



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2015

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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

College of Consultors Reverend John Adams
Reverend Simon Eccleton
Reverend Geoff Gray
Reverend Frank Kelly
Reverend Rick Loughnan
Reverend John Noonan

Diocesan Management and Finance Board

Geoff Bailey, Chairman
Greg Bevin
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 Peter Sivertsen, Chairperson
Mary Caldwell
Brian Cowan
Brian Dilger (*resigned 16 February 2015*)
Joan Doocey
Francis Sullivan
Charlotte Cummings, Chairperson (*to 19 October 2014*)

Diocesan Youth Council Rachel Pitcaithly, Chairperson
Reverend Rick Loughnan
Janice Rennell
Sergio Ruiz
Jacinta Stopforth
Makafalani Tatafu (*resigned 5 September 2014*)
Sarah Waggott

Executive Directory

Managers

Diocesan Financial Administrator
Catholic Education Office
Catholic Youth Team
Catholic Social Services
Finance & Support Services
Bishop's Pastoral Office
Property Development

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

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

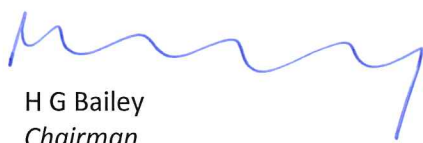
Statement of Financial Position
As At 30 June 2015

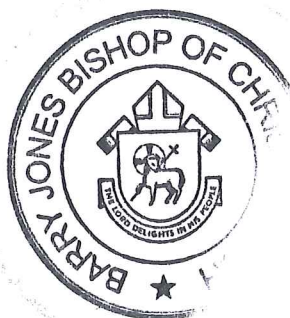
| | Notes | 30 June 2015 '000 | 30 June 2014 <i>Restated *</i> '000 |
|----------------------------------|-------|-------------------------|--|
| Current Assets | | | |
| Cash and Cash Equivalents | | 22,944 | 1,385 |
| Trade and Other receivables | 3 | 2,266 | 2,504 |
| Inventories | | 13 | 13 |
| Other Financial Assets | 5 | 46,690 | 82,274 |
| Total Current Assets | | 71,913 | 86,176 |
| Non Current Assets | | | |
| Other Financial Assets | 5 | 53,215 | 42,382 |
| Property, Plant and Equipment | 6 | 116,246 | 107,897 |
| Intangible Assets | 7 | 41 | 38 |
| Total Non Current Assets | | 169,502 | 150,317 |
| Current Liabilities | | | |
| Trade and Other Payables | 8 | 2,641 | 1,308 |
| Income in Advance | | 371 | 354 |
| Borrowings | 9 | 632 | 598 |
| Total Current Liabilities | | 3,644 | 2,260 |
| Non Current Liabilities | 9 | 2,521 | 2,686 |
| Net Assets | | 235,250 | 231,547 |
| Total Equity | 10 | 235,250 | 231,547 |

For and on behalf of the Management and Finance Board, which authorised the issue of the financial report on 30 September 2015



+ Barry Jones
Roman Catholic Bishop of Christchurch


H G Bailey
Chairman



*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

**Statement of Changes in Equity
For the Year Ending 30 June 2015**

| | Notes | 2015 Actual '000 | 2014 Actual Restated * '000 |
|---|--------------|---------------------------------|--|
| Opening Equity | | 231,547 | 231,760 |
| Net Operating Surplus for the period (deficit) | | 2,751 | (1,188) |
| Other Comprehensive Income | | 952 | 975 |
| Total Comprehensive Income for the Period (loss) | | 3,703 | (213) |
| Closing Equity | 10 | 235,250 | 231,547 |

