



***Christchurch Catholic
Diocesan Development Fund***

FINANCIAL STATEMENTS
For the Year Ended 31 March 2015



Catholic Development Fund

FINANCIAL STATEMENTS ***For the Year Ended 31 March 2015***

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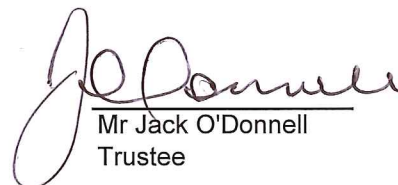
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**Catholic Development Fund
Statement of Financial Position
As At 31 March 2015**

Actual 2014 '000		Note	Actual 2015 '000
	Assets		
2,235	Cash at Bank and in hand	8	3,930
2,871	Loans and Receivables	9	2,837
28,588	Available for Sale Financial Assets	10	27,776
0	Intangible Assets	12	0
0	Plant & Equipment	11	0
<u>33,694</u>	Total Assets		<u>34,543</u>
	Liabilities		
51	Trade and Other Payables	13	53
3,795	Call Account Deposits	14	3,929
25,178	Term Deposits	14	26,004
<u>29,024</u>	Total Liabilities		<u>29,986</u>
<u>4,670</u>	Net Assets		<u>4,557</u>
	Equity		
4,670	Accumulated Funds	15	4,557
<u>4,670</u>	Total Equity		<u>4,557</u>

For and on behalf of the Board of Trustees which authorised the issue of the financial report on 30 June 2015.


Mr Desmond Boyle
Chairman


Mr Jack O'Donnell
Trustee

**Catholic Development Fund
Statement of Comprehensive Income
For the Year Ending 31 March 2015**

Actual		Note	Actual	Budget (Unaudited)
2014 '000			2015 '000	2015 '000
	Operating Revenue			
2,031	Investment Income	6	1,984	1,719
<u>2,031</u>	Total Operating Revenue		<u>1,984</u>	<u>1,719</u>
	Less Operating Expenses			
899	Interest and Commissions	7	911	855
<u>1,132</u>	Operating Surplus		<u>1,073</u>	<u>864</u>
145	Other Expenses	7	389	154
<u>987</u>	Net Surplus		<u>684</u>	<u>710</u>
987	Attributable to Roman Catholic Bishop of Christchurch		684	710
	Other Comprehensive Income			
(512)	Net fair value unrealised gains/(losses) on available for sale financial assets		254	0
<u>475</u>	Total Comprehensive Income		<u>938</u>	<u>710</u>
<u>475</u>	Attributable to Roman Catholic Bishop of Christchurch		<u>938</u>	<u>710</u>

**Catholic Development Fund
Statement of Changes in Equity
For the Year Ending 31 March 2015**

Actual		Note	Actual	Budget (Unaudited)
2014 '000			2015 '000	2015 '000
5,081	Balance at 1 April as previously reported		4,670	4,670
(512)	Other Comprehensive Income		254	0
<u>987</u>	Net Surplus for the Year		<u>684</u>	<u>710</u>
475	Total Comprehensive Income for the Year		938	710
<u>475</u>	Total Attributable to Roman Catholic Bishop of Christchurch		<u>938</u>	<u>710</u>
(886)	Distribution to Roman Catholic Bishop of Christchurch	18	(1,051)	(710)
<u>4,670</u>	Balance at 31 March	15	<u>4,557</u>	<u>4,670</u>

