



**THE ROMAN CATHOLIC DIOCESE OF
CHRISTCHURCH DIOCESAN TRUST**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

CONTENTS

Directory	2
Executive Directory	3
Statement of Financial Position	4
Statement of Changes in Net Assets/Equity	5
Statement of Comprehensive Revenue & Expenses	6
Statement of Cash Flows	7
Statement of Cost of Services – Ministry of Liturgy	8
Statement of Cost of Services – Ministry of The Word	9
Statement of Cost of Services – Ministry of Charity	10
Statement of Cost of Services – Overhead Activities	11
Notes to the Financial Statements	12 - 27
Auditor's Report	28

Directory

Bishop	Most Reverend Barry Jones DD (to 13.2.16 RIP)
Administrator	Reverend Rick Loughnan (from 14.2.16)
Bishop Emeritus	Most Reverend Basil Meeking DD
Vicar General	Reverend Rick Loughnan (to 14.2.16)
Chancellor	Reverend Geoff Gray (to 14.2.16)
College of Consultors	Reverend John Adams Reverend Simon Eccleton Reverend Geoff Gray Reverend Frank Kelly Reverend Rick Loughnan Reverend Denis Nolan (from 25.11.15) Reverend John Noonan (to 9.9.15)
Diocesan Management and Finance Board	Geoff Bailey, Chairman Greg Bevin Most Reverend Barry Jones DD (to 13.2.16 RIP) Most Reverend Rick Loughnan (from 14.2.16) Rex Lynch (to 27.4.16) George Macfarlane (to 28.10.15) Barbara Matthews (to 30.9.15) Chris Milne (from 24.2.16) Kristy O'Connor (from 27.5.16) Sara O'Connor (from 24.2.16) Brian Phillips Ed Sparrow (from 7.4.16)
Diocesan Education Council	Rex Lynch, Chairman (to 27.4.16) Reverend John Adams Robin Kilworth
Diocesan Welfare Council	Peter Sivertsen, Chairperson Mary Caldwell Brian Cowan Charlotte Cummings Joan Doocey Johnson Karathra (from 14.7.15) Rosemary McNoe (from 14.7.15) Francis Sullivan Genevieve Wei (from 14.7.15)
Diocesan Youth Council	Rachel Pitcaithly, Chairperson Reverend Rick Loughnan Reverend Matthew Siji (9.2.16-1.7.16) Reverend Edwin Colaco SDB (from 10.7.16) Janice Rennell Sergio Ruiz Jacinta Stopforth Sarah Waggott

Executive Directory

Managers

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

Andy Doherty (from 16.11.15)
Paddy Beban (to 20.11.15)
Mike Nolan
James Bryant
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 2016**

		30 June 2016	30 June 2015
	<i>Notes</i>	<i>'000</i>	<i>'000</i>
Current Assets			
Cash and Cash Equivalents		31,759	22,944
Trade and Other Receivables	3	1,414	2,266
Inventories		20	13
Other Financial Assets	5	16,629	46,690
Total Current Assets		49,822	71,913
Non Current Assets			
Investment in Associate		4,231	4,913
Other Financial Assets	5	73,217	48,302
Property, Plant and Equipment	6	121,328	116,246
Intangible Assets	7	11	41
Total Non Current Assets		198,787	169,502
Current Liabilities			
Trade and Other Payables	8	9,609	2,641
Income in Advance		296	371
Borrowings	9	624	632
Total Current Liabilities		10,529	3,644
Non Current Liabilities	9	2,069	2,521
Net Assets		236,011	235,250
Total Equity	10	236,011	235,250

For and on behalf of the Management and Finance Board, which authorised the issue of the financial report on 28 September 2015

Rev Rick Loughnan
Administrator - Catholic Diocese of Christchurch

H G Bailey
Chairman



**Statement of Changes in Net Assets/Equity
For the Year Ending 30 June 2016**

		2016 Actual	2015 Actual
	<i>Notes</i>	<i>'000</i>	<i>'000</i>
Opening Equity		235,250	231,547
Net Operating Surplus for the period		400	2,751
Other Comprehensive Income		361	952
Total Comprehensive Income for the Period		761	3,703
Closing Equity	<i>10</i>	<u>236,011</u>	<u>235,250</u>

