in Other Working Capital Items:

Decrease/(Increase) in Prepayments	(13)	(91)
Decrease/(Increase) in Accounts Receivable	(275)	57,336
Decrease/(Increase) in Stock	(2)	4
Decrease/(Increase) in GST Receivable	(91)	(1,809)
(Decrease)/Increase in GST Payable		0
(Decrease)/Increase in Accounts Payable	71	(475)
(Decrease)/Increase in Holiday Pay	(7)	0
(Decrease)/Increase in Income in Advance	127	(95)
	(190)	54,870
Less Fixed Assets in Accounts Payable	105	1,104
	105	1,104
Net Cash Flow from Operating Activities	(236)	68,668

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 closing carrying amount takes into account material movements that occurred between 31 March and 30 June.

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.

<i>Catholic Development Fund</i>	<i>2014</i> <i>'000</i> <i>(31 March)</i>	<i>2013</i> <i>'000</i> <i>(31 March)</i>
Surplus	987	1,069
Distribution to Diocese	886	1,300
Unrealised gains/(losses) in fair value of Available for Sale Financial Assets	(512)	368
Diocese Investment in CDF:	<i>(30 June)</i>	<i>(30 June)</i>
Opening Carrying Amount	4,171	4,062
Closing Carrying Amount	3,958	4,171

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, this amount of \$1,051,000 is included in Accounts Receivable (Note 3). 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. Mr Geoff Bailey, a Consultant to Mackay Bailey, is a board member of the Diocesan Board of Management and Finance. The Diocese purchased \$1,025 worth of professional services during the 2014 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 2014 were \$1,605,000. (2013: \$1,943,000). The likelihood of any schools closing is considered remote.

22. Commitments

As at 30 June 2014 there are commitments for the following:

	2014 '000	2013 '000
Capital Commitments		
School Improvements	554	217
Total Capital Commitments	554	217
Lease Commitments		
Within one year	151	104
Two to five years	242	101
Five years plus	0	0
Total Lease Commitments	393	205

The Diocese has entered into a long term lease arrangements for certain school land, and Diocesan office space. The leases have remaining terms ranging from 9 months to 4 ½ years, with rights of renewal ranging from 1 to 21 years.

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 30, which comprise the statement of financial position of the Diocese as at 30 June 2014, 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 Bishops 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 him 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 the 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.

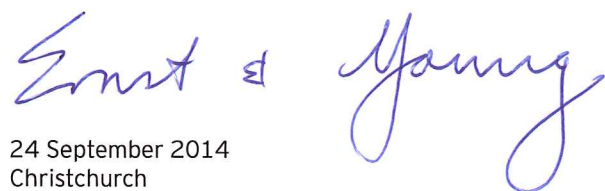
Ernst & Young provided advisory services to the Diocese during the year.

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

Opinion

In our opinion, the financial statements on pages 4 to 30:

- ▶ comply with generally accepted accounting practice in New Zealand; and
- ▶ give a true and fair view of the financial position of the Diocese as at 30 June 2014 and its financial performance and cash flows for the year then ended.



24 September 2014
Christchurch