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

**Catholic Development Fund
Statement of Cash Flows
For the Year Ending 31 March 2015**

Actual 2014 '000		Actual 2015 '000
	Note	
	Cash Flows from Operating Activities	
	<i>Cash was provided from:</i>	
170	Interest Received - Loans	153
1,862	Interest Received - Investments	1,831
0	Donations Received	0
<u>2,032</u>		<u>1,984</u>
	<i>Cash was applied to:</i>	
928	Interest Paid	862
139	Payments to Suppliers and Employees	172
<u>1,067</u>		<u>1,034</u>
<u>965</u>	NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>950</u>
	Cash Flows from Investing Activities	
	<i>Cash was provided from:</i>	
524	Net Realisation of Investments	885
<u>524</u>		<u>885</u>
	<i>Cash was applied to:</i>	
0	Purchase of Intangible Assets	0
0	Net Purchase of Investments	0
<u>0</u>		<u>0</u>
<u>524</u>	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	<u>885</u>
	Cash Flows from Financing Activities	
	<i>Cash was provided from:</i>	
0	Net Increase in Deposits Received	911
<u>0</u>		<u>911</u>
	<i>Cash was applied to:</i>	
1,638	Net Decrease in Deposits Received	0
886	Distribution to Roman Catholic Bishop of Christchurch	1,051
<u>2,524</u>		<u>1,051</u>
<u>(2,524)</u>	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<u>(140)</u>
(1,035)	NET INCREASE / (DECREASE) IN CASH HELD	1,695
3,270	Plus Opening Cash brought forward	2,235
<u>2,235</u>	CASH HELD AT YEAR END	<u>3,930</u>
6	Cash and Bank Current	6
2,229	Call Accounts	3,924
<u>2,235</u>	ENDING CASH CARRIED FORWARD	<u>3,930</u>

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



Catholic Development Fund

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2015

1. Corporate Information

The financial statements of the Christchurch Catholic Diocesan Development Fund (the Fund) for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the trustees on 30 June 2015.

The Fund is a Trust established by the Roman Catholic Bishop of the Diocese of Christchurch by Deed of Trust dated 21 December 1967 and is domiciled in New Zealand. The trustees are appointed by the Roman Catholic Bishop of the Diocese of Christchurch.

The nature of the operations and principal activities of the Fund are to generate funds to assist the Roman Catholic Bishop of the Diocese of Christchurch to undertake his pastoral activities and to support the development of resources within the Catholic community. This is achieved by offering call and term deposit facilities and using the funds raised to invest in loans to the Catholic community for development or to externally invest to generate income.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, the requirements of the Financial Reporting Act 1993 and in accordance with the Trust Deed. The financial statements have also been prepared on a historical cost basis, except for investments, which have been measured at fair value.

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

(b) Statement of Compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS). The financial statements comply with International Financial Reporting Standards.

(c) New Accounting Standards and Interpretations

The Fund has adopted the following new and amended NZIFRS and interpretations as of 1 April 2015.

Reference	Title	Summary	Application date of standard	Impact on Fund's Financial Statements	Application date for Fund
NZ IAS 32	Amendments to NZ IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the NZ IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.	1 January 2014	The impact on the Fund's financial statements is minimal	1 April 2014
Amendments to Accounting Standards: Omnibus Amendments (Legislative Update)		<p>The following standards are amended by this standard:</p> <p>NZ IFRS 7:</p> <ul style="list-style-type: none"> Amends the definition of ‘deposit taker’ in Appendix E. NZ IAS 1: Deletes NZ-specific paragraphs NZ 19.1 and NZ 19.2 of NZ IAS 1, which referred to requirements in the Financial Reporting Act 1993 that no longer exist under the new Financial Reporting Act 2013 	1 April 2014	The impact on the Fund's financial statements is minimal	1 April 2014

Other Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the annual reporting period ending 31 March 2015. These are outlined below:

Reference	Title	Summary	Application date of standard	Impact on Fund's Financial Statements	Application date for Fund
NZ IFRS 1, FRS-44	2014 Omnibus Amendments to NZ IFRS	<p>The following standards are amended by this standard: NZ IFRS 1</p> <ul style="list-style-type: none"> Clarifies the application of paragraph 4A of NZ IFRS 1. FRS-44. Requires an entity to disclose the statutory basis or other reporting framework, if any, under which the financial statements have been prepared. 	1 April 2015	The impact on the Fund's financial statements is expected to be minimal	1 April 2015
NZ IAS 1	Disclosure Initiative	The amendments clarify existing NZ IAS 1 requirements that relate to materiality, order of the notes, subtotals, accounting policies and disaggregation.	1 January 2016	The impact on the Fund's financial statements is expected to be minimal	1 April 2016

There have been no changes in accounting policies during the period. All policies have been applied on bases consistent with those used in the previous year.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value, less an allowance for any impairment. Due to their short term nature they are not amortised.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Fund will not be able to collect the debt. Financial difficulties of the debtor or default payments are considered objective evidence of impairment.