**Statement of Comprehensive Revenue and Expense
For the Year Ending 30 June 2016**

2015 Actual		Notes	2016 Budget (Unaudited) '000	2016 Actual '000	2017 Budget (Unaudited) '000
'000					
Operating Revenue					
972	Grants and Donations		506	1,120	707
562	Allocations		547	570	570
3,431	Government Grants	13	3,383	3,501	3,483
7,525	Investment Income		5,236	5,563	4,950
684	Share of surplus of Associate		450	302	550
2,313	Other Income	14	1,996	2,317	9,571
15,487	Total		12,118	13,373	19,831
Less Expenditure					
2,628	Employee Benefits & Expenses		2,960	2,745	3,763
1,320	Consultancy		548	1,362	2,203
1,791	Depreciation & Amortisation		1,780	1,888	2,113
766	School Maintenance		200	354	200
91	Finance Costs		90	92	90
6,429	Other Expenses		3,460	6,803	20,023
13,025	Total		9,038	13,244	28,392
2,462	Net Operating Surplus		3,080	129	(8,561)
289	Non Operating Revenue	15	275	271	227
2,751	Total Surplus recognised for the period	18	3,355	400	(8,334)
1,742	Internal Recoveries		1,835	1,806	1,805
(1,742)	Less Internal Charges		(1,835)	(1,806)	(1,805)
0			0	0	0
2,814	Net Transfers (to)/from Special Funds		(1,162)	3,273	17,306
5,565	Net Surplus (after internal transfers)	16	2,193	3,673	8,972
Other Comprehensive Revenue and Expense					
201	Unrealised Gains/(losses) Reserve on Shares		0	(348)	0
751	Unrealised Gains/(losses) Reserve on Bonds		0	709	0
952	Total Other Comprehensive Revenue and Expense		0	361	0
(9,968)	Capital Expenditure	17	(7,003)	(7,072)	(4,311)
500	Loan Principal Receipts		0	188	0
(315)	Loan Principal Repayments		(355)	(351)	(355)
(3,266)	Total Comprehensive Revenue and Expense (after internal transfers and capital expenditure)		(5,165)	(3,201)	4,306
Net Cost by Activity					
(896)	Ministry of Liturgy		(1,250)	(1,064)	(1,465)
84	Ministry of the Word		1,081	(2,051)	2,257
(896)	Ministry of Charity		(981)	(706)	(1,013)
7,273	Overheads		3,343	7,494	9,193
5,565	Total Net Cost		2,193	3,673	8,972

**Statement of Cash Flows
For the Year Ending 30 June 2016**

		2016	2015
	<i>Note</i>	'000	'000
Cash Flows From Operating Activities			
Cash was provided from:			
Grants and Donations Received		1,120	972
Allocations Received		570	562
Government Grants Received		3,501	3,431
Investment Income Received		5,875	9,155
Other Income Received		3,038	2,420
		<u>14,104</u>	<u>16,540</u>
Cash was applied to:			
Payments to employees and suppliers		10,828	10,987
Interest Paid		92	91
Net GST Payments		26	26
		<u>10,946</u>	<u>11,104</u>
Net Cash Flows From Operating Activities	18	3,158	5,436
Cash Flows From Investing Activities			
Cash was provided from:			
Decrease in Investments		5,509	24,748
		<u>5,509</u>	<u>24,748</u>
Cash was applied to:			
Acquisition of Property, Plant & Equipment		7,828	8,809
		<u>7,828</u>	<u>8,809</u>
Net Cash Inflow (Outflow) From Investing Activities		(2,319)	15,939
Cash Flows From Financing Activities			
Cash was provided from:			
Advance from Mt Magdala Trust		8,139	0
Advance of Term Liabilities		188	500
		<u>8,327</u>	<u>500</u>
Cash was applied to:			
Repayment of Term Liabilities		351	316
		<u>351</u>	<u>316</u>
Net Cash Inflow (Outflow) From Financing Activities		7,976	184
Net Increase (Decrease) In Cash Funds		8,815	21,559
Cash balance as at 1 July 2015		22,944	1,385
Cash balance as at 30 June 2016		<u>31,759</u>	<u>22,944</u>
This total is recorded in the financial statements as:			
Cash and Cash Equivalents		<u>31,759</u>	<u>22,944</u>