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

**Statement of Comprehensive Income
For the Year Ending 30 June 2015**

| 2014 Actual <i>Restated *</i> '000 | | Notes | 2015 Budget (Unaudited) '000 | 2015 Actual '000 | 2016 Budget (Unaudited) '000 |
|--|--|-------|---------------------------------------|------------------------|---------------------------------------|
| Operating Income | | | | | |
| 1,025 | Grants and Donations | | 510 | 972 | 506 |
| 560 | Allocations | | 562 | 562 | 547 |
| 3,418 | Government Grants | 13 | 3,384 | 3,431 | 3,383 |
| 6,608 | Investment Income | | 6,487 | 8,209 | 5,686 |
| 2,414 | Other Income | 14 | 2,081 | 2,313 | 1,996 |
| 14,025 | Total | | 13,024 | 15,487 | 12,118 |
| Less Expenditure | | | | | |
| 2,432 | Employee Benefits & Expenses | | 2,650 | 2,628 | 2,960 |
| 1,018 | Consultancy | | 365 | 1,320 | 548 |
| 1,698 | Depreciation & Amortisation | | 1,738 | 1,791 | 1,780 |
| 3,227 | School Maintenance | | 200 | 766 | 200 |
| 90 | Finance Costs | | 95 | 91 | 90 |
| 7,082 | Other Expenses | | 11,763 | 6,429 | 3,460 |
| 15,547 | Total | | 16,811 | 13,025 | 9,038 |
| (1,522) | Net Operating Surplus (deficit) | | (3,787) | 2,462 | 3,080 |
| 334 | Non Operating Revenue | 15 | 385 | 289 | 275 |
| (1,188) | Total Surplus recognised for period (deficit) | 18 | (3,402) | 2,751 | 3,355 |
| 1,688 | Internal Recoveries | | 2,200 | 1,742 | 1,835 |
| (1,688) | Less Internal Charges | | (2,200) | (1,742) | (1,835) |
| 0 | | | 0 | 0 | 0 |
| (1,259) | Net Transfers (to)/from Special Funds | | 3,181 | 2,814 | (1,162) |
| (2,447) | Net Surplus (Deficit) (after internal transfers) | 16 | (221) | 5,565 | 2,193 |
| Other Comprehensive Income | | | | | |
| Fair Value gains/(losses) on Available for Sale Assets | | | | | |
| 154 | Unrealised Gains/(losses) Reserve on Shares | | 0 | 201 | 0 |
| 821 | Unrealised Gains/(losses) Reserve on Bonds | | 0 | 751 | 0 |
| 975 | Total Other comprehensive Income | | 0 | 952 | 0 |
| (2,499) | Capital Expenditure | 17 | (3,520) | (9,968) | (7,003) |
| 0 | Loan Principal Receipts | | 500 | 500 | 0 |
| (286) | Loan Principal Repayments | | (310) | (315) | (355) |
| (4,257) | Total Comprehensive Income (after internal transfers and capital expenditure) | | (3,551) | (3,266) | (5,165) |
| Net Cost by Activity | | | | | |
| (835) | Ministry of Liturgy | | (1,235) | (896) | (1,250) |
| 271 | Ministry of the Word | | 927 | 84 | 1,081 |
| (703) | Ministry of Charity | | (964) | (896) | (981) |
| (1,180) | Overheads | | 1,051 | 7,273 | 3,343 |
| (2,447) | Total Net Cost | | (221) | 5,565 | 2,193 |

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

The attached notes form part of and should be read in conjunction with these financial statements.

Statement of Cash Flows
For the Year Ending 30 June 2015

| | 2015 | 2014 |
|--|----------------------|----------------------------|
| | '000 | Restated * '000 |
| Cash Flows From Operating Activities | | |
| Cash was provided from: | | |
| Grants and Donations Received | 972 | 1,025 |
| Allocations Received | 562 | 560 |
| Government Grants Received | 3,431 | 3,418 |
| Investment Income Received | 9,155 | 6,845 |
| Net GST Received | 0 | 1 |
| Other Income Received | 2,420 | 2,141 |
| | <u>16,540</u> | <u>13,990</u> |
| Cash was applied to: | | |
| Payments to employees and suppliers | 10,987 | 13,089 |
| Interest Paid | 91 | 90 |
| Net GST Payments | 26 | 0 |
| | <u>11,104</u> | <u>13,179</u> |
| Total Non Current Assets | 18 5,436 | 811 |
| Cash Flows From Investing Activities | | |
| Cash was provided from: | | |
| Disposal of Property, Plant & Equipment | 0 | 19 |
| Decrease in Investments | 24,748 | 0 |
| | <u>24,748</u> | <u>19</u> |
| Cash was applied to: | | |
| Acquisition of Property, Plant & Equipment | 8,809 | 2,551 |
| Increase in Investments | 0 | 4,336 |
| | <u>8,809</u> | <u>6,887</u> |
| Net Cash Inflow (Outflow) From Investing Activities | 15,939 | (6,868) |
| Cash Flows From Financing Activities | | |
| Cash was provided from: | | |
| Advance of Term Liabilities | 500 | 0 |
| | <u>500</u> | <u>0</u> |
| Cash was applied to: | | |
| Repayment of Term Liabilities | 316 | 287 |
| | <u>316</u> | <u>287</u> |
| Net Cash Inflow (Outflow) From Financing Activities | 184 | (287) |
| Net Increase (Decrease) In Cash Funds | 21,559 | (6,344) |
| Cash balance as at 1 July 2014 | 1,385 | 7,729 |
| Cash balance as at 30 June 2015 | <u>22,944</u> | <u>1,385</u> |
| This total is recorded in the financial statements as: | | |
| Cash and Cash Equivalents | <u>22,944</u> | <u>1,385</u> |