(f) Investments and Other Financial Assets

Financial assets in the scope of NZ IAS 39 *Financial Instruments: Recognition and Measurement* are classified as either available for sale, or as loans and receivables. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs. The Fund determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Recognition and Derecognition

All purchases and sales of financial assets are recognised on the trade date, ie the date that the Fund commits to purchase the asset. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Available for Sale Financial Assets

These are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables. After initial recognition available for sale financial 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 in the statement of financial performance. Available for sale financial assets are included in non-current assets except for maturities less than 12 months after balance date, which are included in current assets.

The fund includes in this category investments that it intends to hold long-term, but which may be realised before maturity.

The fair value of available for sale financial assets has been determined by JB Were (NZ) Ltd.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of financial performance when the loans and receivables are derecognised or impaired.

The carrying value of loans approximates its fair value.

These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Loans and Receivables comprise debtors and other receivables and client loans.

(g) Impairment of Financial Assets

At each balance date the Fund 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 statement of financial performance.

(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 statement of financial performance) is removed from equity and recognised in the statement of financial performance.

(ii) Loans and receivables

Impairment of a loan or a receivable is established when there is objective evidence that the Fund 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.

(h) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – 4 years (ie at 25%)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate 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.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(i) Intangibles

Intangible assets are initially measured at cost. The cost of an intangible asset is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed at 3 years (ie at 33.3%). The cost of intangible assets is amortised using the straight line method over the useful life. The amortisation expense is recognised as an expense in the Statement of Financial Performance.

(j) Trade and Other Payables

Trade and other payables are carried at amortised cost, due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 60 days of recognition.

(k) Interest-bearing Loans and Borrowings (Depositors Funds)

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the Fund 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.

(l) Revenue Recognition

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 Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Revenue is recognised as interest accrues 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.

(m) Income Tax

The Fund is exempt from Income Tax due to its charitable status.

(n) Other Taxes

Revenues, expenses and assets are recognised inclusive of the amount of GST as the Fund is a provider of financial services.

(o) Presentation of the Statement of Financial Position

The Fund presents all balances in the statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 3.

3. Financial Risk Management Objectives and Policies

The Fund's principal financial instruments comprise payables, depositors funds, loans, bonds, convertible notes and local body stocks. The Fund also has bank accounts, call accounts and term deposits.

The main risks arising from the Fund's financial instruments are interest rate risk, liquidity risk and credit risk. The Fund reviews and agrees policies for managing each of these risks as summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in notes 2, 4 and 5 to the financial statements.

The Fund is exempt until 30 November 2016 from specific requirements of the Reserve Bank Act 1989, due to the Deposit Takers (Charities) Exemption Notice 2015. The specific exemptions are stated below:

Sections 157I (the requirement to have a credit rating), 157L (governance requirements), 157M (risk management requirements), 157T and 157U (capital ratio requirements), 157X and 157Y (related party exposures requirements) and sections 157ZA and 157ZB (liquidity requirements) of the Reserve Bank Act 1989."

Interest rate risk

Interest rate risk is the risk of loss to the Fund arising from adverse fluctuations in interest rates.

The Fund is exposed to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates. Exposure to interest rate risk is managed through analysis of financial assets and liability profiles. The Fund managers actively manage the investment portfolios and may take positions, which anticipate rate movements in order to maximize returns from market opportunities. All funding activities are operated with reference to a treasury policy and frequent reporting of the Fund occurs. Expert advice is sought from independent analysts to support funding decisions. The Fund is not subject to contractual re-pricing on interest rates, with rates being unchanged up to maturity.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The sensitivity analysis to net surplus and equity has been determined based on the exposure to interest rates at reporting.

A sensitivity of 100 basis points has been selected as this is considered reasonable given the current level of short term and long term interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower with all other variables held constant, net surplus and equity would have been affected as follows:

	Net Surplus - Increase/(Decrease)				Equity - Increase/(Decrease)			
	2015		2014		2015		2014	
	1% '000	(1%) '000	1% '000	(1%) '000	1% '000	(1%) '000	1% '000	(1%) '000
Investment Income	28	(28)	32	(32)	28	(28)	32	(32)
- Loan Interest								
Investment Income	355	(355)	305	(305)	355	(355)	305	(305)
- Other Interest								
Interest Expense	(278)	278	(306)	306	(278)	278	(306)	306
Available for Sale					(277)	277	(292)	292
Financial Assets								
	105	(105)	31	(31)	(172)	172	(261)	261

The impact on net surplus and equity is largely due to higher/lower interest costs from variable rate borrowings and cash balances.