Statement of Cost of Services - Ministry of Liturgy: "To Sanctify"
For the Year Ending 30 June 2016

2015 Actual		2016 Budget (Unaudited) '000	2016 Actual '000	2017 Budget (Unaudited) '000
'000				
	Operating Income			
111	Grants and Donations	76	78	74
212	Other Income	139	104	152
323	Total	215	182	226
	Less Expenditure			
587	Personnel Costs	628	562	732
3	Consultancy	8	3	10
48	Depreciation	51	50	50
980	Other	802	741	903
1,618	Total	1,489	1,356	1,695
(1,295)	Net Operating (Deficit)	(1,274)	(1,174)	(1,469)
0	Non Operating Revenue	0	0	0
(1,295)	Total (Deficit) recognised for period	(1,274)	(1,174)	(1,469)
38	Internal Recoveries	26	21	65
(154)	Less Internal Charges	(133)	(133)	(147)
(116)		(107)	(112)	(82)
515	Net Transfers (to)/from Special Funds	131	222	86
(896)	Net (Deficit)	(1,250)	(1,064)	(1,465)
(1)	Capital Expenditure	(13)	(21)	(26)
0	Loan Principal Receipts	0	0	0
0	Loan Principal Repayments	0	0	0
(897)	Net Operating (Deficit)	(1,263)	(1,085)	(1,491)
	(after internal transfers and capital expenditure)			
	Net Cost by Activity			
(47)	Archives	(54)	(58)	(56)
(107)	Bishop's Pastoral Office	(122)	(117)	(121)
(52)	Evangelisation/Pastoral Earthquake Recovery	(84)	(44)	(90)
(3)	Perpetual Adoration	(5)	(4)	(6)
(28)	Communication	(71)	(41)	(94)
(96)	ThanksGiving Programme	(109)	(112)	(111)
(169)	Chaplaincy	(227)	(219)	(238)
(272)	Priestly Formation	(445)	(336)	(551)
(27)	Cathedral	(25)	(28)	(24)
(96)	Cathedral Music	(108)	(105)	(174)
(897)	Total Net Cost	(1,250)	(1,064)	(1,465)

Statement of Cost of Services - Ministry of The Word: "To Teach"
For the Year Ending 30 June 2016

2015 Actual		2016 Budget (Unaudited)	2016 Actual	2017 Budget (Unaudited)
'000		'000	'000	'000
	Operating Income			
3	Grants and Donations	13	4	38
3,346	Government Grants	3,312	3,415	3,411
27	Investment Income	42	0	0
1,470	Other Income	1,609	1,904	1,863
4,846	Total	4,976	5,323	5,312
	Less Expenditure			
759	Personnel Costs	742	780	822
890	Consultancy	144	433	227
1,609	Depreciation	1,586	1,706	1,922
766	School Maintenance	200	354	200
91	Interest on Loans	90	92	90
924	Other	993	1,130	970
5,039	Total	3,755	4,495	4,231
(193)	Net Operating Surplus	1,221	828	1,081
0	Non Operating Revenue	0	0	0
(193)	Total Surplus recognised for period	1,221	828	1,081
577	Internal Recoveries	567	566	587
(652)	Less Internal Charges	(624)	(641)	(638)
(75)		(57)	(75)	(51)
352	Net Transfers (to)/from Special Funds	(83)	(2,804)	1,227
84	Net Operating Surplus/(Deficit)	1,081	(2,051)	2,257
(2,412)	Capital Expenditure - Diocesan Schools	(2,723)	(1,595)	(4,104)
(29)	Capital Expenditure - Other	0	(12)	(40)
(2,441)	Total Capital Expenditure	(2,723)	(1,607)	(4,144)
500	Loan Principal Receipts	0	188	0
(315)	Loan Principal Repayments	(355)	(351)	(355)
(2,172)	Net (Deficit)	(1,997)	(3,821)	(2,242)
	(after internal transfers and capital expenditure)			
	Net Cost by Activity			
101	Catholic Education Office	39	140	10
271	Attendance Dues	264	195	237
203	Diocesan Schools	1,247	(1,883)	2,341
(491)	Youth and Young People	(470)	(503)	(341)
0	CCJP	0	0	0
84	Total Net Cost	1,080	(2,051)	2,247