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

Statement of Cost of Services - Ministry of Liturgy: "To Sanctify"
For the Year Ending 30 June 2015

| 2014 Actual Restated * '000 | | 2015 Budget (Unaudited) '000 | 2015 Actual '000 | 2016 Budget (Unaudited) '000 |
|--|--|---|---------------------------------|---|
| | Operating Income | | | |
| 160 | Grants and Donations | 83 | 111 | 76 |
| 235 | Other Income | 212 | 212 | 139 |
| 395 | Total | 295 | 323 | 215 |
| | Less Expenditure | | | |
| 582 | Personnel Costs | 637 | 587 | 628 |
| 6 | Consultancy | 8 | 3 | 8 |
| 38 | Depreciation | 42 | 48 | 51 |
| 948 | Other | 852 | 980 | 802 |
| 1,574 | Total | 1,539 | 1,618 | 1,489 |
| (1,179) | Net Operating (Deficit) | (1,244) | (1,295) | (1,274) |
| 0 | Non Operating Revenue | 0 | 0 | 0 |
| (1,179) | Total (Deficit) recognised for period | (1,244) | (1,295) | (1,274) |
| 14 | Internal Recoveries | 45 | 38 | 26 |
| (141) | Less Internal Charges | (150) | (154) | (133) |
| (127) | | (105) | (116) | (107) |
| 471 | Net Transfers (to)/from Special Funds | 114 | 515 | 131 |
| (835) | Net (Deficit) | (1,235) | (896) | (1,250) |
| (91) | Capital Expenditure | (10) | (1) | (13) |
| 0 | Loan Principal Receipts | 0 | 0 | 0 |
| 0 | Loan Principal Repayments | 0 | 0 | 0 |
| (926) | Net Operating (Deficit) | (1,245) | (897) | (1,263) |
| | (after internal transfers and capital expenditure) | | | |
| | Net Cost by Activity | | | |
| (23) | Archives | (50) | (47) | (54) |
| (129) | Bishop's Pastoral Office | (107) | (107) | (122) |
| 0 | Pastoral Earthquake Recovery | (53) | (52) | (84) |
| (4) | Perpetual Adoration | (5) | (3) | (5) |
| (19) | Communication | (68) | (28) | (71) |
| (96) | ThanksGiving Programme | (97) | (96) | (109) |
| (182) | Chaplaincy | (214) | (169) | (227) |
| (324) | Priestly Formation | (521) | (272) | (445) |
| 38 | Cathedral | (25) | (27) | (25) |
| (96) | Cathedral Music | (95) | (96) | (108) |
| (835) | Total Net Cost | (1,235) | (897) | (1,250) |

Statement of Cost of Services - Ministry of The Word: "To Teach"
For the Year Ending 30 June 2015

| 2014 Actual <i>Restated *</i> '000 | | 2015 Budget <i>(Unaudited)</i> '000 | 2015 Actual '000 | 2016 Budget <i>(Unaudited)</i> '000 |
|---|--|--|---------------------------------|--|
| | Operating Income | | | |
| 143 | Grants and Donations | 10 | 3 | 13 |
| 3,322 | Government Grants | 3,297 | 3,346 | 3,312 |
| 32 | Investment Income | 18 | 27 | 42 |
| 1,402 | Other Income | 1,321 | 1,470 | 1,609 |
| 4,899 | Total | 4,646 | 4,846 | 4,976 |
| | Less Expenditure | | | |
| 792 | Personnel Costs | 742 | 759 | 742 |
| 557 | Consultancy | 150 | 890 | 144 |
| 1,564 | Depreciation | 1,579 | 1,609 | 1,586 |
| 3,227 | School Maintenance | 200 | 766 | 200 |
| 90 | Interest on Loans | 95 | 91 | 90 |
| 1,449 | Other | 923 | 924 | 993 |
| 7,679 | Total | 3,689 | 5,039 | 3,755 |
| (2,780) | Net Operating Surplus | 957 | (193) | 1,221 |
| 0 | Non Operating Revenue | 0 | 0 | 0 |
| (2,780) | Total Surplus recognised for period | 957 | (193) | 1,221 |
| 580 | Internal Recoveries | 576 | 577 | 567 |
| (659) | Less Internal Charges | (640) | (652) | (624) |
| (79) | | (64) | (75) | (57) |
| 3,130 | Net Transfers (to)/from Special Funds | 34 | 352 | (83) |
| 271 | Net Operating Surplus/(Deficit) | 927 | 84 | 1,081 |
| (2,311) | Capital Expenditure - Diocesan Schools | (3,309) | (2,412) | (2,723) |
| (19) | Capital Expenditure - Other | (20) | (29) | 0 |
| (2,330) | Total Capital Expenditure | (3,329) | (2,441) | (2,723) |
| 0 | Loan Principal Receipts | 500 | 500 | 0 |
| (286) | Loan Principal Repayments | (310) | (315) | (355) |
| (2,345) | Net (Deficit) (after internal transfers and capital expenditure) | (2,212) | (2,172) | (1,997) |
| | Net Cost by Activity | | | |
| 133 | Catholic Education Office | 26 | 101 | 39 |
| 127 | Attendance Dues | 112 | 271 | 264 |
| 454 | Diocesan Schools | 1,225 | 203 | 1,247 |
| (443) | Youth and Young People | (436) | (491) | (470) |
| 0 | CCJP | 0 | 0 | 0 |
| 271 | Total Net Cost | 927 | 84 | 1,080 |