Credit risk

The Fund's assets that are subject to credit risk are bank deposits, accounts receivable, loans, mortgages and investments. No financial assets are past due and no financial assets have been renegotiated to avoid being past due. No financial assets have been pledged as collateral.

Other than the impairment loss on Available for Sale Financial Assets disclosed in Note 10, no other financial assets are considered impaired and no provision is considered necessary.

The Fund manages the risk by:

- Holding bank deposits with reputable financial institutions.
- Monitoring loans made to Parishes, Catholic Schools and other organisations on a regular basis for debt recoverability.
- Seeking collateral or security over its financial instruments. This is required for all loans and mortgages to entities that are not owned by the Roman Catholic Bishop of the Diocese of Christchurch as Corporation Sole. Security is by way of mortgage over property owned by the entity concerned.
- All investments comply with the Fund's Treasury Policy adopted by the Trustees.

The exposure to credit risk is minimised by the above.

Security Held Over Loans

	2015 Total Loans	2014 Total Loans	Estimated value of Security Held
	('000's)	('000's)	('000's)
Loans to Organisations owned by the Roman Catholic Bishop of the Diocese of Christchurch (refer note below)	1,842	1,591	0
Loans to Other Organisations	995	1,280	3,250
Total Loans	2,837	2,871	3,250

Note – Included in the Loans to Other Organisations is a secured loan to a single entity of \$1,363. Unsecured loans are underwritten by the Roman Catholic Bishop of Christchurch

The Trustees have considered the potential impact on security values caused by earthquake damage to property securing loans advanced. There has been no material impact on security values as properties have been insured for reinstatement value.

The terms and conditions for loans are:

- Loans are provided for terms ranging from 1 to 15 years.
- Interest rates currently range from 4.81% - 5.50% (2014 – 4.81% - 5.31%) and are subject to review by the fund.
- Interest and principal repayments are made by way of monthly instalments.
- Penalty interest of an additional 2% is charged for late or non payment of instalments due.
- Additional principal repayments may be made without penalty.

The terms and conditions for available for sale financial assets are:

- Investments are made for terms ranging from one month to 24 years.
- Interest rates range from 3.71% to 8.00% (2014 – 3.60% to 8.50%).
- Interest is paid at either quarterly or six-monthly intervals.
- Principal is repaid at maturity.

Credit Quality of Financial Assets

The following table analyses the Fund's Portfolio percentage of debt securities by S&P rating agency category

	2015 %	2014 %
AA+, AA, AA-	7%	30%
A+, A, A-	34%	38%
BBB+, BBB, BBB-	25%	16%
BB+, BB, BB-	9%	0%
Non S&P	24%	16%
	100%	100%

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds at short notice to meet commitments associated with financial instruments.

The Fund manages liquidity risk by:

- Careful monitoring of its investment base with a mix of terms and liquidity, while maximising returns for depositors.
- Forward planning repayment of deposits, utilising working capital and banking facilities.
- Underwriting of all debts by the Roman Catholic Bishop of Christchurch.

The following table details the Fund's cash flows by contractual and expected maturity for its financial assets and liabilities at balance date on an undiscounted basis. For financial assets, actual maturities are expected to be the same as contractual maturities. The cashflows include both principal and interest payments/receipts.