Statement of Cost of Services - Ministry of Charity : "To Care For"
For the Year Ending 30 June 2016

2015 Actual <i>'000</i>		2016 Budget (Unaudited) '000	2016 Actual '000	2017 Budget (Unaudited) '000
	Operating Income			
414	Grants and Donations	293	507	276
85	Government Grants	71	86	72
216	Other Income	198	191	215
715	Total	562	784	563
	Less Expenditure			
515	Personnel Costs	527	522	542
58	Consultancy	23	62	28
36	Depreciation	35	36	36
716	Other	722	674	717
1,325	Total	1,307	1,294	1,323
(610)	Net Operating Surplus	(745)	(510)	(760)
0	Non Operating Revenue	0	0	0
(610)	Total Surplus recognised for period	(745)	(510)	(760)
44	Internal Recoveries	66	98	62
(333)	Less Internal Charges	(339)	(392)	(348)
(289)		(273)	(294)	(286)
3	Net Transfers (to)/from Special Funds	37	98	33
(896)	Net Operating Surplus/(Deficit)	(981)	(706)	(1,013)
(14)	Capital Expenditure	(25)	(41)	(12)
0	Loan Principal Receipts	0	0	0
0	Loan Principal Repayments	0	0	0
(910)	Net Operating Surplus/(Deficit) (after internal transfers and capital expenditure)	(1,006)	(747)	(1,025)
	Net Cost by Activity			
(114)	Welfare - Catholic Social Services	(186)	50	(181)
(2)	Welfare - Other	(2)	(2)	(2)
(303)	Governance	(271)	(328)	(294)
(293)	Pastoral Initiatives	(333)	(204)	(292)
(142)	Bishop's Conference	(155)	(187)	(200)
(31)	Catholic Shop	(28)	(30)	(38)
(11)	Tribunal	(6)	(5)	(6)
(896)	Total Net Cost	(981)	(706)	(1,013)

Statement of Cost of Services - Overhead Activities
As At 30 June 2016

2015 Actual '000		2016 Budget (Unaudited) '000	2016 Actual '000	2017 Budget (Unaudited) '000
	Operating Income			
444	Grants and Donations	124	488	319
562	Allocations	547	570	570
7,498	Investment Income	5,194	5,563	4,950
684	Share of surplus of Associate	450	302	550
415	Other Income	50	161	7,341
9,603	Total	6,365	7,084	13,730
	Less Expenditure			
767	Personnel Costs	1,063	881	1,667
369	Consultancy	373	864	1,938
98	Depreciation	108	96	105
3,809	Other	943	4,258	17,433
5,043	Total	2,487	6,099	21,143
4,560	Net Operating Surplus	3,878	985	(7,413)
289	Non Operating Revenue	275	271	227
4,849	Total Surplus (Deficit) recognised for period	4,153	1,256	(7,186)
1,083	Internal Recoveries	1,176	1,121	1,091
(603)	Less Internal Charges	(739)	(640)	(672)
480		437	481	419
1,944	Net Transfers (to)/from Special Funds	(1,247)	5,757	15,960
7,273	Net Surplus (Deficit) (after internal transfers)	3,343	7,494	9,193
(7,512)	Capital Expenditure	(4,242)	(5,403)	(129)
0	Loan Principal Receipts	0	0	0
0	Loan Principal Repayments	0	0	0
(239)	Net Surplus (Deficit)	(899)	2,091	9,064
	(after internal transfers and capital expenditure)			
	Net Cost by Activity			
0	Diocesan Financial Administrator	0	0	0
0	Cathedral House Building	0	0	0
1,977	Other Diocesan Properties	(87)	(57)	0
0	Administration	0	0	0
0	Insurance	0	(46)	(46)
2,496	Other Income	1,976	2,537	2,595
2,010	Investment Income	204	(215)	494
790	Earthquake Recovery	1,250	5,275	0
0	Fundraising	0	0	6,150
7,273	Total Net Cost	3,343	7,494	9,193

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2016**

1. Corporate Information

These financial statements of the Roman Catholic Diocese of Christchurch Diocesan Trust (the "Diocese") for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Diocesan Management and Finance Board on 30 September 2016. The Diocese is registered as a charitable trust and is domiciled in Christchurch New Zealand.