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.
The attached notes form part of and should be read in conjunction with these financial statements.

Statement of Cost of Services - Ministry of Charity : "To Care For"
For the Year Ending 30 June 2015

| 2014 Actual <i>Restated *</i> '000 | | 2015 Budget <i>(Unaudited)</i> '000 | 2015 Actual '000 | 2016 Budget <i>(Unaudited)</i> '000 |
|---|--|--|---------------------------------|--|
| | Operating Income | | | |
| 423 | Grants and Donations | 292 | 414 | 293 |
| 96 | Government Grants | 87 | 85 | 71 |
| 216 | Other Income | 193 | 216 | 198 |
| 735 | Total | 572 | 715 | 562 |
| | Less Expenditure | | | |
| 453 | Personnel Costs | 522 | 515 | 527 |
| 53 | Consultancy | 26 | 58 | 23 |
| 43 | Depreciation | 42 | 36 | 35 |
| 754 | Other | 806 | 716 | 722 |
| 1,303 | Total | 1,396 | 1,325 | 1,307 |
| (568) | Net Operating Surplus | (824) | (610) | (745) |
| 0 | Non Operating Revenue | 0 | 0 | 0 |
| (568) | Total Surplus recognised for period | (824) | (610) | (745) |
| 43 | Internal Recoveries | 63 | 44 | 66 |
| (371) | Less Internal Charges | (337) | (333) | (339) |
| (328) | | (274) | (289) | (273) |
| 193 | Net Transfers (to)/from Special Funds | 134 | 3 | 37 |
| (703) | Net Operating Surplus/(Deficit) | (964) | (896) | (981) |
| (40) | Capital Expenditure | (26) | (14) | (25) |
| 0 | Loan Principal Receipts | 0 | 0 | 0 |
| 0 | Loan Principal Repayments | 0 | 0 | 0 |
| (743) | Net Operating Surplus/(Deficit) (after internal transfers and capital expenditure) | (990) | (910) | (1,006) |
| | Net Cost by Activity | | | |
| 65 | Welfare - Catholic Social Services | (120) | (114) | (186) |
| (2) | Welfare - Other | 12 | (2) | (2) |
| (289) | Governance | (242) | (303) | (271) |
| (260) | Pastoral Initiatives | (395) | (293) | (333) |
| (182) | Bishop's Conference | (185) | (142) | (155) |
| (24) | Catholic Shop | (23) | (31) | (28) |
| (11) | Tribunal | (11) | (11) | (6) |
| (703) | Total Net Cost | (964) | (896) | (981) |