2015	On Demand	0-6 Mths	6-12 Mths	12-18 Mths	18-24 Mths	+24 Mths	Total
	('000's)	('000's)	('000's)	('000's)	('000's)	('000's)	('000's)

ASSETS – EXPECTED AND CONTRACTUAL MATURITIES

Investments	0	9,678	3,047	1,185	1,159	14,596	29,665
Cash	3,930	0	0	0	0	0	3,930
Receivables	0	0	0	0	0	0	0
Loans	0	343	343	342	343	2,515	3,886
Total Assets	3,930	10,021	3,390	1,527	1,502	17,111	37,481

LIABILITIES – EXPECTED MATURITIES

Accounts Payable	53	0	0	0	0	0	53
Public Call Account Deposits	2,259	0	0	0	0	0	2,259
Public Term Deposits	0	4,383	4,005	0	0	0	8,388
Parish and Diocesan Deposits	1,660	881	881	881	881	14,101	19,285
Interest on Depositors Funds	0	141	305	0	0	0	446
Total Liabilities	3,972	5,405	5,191	881	881	14,101	30,431

LIABILITIES – CONTRACTUAL MATURITIES

Accounts Payable	53	0	0	0	0	0	53
Public Call Account Deposits	2,259	0	0	0	0	0	2,259
Public Term Deposits	0	4,383	4,005	0	0	0	8,388
Parish and Diocesan Deposits	1,660	10,788	6,837	0	0	0	19,285
Interest on Depositors Funds	0	141	305	0	0	0	446
Total Liabilities	3,972	15,312	11,147	0	0	0	30,431

The expected maturities for Parish and Diocesan Deposits are over a longer term than the contractual maturities, as the Bishop requires (through the Parish Norms) that all surplus funds within parishes are deposited with the Catholic Development Fund. The Norms also stipulate that parishes cannot spend amounts in excess of \$12,000 without the consent of the Bishop.

2014	On Demand	0-6 Mths	6-12 Mths	12-18 Mths	18-24 mths	+24 Mths	Total
	('000's)	('000's)	('000's)	('000's)	('000's)	('000's)	('000's)

ASSETS – EXPECTED AND CONTRACTUAL MATURITIES

Investments	0	10,200	1,707	906	1,638	19,253	33,704
Cash	2,235	0	0	0	0	0	2,235
Receivables	0	0	0	0	0	0	0
Loans	0	322	320	312	312	2,667	3,933
Total Assets	2,235	10,522	2,027	1,218	1,950	21,920	39,872

LIABILITIES – EXPECTED MATURITIES

Accounts Payable	51	0	0	0	0	0	51
Public Call Account Deposits	2,393	0	0	0	0	0	2,393
Public Term Deposits	0	4,734	3,920	0	0	0	8,654
Parish and Diocesan Deposits	1,402	826	826	826	826	13,220	17,926
Interest on Depositors Funds	0	139	232	0	0	0	371
Total Liabilities	3,846	5,699	4,978	826	826	13,220	29,395

LIABILITIES – CONTRACTUAL MATURITIES

Accounts Payable	51	0	0	0	0	0	51
Public Call Account Deposits	2,393	0	0	0	0	0	2,393
Public Term Deposits	0	4,734	3,920	0	0	0	8,654
Parish and Diocesan Deposits	1,402	11,080	5,444	0	0	0	17,926
Interest on Depositors Funds	0	139	232	0	0	0	371
Total Liabilities	3,846	15,953	9,596	0	0	0	29,395

4. Fair Value Hierarchy

The Fund uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1: the fair value is calculated using quoted prices in active markets
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data. This is determined by JB Were (NZ) Pty Ltd by assigning a clean price to calculate the yield.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted Market Price Level 1 (‘000’s)	Valuation technique – market observable inputs Level 2 (‘000’s)	Valuation technique – non market observable inputs Level 3 (‘000’s)	Total (‘000’s)
2015				
Financial Assets at fair value through equity				
Financial assets held for trading				
<i>(i) Interest bearing securities</i>				
Bonds	6,335	0	301	6,636
Capital notes	10,316	0	0	10,316
Offshore Bond Fund	0	1,592	0	1,592
	<u>16,651</u>	<u>1,592</u>	<u>301</u>	<u>18,544</u>

	Quoted Market Price Level 1 (‘000’s)	Valuation technique – market observable inputs Level 2 (‘000’s)	Valuation technique – non market observable inputs Level 3 (‘000’s)	Total (‘000’s)
2014				
Financial Assets at fair value through equity				
Financial assets held for trading				
<i>(i) Interest bearing securities</i>				
Bonds	5,988	540	426	6,954
Capital notes	2,397	7,882	0	10,279
Offshore Bond Fund	0	3,100	0	3,100
	<u>8,385</u>	<u>11,522</u>	<u>426</u>	<u>20,333</u>