The Diocese relates to the administration function of the Roman Catholic Diocese of Christchurch, and is controlled by the Roman Catholic Bishop of the Diocese of Christchurch (the "Corporation Sole"), who is the sole trustee of the Diocesan Trust.

The Diocese been delegated authority by the Corporation Sole to hold and administer a number of Diocesan assets and matters which have been recorded in the Diocese financial statements:

- Land and buildings of some Catholic schools, and the Cathedral of the Blessed Sacrament.
- Earthquake insurance proceeds and repairs in relation to Parish property.

2. Specific Accounting Policies

Measurement Base:

The financial statements have 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:

The financial statements of the Diocese comply with PBE standards. This is the first set of financial statements of the Diocese that is presented in accordance with Public Benefit Entity Reduced Disclosure Regime standards. The Diocese previously reported in accordance with PBE Differential Reporting standards.

Significant Accounting Policies

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

(a) Tier 2 Public Benefit Entity Standards, Reduced Disclosure Regime

The financial statements of the Diocese have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Tier 2 PBE standards with disclosure concessions. The Diocese is eligible to report in accordance with Tier 2 PBE standards because it does not have public accountability and it is not large.

The primary objective of the Diocese is to provide administrative services for the Catholic community rather than making a financial return. As such, the Diocese is a public benefit entity for financial reporting purposes.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, and there are no changes that have resulted from the change from PBE Differential Reporting Standards to PBE Reduced Disclosure Standards.

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

(d) Revenue Recognition

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

(e) Cash and Cash Equivalents

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

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

(f) Trade and Other Receivables

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

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

(g) Inventory

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

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

(h) 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.

(i) 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.

(j) 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.

(k) Leases

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

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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%
----------	---------	-----

(q) 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.

(r) 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).

(s) 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.

(t) 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.

(u) Investment in Associates

Associates are entities over which the Diocesan Trust has significant influence and that are neither controlled entities nor joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Diocesan Trust holds ownership interest in the form of equity structure in its associate, the Catholic Development Fund.

3. Trade and Other Receivables

	2016 '000	2015 '000
Trade & Other Debtors	1,549	1,963
<i>(less Provision for Impairment of Debtors)</i>	<i>(337)</i>	<i>(278)</i>
Interest Receivable	25	36
GST Receivable	177	500
Prepayments	0	45
Total	1,414	2,266

4. Provision for Impairment of Debtors

	2016 '000	2015 '000
As at 1 July	278	201
Arising during the year	59	77
Used during the year	0	0
As at 30 June	337	278

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

5. Other Financial Assets

	2016	2015
	'000	'000
Catholic Development Fund Deposits	2,795	3,136
Bonds & Notes	63,730	46,569
Bank Deposits & Finance Company Deposits	12,471	34,300
Offshore Bond Fund	7,206	6,102
Shares	3,644	4,885
Total	89,846	99,905
Less Current Portion	(16,629)	(46,690)
Total Non Current Investments	73,217	53,215

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

6. Property Plant & Equipment

30 June 2016	Opening Cost	Additions	Disposals	Closing Cost	Current Yr Depn.	Accum Depn	Book Value
	'000	'000	'000	'000	'000	'000	'000
Land	43,647	0	0	43,647	0	0	43,647
Land (Work in Progress)	0	81	0	81	0	0	81
Buildings	11,667	354	0	12,021	263	2,292	9,729
Buildings (Work in Progress)	593	2,031	0	2,624	0	0	2,624
Furniture & Equipment	1,203	71	321	953	108	621	332
Furniture & Equipment (Work in progress)	0	8	0	8	0	0	8
Motor Vehicles	421	38	0	459	41	350	109
School Improvements	66,943	9,419	0	76,362	1,461	13,029	63,333
School Improvements (Work in progress)	6,519	(5,054)	0	1,465	0	0	1,465
Total	130,993	6,948	321	137,620	1,873	16,292	121,328

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 (Work in Progress)	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 (Work in progress)	6,519	0	0	6,519
Total	130,993	1,774	14,747	116,246

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.