Statement of Cost of Services - Overhead Activities
As At 30 June 2015

| 2014 Actual <i>Restated *</i> '000 | | 2015 Budget <i>(Unaudited)</i> '000 | 2015 Actual '000 | 2016 Budget <i>(Unaudited)</i> '000 |
|---|---|--|------------------------|--|
| | Operating Income | | | |
| 299 | Grants and Donations | 125 | 444 | 124 |
| 560 | Allocations | 562 | 562 | 547 |
| 6,576 | Investment Income | 6,469 | 8,182 | 5,644 |
| 561 | Other Income | 355 | 415 | 50 |
| 7,996 | Total | 7,511 | 9,603 | 6,365 |
| | Less Expenditure | | | |
| 605 | Personnel Costs | 749 | 767 | 1,063 |
| 402 | Consultancy | 181 | 369 | 373 |
| 53 | Depreciation | 75 | 98 | 108 |
| 3,931 | Other | 9,182 | 3,809 | 943 |
| 4,991 | Total | 10,187 | 5,043 | 2,487 |
| 3,005 | Net Operating Surplus | (2,676) | 4,560 | 3,878 |
| 334 | Non Operating Revenue | 385 | 289 | 275 |
| 3,339 | Total Surplus (Deficit) recognised for period | (2,291) | 4,849 | 4,153 |
| 1,051 | Internal Recoveries | 1,516 | 1,083 | 1,176 |
| (517) | Less Internal Charges | (1,073) | (603) | (739) |
| 534 | | 443 | 480 | 437 |
| (5,053) | Net Transfers (to)/from Special Funds | 2,899 | 1,944 | (1,247) |
| (1,180) | Net Surplus (Deficit) (after internal transfers) | 1,051 | 7,273 | 3,343 |
| (38) | Capital Expenditure | (155) | (7,512) | (4,242) |
| 0 | Loan Principal Receipts | 0 | 0 | 0 |
| 0 | Loan Principal Repayments | 0 | 0 | 0 |
| (1,218) | Net Surplus (Deficit) | 896 | (239) | (899) |
| | (after internal transfers and capital expenditure) | | | |
| | Net Cost by Activity | | | |
| 0 | Diocesan Financial Administrator | 0 | 0 | 0 |
| 0 | Cathedral House Building | 0 | 0 | 0 |
| (61) | Other Diocesan Properties | (39) | 1,977 | (87) |
| 0 | Administration | 0 | 0 | 0 |
| 25 | Insurance | 0 | 0 | 0 |
| 1,266 | Other Income | 1,412 | 2,496 | 1,976 |
| 910 | Investment Income | 1,574 | 2,010 | 204 |
| (3,320) | Earthquake Recovery | (1,896) | 790 | 1,250 |
| (1,180) | Total Net Cost | 1,051 | 7,273 | 3,343 |

The attached notes form part of and should be read in conjunction with these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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 2015. The financial statements were authorised for issue by the Management and Finance Board on 30 September 2015.

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 NZ IFRS adopted by the Diocese as of 1 July 2014.

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 2015. 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 - enhancements for not-for-profit entities</i> | In October 2014, a revised set of PBE Standards were issued, as replacements for the PBE Standards issued in May 2013. The revised standards include enhancements for not-for-profit entities. Early adoption of PBE Standards is permitted. | 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. However a comprehensive analysis of the changes has yet to be completed. | 1 July 2015 |
| PBE IPSAS 1, PBE IAS 34, PBE FRS 42, PBE FRS 43 | <i>Amendments to Accounting Standards: Omnibus Amendments (Legislative Update)</i> | The following standards are amended by this standard: <ul style="list-style-type: none"> Replaces the 'Financial Reporting Act 1993' with the 'Financial Reporting Act 2013' or 'legislation' Deletes paragraphs 31.1 and 31.2 of PBE IPSAS 1, which referred to requirements in the Financial Reporting Act 1993 that no longer exist under the new Financial Reporting Act 2013. | 1 April 2015 | The impact on the Diocese's financial statements is expected to be minimal. | 1 July 2015 |
| NZ IFRS 9 (PBE) (2009) | Financial Instruments | 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> . 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: <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; | 1 January 2018 | 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 2018 |

Standards and interpretation issued and not yet adopted (Continued)

| Reference | Title | Summary | Application date of standard | Impact on Diocese's Financial Statements | Application date for Diocese |
|---|-----------------------|---|------------------------------|--|------------------------------|
| NZ IFRS 9 (PBE) (2009) (Continued) | Financial Instruments | <ul style="list-style-type: none"> ▶ 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 2018 | 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 2018 |
| 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. 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. | 1 January 2018 | The Diocese's financial liabilities are low, therefore the impact on the Diocese's financial statements is expected to be minimal. | 1 July 2018 |

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.

(g) 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.

(k) 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.