5. Significant Accounting Judgements, Estimates and Assumptions

In applying the Fund's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Fund. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

Significant Accounting Judgements

Classification of and valuation of investments

The Fund has decided to classify investments as 'Available for Sale' investments or as Loans and Receivables. Movements in fair value of Available for Sale investments are recognised directly in equity. The fair values of investments have been determined by Goldman Sachs JBVere (NZ) Limited by either the NZX Debt market or the Trading Banks market spread for those securities that do not trade on the NZ Debt market platform.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management.

6. Investment Income

Investment Income includes:	2015 (<i>'000's</i>)	2014 (<i>'000's</i>)
Interest from Loans	153	170
Interest from Other Investments	1,757	1,481
Gain on Realisation of Investments	74	308

7. Expenses

	2015 (<i>'000's</i>)	2014 (<i>'000's</i>)
Interest and Commission expenses include:		
Interest Expense – Public	368	274
Interest Expense – Parish & Diocese	543	625
Other Expenses include:		
Auditor - Audit Fees	22	21
Depreciation	0	0
Amortisation Intangible Assets	3	3
Investment Advisors Fees	60	62
Impairment Loss (<i>Refer to Note 10</i>)	216	0
Loss on Realisation of Investments	37	5

8. Current Assets – Cash and Cash Equivalents

	2015 (‘000’s)	2014 (‘000’s)
Cash at bank and in hand (Current)	6	6
Cash at bank (Call)	3,924	2,229
Total Cash at bank and in hand	<u>3,930</u>	<u>2,235</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value. There are no restrictions on the cash and cash equivalents balances.

9. Loans and Receivables

	2015 (‘000’s)	2014 (‘000’s)
Total Loans	2,837	2,871
Other Receivables	0	0
Total Loans and Receivables	<u>2,837</u>	<u>2,871</u>

(Refer to Note 3 for terms and conditions of Loans)

10. Available-for-sale Financial Assets

	Fair Value 2015 (‘000’s)	Fair Value 2014 (‘000’s)
Bank deposits	9,067	8,254
Bonds	6,636	6,954
Capital Notes	10,316	10,279
Offshore Bond Fund	1,757	3,101
	<u>27,776</u>	<u>28,588</u>

(Refer to Note 3 for terms and conditions of Available for Sale Financial Assets)

Impairment Loss

Bluestar Group

The company has now been sold to a Private Equity Company and the subordinated bonds have been written off. The Fund holds a face value of \$200,000 Bluestar securities; impairment Losses were recognised between 2010 and 2014 of \$200,000.

Impairment Loss (continued)

Babcock and Brown

The Babcock and Brown securities were subordinated debt securities that were issued by Babcock and Brown limited. On 7 January 2009 Babcock and Brown were placed into receivership and the subordinated notes were suspended from trading on the New Zealand and Australian debt markets. An administrator has been appointed and is currently reviewing the assets and liabilities of the company. Initial disclosures by the Babcock and Brown Board suggested that at the time of receivership there would be little or no value left for subordinated noteholders. There has been no material change to the value of the Babcock and Brown Bonds in the past 12 months. The liquidator continues to make investigations into the companies prior to it being placed into liquidation and they will report their findings when they are able to do so. Until the administrator has established a clearer picture of the actual position of noteholders and the fact there is no ability to liquidate the position it is appropriate that the value of the holding be shown as \$0.00 in the dollar. The Fund holds a face value of \$200,000 of Babcock and Brown securities; an Impairment Loss was recognised in 2009 of \$198,000, and a further impairment loss was recognised in 2010 of \$2,000.