7. Intangible Assets

	Cost or Revaluation '000	Current Yr Depn. '000	Accum Depn '000	Book Value '000
30 June 2016				
Software	157	15	146	11
(Work in Progress)	0	0	0	0
	157	15	146	11
30 June 2015				
Software	155	17	131	24
(Work in Progress)	17	0	0	17
	172	17	131	41

8. Trade and Other Payables

	2016 '000	2015 '000
Creditors & Accruals	1,136	2,346
Employee Entitlements	231	219
Advance from Mt Magdala Trust	8,139	0
Other Current Liabilities	103	76
Total	9,609	2,641

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 held 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 2016 amounted to \$271,000 (2015: \$289,000).

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

	2016 '000	2015 '000
Suspensory Loans	1,037	1,311
Other Loans	1,545	1,708
Future GST Liability	111	134
Total	2,693	3,153
Less Current Portion	624	632
Total Non Current Liabilities	2,069	2,521

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	2016 '000	2015 '000
General Equity	117,569	113,889
Special Purpose Funds	115,088	118,370
Unrealised Gains Reserves	3,354	2,991
Total Equity	236,011	235,250

Equity (continued)

Special Purpose Funds	2016 '000	2015 '000
Education – Diocesan School Capital & Maintenance Programme	4,008	1,033
Education – Attendance Dues	(518)	(434)
Education – General	693	681
Education – Dallington School	113	108
Youth	276	271
Youth & Education	150	146
Catholic Social Services	888	869
Pastoral – Missionary	483	428
Pastoral – Ongoing Formation, Education & Seminary	1,621	1,709
Aged Care	1,215	1,171
Bishop's Capital Health Fund (90% Income distributed to Clergy Trust Fund)	230	230
CCJP	16	16
Darfield Parish (Income distributed to Darfield Parish)	100	100
Chatham Island Parish	0	1
Property Reserve	12,687	12,687
Dallington Land Settlement Reserve	1,486	1,413
Earthquake Recovery	91,475	97,737
Other	165	204
Total Special Purpose Funds	115,088	118,370

Unrealised Gains Reserves	2016 '000	2015 '000
<i>Unrealised Gains Reserve on Shares</i>		
Opening Balance	1,059	859
Movement during the year	(348)	200
Closing Balance	711	1,059

Unrealised Gains Reserve on Bonds

Opening Balance	1,932	1,181
Movement during the year	711	751
Closing Balance	2,643	1,932
Total Unrealised Gains Reserves	3,354	2,991

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.

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 2016	Cash & Cash Equivalents	Trade & Other Receivables	Other Financial Assets	Total Financial Assets
Loans and Receivables	31,759	1,414	0	33,173
Available For Sale	0	0	93,906	93,906
Total Financial Assets	31,759	1,414	93,906	127,079

30 June 2016	Trade & Other Payables	Borrowings	Total Financial Liabilities
Recorded at Amortised Cost	1,470	2,693	4,163
Total Financial Liabilities	1,470	2,693	4,163
Net Exposure	31,759	(56)	122,916

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

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

	2016 '000	2015 '000
Education (Attendance Dues, Special Character Contributions & Foreign Fee Paying Students)	1,493	1,346
Catholic Shop Sales	88	87
Prison Chaplaincy Service	55	87
Programs & Events (Youth & Education)	263	20
Gain on Property Sales	1	0
Insurance Proceeds	0	168
Other Income	417	605
Total	2,317	2,313

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)

	2016	2015
	'000	'000
<i>After Charging:</i>		
Auditor's Fees - Audit Fees	28	23
Auditor's Fees - Other Services	36	36
Employee Benefits and Expenses	2,519	2,426
Donations Expense	28	328
Interest Expense	92	90
Lease Expense	270	264
Provision for Doubtful Debts	0	49
Bad Debts Written Off	55	0
Loss on Assets	4	0
<i>Including:</i>		
Interest Revenue	5,025	5,323
Dividend Revenue	337	336
Gain on Sale of Assets	340	887

17. Capital Expenditure

	2016	2015
	'000	'000
Diocesan Schools	4,457	7,194
Land & Buildings	2,483	2,572
Computer Equipment	54	123
Vehicles	51	37
Other Plant & Equipment	25	22
Intangible Assets	2	20
	7,072	9,968