(n) 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% |
|----------|---------|-----|

(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

| | 2015 '000 | 2014 '000 |
|--|--------------|--------------|
| Trade & Other Debtors | 1,963 | 2,119 |
| (less Provision for Impairment of Debtors) | (278) | (201) |
| Interest Receivable | 36 | 45 |
| GST Receivable | 500 | 339 |
| Prepayments | 45 | 202 |
| Total | 2,266 | 2,504 |

4. Provision for Impairment of Debtors

| | 2015 '000 | 2014 '000 |
|-------------------------|--------------|--------------|
| As at 1 July | 201 | 122 |
| Arising during the year | 77 | 79 |
| Used during the year | 0 | 0 |
| As at 30 June | 278 | 201 |

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

5. Other Financial Assets

| | 2015 '000 | 2014 '000 |
|--|---------------|----------------|
| Catholic Development Fund Deposits | 3,136 | 4,084 |
| Bonds & Notes | 46,569 | 38,330 |
| Bank Deposits | 34,300 | 66,250 |
| Offshore Bond Fund | 6,102 | 6,133 |
| Catholic Development Fund Equity (see Note 19) | 4,913 | 3,958 |
| Shares | 4,885 | 5,901 |
| Total | 99,905 | 124,656 |
| Less Current Portion | (46,690) | (82,274) |
| Total Non Current Investments | 53,215 | 42,382 |

For details of impairment of Financial Assets refer to Note 12.

6. Property Plant & Equipment

| 30 June 2015 | Cost | Current Yr Depn. | Accum Depn | Book Value |
|---|----------------|-----------------------------|-----------------------|-------------------|
| | '000 | '000 | '000 | '000 |
| Land | 43,647 | 0 | 0 | 43,647 |
| Buildings | 11,667 | 258 | 2,029 | 9,638 |
| Buildings (<i>Work in Progress</i>) | 593 | 0 | 0 | 593 |
| Furniture & Equipment | 1,203 | 110 | 829 | 374 |
| Motor Vehicles | 421 | 38 | 322 | 99 |
| School Improvements | 66,943 | 1,368 | 11,567 | 55,376 |
| School Improvements (<i>Work in progress</i>) | 6,519 | 0 | 0 | 6,519 |
| Total | 130,993 | 1,774 | 14,747 | 116,246 |

| 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 | 1,920 | 10,355 |
| 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 * | 64,337 | 1,337 | 10,052 | 54,285 |
| School Improvements (<i>Work in progress</i>)* | 1,139 | 0 | 0 | 1,139 |
| Total | 120,872 | 1,698 | 12,975 | 107,897 |

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.

* Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

7. Intangible Assets

| | Cost or Revaluation | Current Yr Depn. | Accum Depn | Book Value |
|-----------------------------|--------------------------------|-----------------------------|-----------------------|-----------------------|
| | '000 | '000 | '000 | '000 |
| 30 June 2015 | | | | |
| Software | 155 | 17 | 131 | 24 |
| (<i>Work in Progress</i>) | 17 | 0 | 0 | 17 |
| | 172 | 17 | 131 | 41 |
| 30 June 2014 | | | | |
| Software | 116 | 0 | 114 | 2 |
| (<i>Work in Progress</i>) | 36 | 0 | 0 | 36 |
| | 152 | 0 | 114 | 38 |

8. Trade and Other Payables

| | 2015 '000 | 2014 '000 |
|---------------------------|--------------|--------------|
| Creditors & Accruals | 2,346 | 950 |
| Employee Entitlements | 219 | 182 |
| Other Current Liabilities | 76 | 176 |
| Total | 2,641 | 1,308 |

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.

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 2015 amounted to \$289,000 (2014: \$334,000).

Other Loans (\$1,708,000) are held with the Catholic Development Fund. The current interest rates on these loans are 5.50% p.a.

| | 2015 '000 | 2014 '000 |
|--------------------------------------|--------------|--------------|
| Suspensory Loans | 1,311 | 1,605 |
| Other Loans | 1,708 | 1,523 |
| Future GST Liability | 134 | 156 |
| Total | 3,153 | 3,284 |
| Less Current Portion | 632 | 598 |
| Total Non Current Liabilities | 2,521 | 2,686 |

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 | 2015 '000 | 2014 '000 |
|---------------------------|----------------|----------------|
| General Equity* | 113,889 | 107,303 |
| Special Purpose Funds | 118,370 | 122,204 |
| Unrealised Gains Reserves | 2,991 | 2,040 |
| Total Equity | 235,250 | 231,547 |