Solid Energy

ANZ (the Lead Manager on both the 2016 and 2018 issues) stopped providing revaluation yields for the Solid Energy bond issues on their Bloomberg pages or the end of month valuation sheet in late 2013. We understand that they had been instructed by their Corporate Bank not to provide values of these bonds to the market. It was suggested that the value was ~80-85 cents capital on the issues and JB Were used this to value the issues. This level remained the same until March 2015. There remains continued uncertainty over the values, however it was suggested that a valuation of 60 cents per 100 face value may be more appropriate as at 31 March 2015. At the end of March JB Were changed their capital values down to 60 cents, and continue to monitor the bonds and will adjust values when more information is to hand. JB Were are working with the Treasury representative of a larger holder of Solid Energy bonds to ensure that any new information will be available. The Fund holds a face value of \$500,000 of Solid Energy securities; an impairment loss was recognised as at 31 March 2015 of \$216,379. As at 31 May JB Were recorded these at a market value of \$281,277.

Reconciliation	2015 (‘000’s)	2014 (‘000’s)
Opening Carrying Amount	28,588	29,127
Allowance for Impairment Loss	0	0
Changes in Allowance for Impairment Loss	0	0
Amounts Written Off (at cost)	(216)	0
Additions/Disposals (at cost)	(850)	(27)
Movement in Valuation	254	(512)
Closing Carrying Amount	27,776	28,588

11. Non-current Assets – Plant and Equipment

	Cost	Current Yr Depreciation	Accumulated Depreciation	Book Value
	(‘000’s)	(‘000’s)	(‘000’s)	(‘000’s)
Computer Hardware				
31 March 2015	2	0	2	0
31 March 2014	2	0	2	0

EY

12. Intangibles – Computer Software

	Cost	Current Yr Amortisation	Accumulated Amortisation	Book Value
Computer Software	('000's)	('000's)	('000's)	('000's)
31 March 2015	37	0	37	0
31 March 2014	37	3	37	0

13. Current Liabilities – Trade and Other Payables

	2015 ('000's)	2014 ('000's)
Trade Creditors	53	51
Closing Carrying Amount	53	51

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30-day terms.

(b) Interest rate and liquidity risk

Information regarding interest rate and liquidity risk of current payables is set out in note 3.

14. Interest-bearing Depositors Funds

	2015 ('000's)	2014 ('000's)
Call Account Deposits	3,929	3,795
Term Deposits	26,004	25,178
	29,933	28,973

Fair Values

The carrying amount of the Fund's current and non-current liabilities approximate their fair value.

Financial Liabilities 2015	Effective Interest Rate	Total ('000's)
Accounts Payable	N/A	53
Call Account Deposits	0-2.10%	3,929
Term Deposits	2.00%-3.60%	26,004
Total Financial Liabilities		29,986
Financial Liabilities 2014	Effective Interest Rate	Total ('000's)
Accounts Payable	N/A	51
Call Account Deposits	0-2.50%	3,795
Term Deposits	2.00%-3.20%	25,178
Total Financial Liabilities		29,024

All depositors funds have equal priority over the assets of the Fund, should the Fund liquidate or cease to operate. All depositors' funds are guaranteed by the Roman Catholic Bishop of the Diocese Christchurch.

15. Equity

	2015 (‘000s)	2014 (‘000s)
Retained Earnings		
Balance 1 April	3,756	3,655
Surplus/(Deficit) for the year	684	987
Distribution to Catholic Diocese of Christchurch	(1,051)	(886)
Balance at 31 March	3,389	3,756
Special Reserve		
Balance 1 April	295	295
Movements for the year	0	0
Balance at 31 March	295	295
Fair Value through Equity Reserve		
Balance 1 April	619	1,131
Unrealised Valuation Gains/(Losses) taken to Equity	254	(512)
Balance at 31 March	873	619
Total Equity 31 March	4,557	4,670

Nature and Purpose of Reserves:

Special Reserve:

The Special Reserve Fund is created at the Trustees discretion and is a liquidity buffer. The value of this reserve fund is reviewed by the Trustees in accord with the Trust Deed each year during the months of June and December.

Fair Value through Equity Reserve

This reserve records movements in the fair value of available for sale financial assets.

16. Capital Management

The Fund's capital is its equity, which comprise 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 as well as to maintain optimal returns to the Catholic Diocese of Christchurch. In August 2008 the Roman Catholic Bishop of the Diocese of Christchurch, through the diocese has resolved to maintain equity at an amount equivalent to 10% to total depositors funds or greater. Refer also to Note 3 – Financial Risk Management Objectives and Policies.