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

	2016	2015
	'000	'000
Net Surplus (deficit)	400	2,751
Add/(Less) Non Cash Items:		
Depreciation and Amortisation	1,888	1,791
Non Operating Revenue (Loans forgiven)	(271)	(289)
(Gain)/Loss on Sale of Asset	0	0
Change in CDF Equity	682	955
	2,699	5,208

Movements in Other Working Capital Items:

Decrease/(Increase) in Prepayments	45	157
Decrease/(Increase) in Accounts Receivable	484	242
Decrease/(Increase) in Stock	(7)	0
Decrease/(Increase) in GST Receivable	297	(187)
(Decrease)/Increase in GST Payable	0	0
(Decrease)/Increase in Accounts Payable	(1,183)	1,296
(Decrease)/Increase in Holiday Pay	12	37
(Decrease)/Increase in Income in Advance	(75)	17
	(427)	1,562
Less Fixed Assets in Accounts Payable	886	(1,334)
	886	(1,334)
Net Cash Flow from Operating Activities	3,158	5,436

19. Catholic Development Fund

The Catholic Development Fund (CDF) is a charitable Trust that is administered by the 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 CDF. 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 CDF. The likelihood of this guarantee being called is considered to be remote.

Catholic Development Fund

	2016 '000 (31 March)	2015 '000 (31 March)
Surplus	302	684
Distribution to Diocese (included within Investment Income)	684	1,051
Unrealised gains/(losses) in fair value of Available for Sale Financial Assets	(61)	254
Diocese Investment in CDF:	(30 June)	(30 June)
Opening Carrying Amount	4,912	3,958
Closing Carrying Amount	4,231	4,912

20. Related Party Transactions

The Diocese invests funds in the CDF. The Diocese provides assistance to the CDF in managing its day to day operations. In October 2002 the Management and Finance Board of the Diocese resolved to stop charging the CDF for these services. An annual distribution was received from the CDF, this amount of \$302,000 is included in Accounts Receivable (Note 3). Interest on deposits is received from and interest on loans has been paid to the CDF. No debts were forgiven or written off during the period.

21. Key Management Personnel

Key Management Personnel of the Diocese includes the Management and Finance Board and the Management Team (which includes the General Manager). The members of the Management and Finance Board are volunteers. The total remuneration of key management personnel and number of individuals, on a full-time equivalent basis, receiving remuneration from the Diocese are:

	2016	2015
	'000	'000
Management (1 FTE)	187	154

The amounts disclosed are the amounts recognised as an expense during the reporting period relating to key management personnel. Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel. (2015: nil). The Diocese did not provide any compensation on non-arms's length terms to close family members of key management personnel during the year (2015: nil). The Diocese did not provide any loans to key management personnel or their close family members.

22. 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 2016 were \$1,037,000. (2015: \$1,311,000). The likelihood of any schools closing is considered remote.

23. Commitments

As at 30 June 2016 there are commitments for the following:

	2016	2015
	'000	'000
Capital Commitments		
School Improvements	169	1,060
Other	0	2,050
Total Capital Commitments	169	3,110
Lease Commitments		
Within one year	104	151
Two to five years	1	105
Five years plus	0	0
Total Lease Commitments	105	256

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 to 18 months years with rights of renewal ranging from 3 to 21 years.

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 the Roman Catholic Diocese of Christchurch Diocesan Trust ("the Diocesan Trust") on pages 4 to 27, which comprise the statement of financial position of The Diocesan Trust as at 30 June 2016, and the statement of comprehensive revenue and expense, statement of changes in net assets/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 Roman Catholic Bishop of the Diocese of Christchurch as trustee, in accordance with the trust deed of the Diocesan Trust. Our audit has been undertaken so that we might state to the trustee those matters we are required to state to them 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 Diocesan Trust and the trustee, for our audit work, for this report, or for the opinions we have formed.

Trustee Responsibility for the Financial Statements

The trustee is responsible on behalf of the trust for the preparation and fair presentation of the financial statements, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the trustee determines 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 and fair presentation of the financial statements 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 Diocesan Trust during the year.

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

Opinion

In our opinion, the financial statements on pages 4 to 27 present fairly, in all material respects, the financial position of The Diocesan Trust as at 30 June 2016 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.



30 September 2016
Christchurch