Equity (continued)

| Special Purpose Funds | 2015 | 2014 |
|---|----------------|----------------|
| | '000 | '000 |
| Education – Diocesan School Capital & Maintenance Programme | 1,033 | 846 |
| Education – Attendance Dues | (434) | (22) |
| Education – General | 681 | 638 |
| Education – Dallington School | 108 | 97 |
| Youth | 271 | 255 |
| Youth & Education | 146 | 140 |
| Catholic Social Services | 869 | 845 |
| Pastoral – Missionary | 428 | 292 |
| Pastoral – Ongoing Formation, Education & Seminary | 1,709 | 1,642 |
| Aged Care | 1,171 | 896 |
| Bishop's Capital Health Fund | | |
| (90% Income distributed to Clergy Trust Fund) | 230 | 226 |
| Gamblins Rd | | |
| (Income distributed to Cathedral College Proprietors Trust Board) | 0 | 1,019 |
| CCJP | 16 | 15 |
| Darfield Parish (Income distributed to Darfield Parish) | 100 | 100 |
| Chatham Island Parish | 1 | 7 |
| Property Reserve | 12,687 | 12,687 |
| Dallington Land Settlement Reserve | 1,413 | 1,280 |
| Earthquake Recovery | 97,737 | 101,049 |
| Other | 204 | 192 |
| Total Special Purpose Funds | 118,370 | 122,204 |

| Unrealised Gains Reserves | 2015 | 2014 |
|---|--------------|--------------|
| | '000 | '000 |
| <i>Unrealised Gains Reserve on Shares</i> | | |
| Opening Balance | 859 | 705 |
| Movement during the year | 200 | 154 |
| Closing Balance | 1,059 | 859 |
| <i>Unrealised Gains Reserve on Bonds</i> | | |
| Opening Balance | 1,181 | 360 |
| Movement during the year | 751 | 821 |
| Closing Balance | 1,932 | 1,181 |
| Total Unrealised Gains Reserves | 2,991 | 2,040 |

* Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

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.

| 30 June 2015 | Cash & Cash Equivalents | Trade & Other Receivables | Other Financial Assets | Total Financial Assets |
|-------------------------------|----------------------------|------------------------------|---------------------------|---------------------------|
| Loans and Receivables | 22,944 | 2,266 | 0 | 25,210 |
| Available For Sale | 0 | 0 | 99,905 | 99,905 |
| Total Financial Assets | 22,944 | 2,266 | 99,905 | 125,115 |

| 30 June 2015 | Trade & Other Payables | Borrowings | Total Financial Liabilities |
|------------------------------------|---------------------------|--------------|--------------------------------|
| Recorded at Amortised Cost | 2,640 | 3,153 | 5,793 |
| Total Financial Liabilities | 2,640 | 3,153 | 5,793 |
| Net Exposure | 22,944 | (380) | 119,316 |

| 30 June 2014 | Cash & Cash Equivalents | Trade & Other Receivables | Other Financial Assets | Total Financial Assets |
|-------------------------------|----------------------------|------------------------------|---------------------------|---------------------------|
| 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 | 123,953 |

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

| | 2015 '000 | 2014 '000 |
|--|---------------------|---------------------|
| Education (Attendance Dues, Special Character Contributions & Foreign Fee Paying Students) | 1,346 | 1,209 |
| Catholic Shop Sales | 87 | 92 |
| Prison Chaplaincy Service | 87 | 76 |
| Programs & Events (Youth & Education) | 20 | 35 |
| Gain on Property Sales | 0 | 9 |
| Insurance Proceeds | 168 | 0 |
| Other Income | 605 | 993 |
| Total | 2,313 | 2,414 |

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)

| | 2015 '000 | 2014 '000 |
|---------------------------------|---------------------|---------------------|
| <i>After Charging:</i> | | |
| Auditor's Fees - Audit Fees | 23 | 19 |
| Auditor's Fees – Other Services | 36 | 22 |
| Employee Benefits and Expenses | 2,426 | 2,212 |
| Donations Expense | 328 | 395 |
| Interest Expense | 90 | 90 |
| Lease Expense | 264 | 214 |
| Provision for Doubtful Debts | 49 | 79 |
| Bad Debts Written Off | 0 | 0 |
| Loss on Assets * | 0 | 516 |
| <i>Including:</i> | | |
| Interest Revenue | 5,323 | 5,003 |
| Dividend Revenue | 336 | 315 |
| Gain on Sale of Assets | 887 | 462 |

* Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

17. Capital Expenditure

| | 2015 | 2014 |
|-------------------------|--------------|--------------|
| | '000 | '000 |
| Diocesan Schools* | 7,194 | 2,311 |
| Land & Buildings | 2,572 | 25 |
| Computer Equipment | 123 | 25 |
| Vehicles | 37 | 0 |
| Other Plant & Equipment | 22 | 117 |
| Intangible Assets | 20 | 21 |
| | 9,968 | 2,499 |

* Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

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

| | 2015 | 2014 |
|--|--------------|-------------------|
| | '000 | Restated* '000 |
| Net Surplus (deficit) | 2,751 | (1,188) |
| Add/(Less) Non Cash Items: | | |
| Depreciation and Amortisation | 1,791 | 1,698 |
| Non Operating Revenue (Loans forgiven) | (289) | (334) |
| (Gain)/Loss on Sale of Asset | 0 | 507 |
| Change in CDF Equity | 955 | 213 |
| | 5,208 | 896 |

Movements in Other Working Capital Items:

| | | |
|--|--------------|------------|
| Decrease/(Increase) in Prepayments | 157 | (13) |
| Decrease/(Increase) in Accounts Receivable | 242 | (275) |
| Decrease/(Increase) in Stock | 0 | (2) |
| Decrease/(Increase) in GST Receivable | (187) | (91) |
| (Decrease)/Increase in GST Payable | 0 | 0 |
| (Decrease)/Increase in Accounts Payable | 1,296 | 71 |
| (Decrease)/Increase in Holiday Pay | 37 | (7) |
| (Decrease)/Increase in Income in Advance | 17 | 127 |
| | 1,562 | (190) |
| Less Fixed Assets in Accounts Payable | (1,334) | 105 |
| | (1,334) | 105 |
| Net Cash Flow from Operating Activities | 5,436 | 811 |

* Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 23.

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>2015</i> <i>'000</i> <i>(31 March)</i> | <i>2014</i> <i>'000</i> <i>(31 March)</i> |
|--|--|--|
| Surplus | 684 | 987 |
| Distribution to Diocese (included within Investment Income) | 1,051 | 886 |
| Unrealised gains/(losses) in fair value of Available for Sale Financial Assets | 254 | (512) |
| Diocese Investment in CDF: | <i>(30 June)</i> | <i>(30 June)</i> |
| Opening Carrying Amount | 3,958 | 4,171 |
| Closing Carrying Amount | 4,912 | 3,958 |

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 \$684,000 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.

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 2015 were \$1,311,000. (2014: \$1,605,000). The likelihood of any schools closing is considered remote.

22. Commitments

As at 30 June 2015 there are commitments for the following:

| | 2015 '000 | 2014 '000 |
|----------------------------------|--------------|--------------|
| Capital Commitments | | |
| School Improvements | 1,060 | 554 |
| Other | 2,050 | 0 |
| Total Capital Commitments | 3,110 | 554 |
| Lease Commitments | | |
| Within one year | 151 | 151 |
| Two to five years | 105 | 242 |
| Five years plus | 0 | 0 |
| Total Lease Commitments | 256 | 393 |

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 7 months to 2 ½ years, with rights of renewal ranging from 3 to 21 years.

23. Prior Period Adjustment

A prior period adjustment has been made in relation to School property assets. As a result of the Detailed Engineering Evaluations of all Diocesan property following the 2010 and 2011 earthquakes two classroom blocks at John Paul II School (Greymouth) were deemed unsafe and were either demolished or removed from the site during the 2014 financial year. Five new classrooms were built during the 2014 and 2015 financial years. The write off of the assets amounting to \$496,000 should have been recorded in 2014. Expenditure on replacement classrooms amounting to \$1,047,000 was expensed in 2014 which should have been capitalised. This error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

| | Previously reported '000 | Restated Balance '000 | Adjustme nt '000 |
|---|--------------------------------|-----------------------------|------------------------|
| Impact on statement of Financial Position | | | |
| Property & Equipment as at 30 June 2014 | 107,346 | 107,897 | 551 |
| Net impact on opening equity at 1 July 2014 | 230,996 | 231,547 | 551 |
| Impact on Statement of Comprehensive Income | | | |
| School Maintenance Expenditure for the year ended 30 June 2014 | 4,274 | 3,227 | (1,047) |
| Other Expenditure for the year ended 30 June 2014 | 6,586 | 7,082 | 496 |
| Net impact on surplus recognised for the year ended 30 June 2014 | (2,998) | (2,447) | 551 |
| Capital Expenditure for the year ended 30 June 2014 | 1,452 | 2,499 | 1,047 |

24. 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 29, which comprise the statement of financial position of the Diocese as at 30 June 2015, 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 friendly society'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 the activities of the Diocese.

Opinion

In our opinion, the financial statements on pages 4 to 29:

- ▶ 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 2015 and its financial performance and cash flows for the year then ended.

30 September 2015
Christchurch