This level of equity is considered prudent and appropriate for the Fund.

The Fund is not subject to any externally imposed capital requirements.

17. Cash Flow Statement Reconciliation

(a) Reconciliation of Net Surplus to Net Operating Cash Flows

	2015 ('000's)	2014 ('000's)
Net Surplus for the Period	683	987
<i>Adjustments to reconcile the Net Surplus to the Net Cash Inflow from Operating Activities</i>		
<i>Add:</i>		
Investment Write down	216	5
Amortisation of Software	0	3
Decrease in Accounts Receivable	0	9
Increase in Trade Creditors	51	0
	<hr/> 267	<hr/> 17
<i>Deduct:</i>		
Decrease in Trade Creditors	0	(39)
Increase in Accounts Receivable	0	0
	<hr/> 0	<hr/> 39
Net Cash Inflow from Operating Activities	<hr/> 950	<hr/> 965

(b) Statement of Cash Flows

Cash inflows and outflows resulting from the sale and purchase of investments (including loans made) have been netted as have increases and decreases in deposits received. Disclosure of the gross receipts and payments is not essential to the understanding of these activities.

18. Related Party Disclosure

The Fund receives assistance from the Catholic Diocese of Christchurch in managing the day to day operations of the Fund. In October 2002 the Management and Finance Board of the Diocese resolved to stop charging the Fund for these services. The Trustees have not determined the final distribution to be made to the Bishop for the 2015 financial year. The Distribution made to the Diocese during the year to 31 March 2015 amounted to \$1,051,000, (2014: \$886,000). No debts were forgiven or written off during the period.

Investments

The Catholic Diocese of Christchurch and Parishes within the Catholic Diocese of Christchurch invest in the Fund on standard terms that are available to other investors.

Loans

The Catholic Diocese of Christchurch, Parishes within the Catholic Diocese of Christchurch and Diocesan Schools have loans from the Fund on standard terms. During the year no new loans were made to the Diocese, to Parishes or to Diocesan Schools. Interest charged and paid was at the rate of between 4.81% and 5.51%.

The following table provides the total amount of transactions which have been entered into with related parties in the current financial year.

Related Party (\$'000)	Amount Loaned at balance Date	Interest Received from Loans to Related Party	Deposits Received at Balance Date	Interest Paid on Deposits from Related Party	Distribution Paid to Related Party
2015					
Catholic Diocese of Christchurch	1,789	91	3,732	131	0
Roman Catholic Bishop of Christchurch	0	0	0	0	1,051
Parishes	53	3	11,872	513	
Diocesan Schools	0	0	0	0	0
2014					
Catholic Diocese of Christchurch	1,591	94	4,432	187	0
Roman Catholic Bishop of Christchurch	0	0	0	0	886
Parishes	96	6	9,939	438	
Diocesan Schools	0	0	0	0	0

There are no related party transactions with Trustees or key management personnel.

19. Significant Events After the Balance Date

There were no significant events after balance date affecting the financial statements. (2014 – Nil)

Independent Auditor's Report

To the Trustees of Christchurch Catholic Diocesan Development Fund

Report on the Financial Statements

We have audited the financial statements of Christchurch Catholic Diocesan Development Fund on pages 3 to 23, which comprise the statement of financial position of Christchurch Catholic Diocesan Development Fund as at 31 March 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 trustees, as a body, in accordance with Section 461G(1) of the Financial Markets Conduct Act 2013. Our audit has been undertaken so that we might state to the trustees 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 trust and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

The Directors' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation 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.

Other than in our capacity as auditor we have no relationship with, or interest in, the Christchurch Catholic Diocesan Development Fund.

Partners and employees of our firm may deal with the Christchurch Catholic Diocesan Development Fund on normal terms within the ordinary course of trading activities of the business of the Catholic Diocesan Development Fund.

Opinion

In our opinion, the financial statements on pages 3 to 23:

- ▶ comply with generally accepted accounting practice in New Zealand;
- ▶ comply with International Financial Reporting Standards; and
- ▶ present fairly, in all material respects, the financial position of Christchurch Catholic Diocesan Development Fund as at 31 March 2015 and its financial performance and cash flows for the year then ended.



30 June 2015
Christchurch