



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

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2020

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DIRECTORY

Bishop

Most Reverend Paul Martin SM DD

College of Consultors

Reverend John Adams
Reverend Simon Eccleton
Reverend Frank Kelly
Reverend Rick Loughnan
Reverend Michael Therese Scheerger CSJ
Reverend Peter Head SM

Diocesan Management and Finance Board

Most Reverend Paul Martin SM DD
Geoff Bailey, Chair
Reuben Casey
Chris Milne
Kristy O'Connor
Sara O'Connor
Edward Sparrow

Diocesan Education Council

Reverend John Adams
Robin Kilworth

EXECUTIVE DIRECTORY

Managers

Diocesan General Manager	Andy Doherty
Catholic Education Office	Mike Nolan
Catholic Youth Team	James Bryant
Catholic Social Services	Jon Brian
Finance & Support Services	Janice Rennell
Bishop's Pastoral Office	Mike Stopforth
Property Development	Tony Sewell

Auditor

Ernst & Young
93 Cambridge Tce
P O Box 2091
Christchurch 8104

Solicitors

Cavell Leitch Law
Level 3
111 Cashel Mall
Christchurch

Investment Advisors

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

Bankers

Westpac
83 Cashel St
Christchurch

Engineers

Eliot Sinclair & Partners Ltd
20 Troup Drive
Addington
Christchurch

WSP
12 Moorhouse Avenue
Addington
Christchurch

Location

Cathedral House on Washington
2, 9 Washington Way
Christchurch

**Statement of Financial Position
As At 30 June 2020**

		30 June 2020	30 June 2019
	<i>Notes</i>	'000	'000
Current Assets			
Cash and Cash Equivalents		2,821	13,771
Trade and Other Receivables	5	2,156	2,528
Inventories		26	29
Other Financial Assets	7	20,579	27,395
Total Current Assets		25,582	43,723
Non Current Assets			
Long Term Receivables	5	1,666	1,769
Investment in Associate	22	3,982	4,172
Other Financial Assets	7	21,190	39,684
Property, Plant and Equipment	8	206,641	168,762
Intangible Assets	9	30	9
Total Non Current Assets		233,509	214,396
Current Liabilities			
Trade and other Payables	10	2,847	2,251
Provision for Earthquake Rebuild Costs	11	872	2,964
Income in Advance		574	520
Borrowings	12	3,727	4,194
Total Current Liabilities		8,020	9,929
Non Current Liabilities	12	2,868	4,457
Net Assets	13	248,203	243,733
Total Equity		248,203	243,733

The Diocesan Management & Finance Board, an advisory board to the Roman Catholic Bishop of Christchurch, recommended that the financial statements be authorised the issue, and he so authorised.

+ P. B. Martin SM

Bishop Paul Martin SM
Catholic Bishop of Christchurch
30 September 2020



E Sparrow
Deputy Chair Management & Finance Board
30 September 2020

Statement of Changes in Net Assets/Equity
For the Year Ending 30 June 2020

	2020	2019
	Actual	Actual
	<i>'000</i>	<i>'000</i>
	<i>Notes</i>	
Opening Equity	243,733	241,299
Net Operating Surplus for the period	5,986	2,423
Other Comprehensive Income	(1,516)	11
Total Comprehensive Income for the Period	4,470	2,434
Closing Equity	248,203	243,733
	<i>13</i>	

Statement of Comprehensive Revenue and Expense For the Year Ending 30 June 2020

	Notes	2020 Actual '000	2019 Actual '000
Operating Revenue			
Grants and Donations		3,900	3,067
Allocations		552	561
Government Grants	17	5,213	5,072
Investment Income		3,742	5,453
Share of surplus of Associate		600	700
Other Income	18	6,514	5,913
Total	16	20,521	20,766
Less Expenditure			
Employee Benefits & Expenses		3,842	3,616
Consultancy		2,075	1,587
Depreciation & Amortisation		2,525	2,281
School Maintenance		320	471
Finance Costs		150	73
Earthquake Rebuild Costs		1,690	7,235
Other Expenses		3,933	3,080
Total		14,535	18,343
Total Surplus recognised for the period	21	5,986	2,423
Internal Recoveries		2,194	1,887
Less Internal Charges		(2,194)	(1,887)
		-	-
Net Transfers (to)/from Special Funds		35,253	40,239
Net Surplus (after internal transfers)	19	41,239	42,662
Other Comprehensive Revenue and Expense			
Unrealised Gains/(losses) Reserve on Shares		2	89
Unrealised Gains/(losses) Reserve on Bonds		(1,517)	31
Unrealised Gains/(losses) Reserve on CDF		(1)	(109)
Total Other Comprehensive Revenue and Expense		(1,516)	11
Capital Expenditure	20	(54,225)	(44,960)
Loan Principal Receipts		2,300	300
Loan Principal Repayments		(396)	(399)
Total Comprehensive Revenue and Expense (after internal transfers and capital expenditure)		(12,598)	(2,386)
Net Cost by Activity			
Ministry of Liturgy		(1,153)	(1,277)
Ministry of the Word		4,885	4,342
Ministry of Charity		(1,187)	(973)
Overheads		38,694	40,570
Total Net Cost		41,239	42,662

Statement of Cash Flows
For the Year Ending 30 June 2020

	2020	2019
	'000	'000
Cash Flows From Operating Activities		
Cash was provided from:		
Grants and Donations Received	3,900	3,067
Allocations Received	552	561
Government Grants Received	5,267	5,174
Interest Investment Income Received	2,188	4,463
Dividend Investment Income Received	176	224
Other Income Received	7,613	5,944
	19,696	19,433
Cash was applied to:		
Payments to employees and suppliers	12,949	17,801
Interest Paid	150	73
	13,099	17,874
Net Cash Flows From Operating Activities	6,597	1,559
Cash Flows From Investing Activities		
Cash was provided from:		
Fixed Assets Sold	428	8
Decrease in Investments	23,797	45,345
	24,225	45,353
Cash was applied to:		
Acquisition of Property, Plant & Equipment	40,296	39,235
	40,296	39,235
Net Cash Inflow (Outflow) From Investing Activities	(16,071)	6,118
Cash Flows From Financing Activities		
Cash was provided from:		
Advance of Term Liabilities	-	3,281
	-	3,281
Cash was applied to:		
Repayment of Term Liabilities	1,476	-
	1,476	-
Net Cash Inflow (Outflow) From Financing Activities	(1,476)	3,281
Net Increase (Decrease) In Cash Funds	(10,950)	10,958
Cash balance as at 1 July 2019	13,771	2,813
Cash balance as at 30 June 2020	2,821	13,771
This total is recorded in the financial statements as:		
Cash and Cash Equivalents	2,821	13,771

Statement of Cost of Services - Ministry of Liturgy: "To Sanctify"
For the Year Ending 30 June 2020
(Unaudited)

	2020 Actual <i>(unaudited)</i> '000	2019 Actual <i>(unaudited)</i> '000
Operating Income		
Grants and Donations	116	68
Other Income	126	160
Total	242	228
Less Expenditure		
Personnel Costs	787	770
Consultancy	14	19
Depreciation	62	62
Other	577	739
Total	1,440	1,590
Total (Deficit) recognised for period	(1,198)	(1,362)
Internal Recoveries	37	66
Less Internal Charges	(198)	(218)
	(161)	(152)
Net Transfers (to)/from Special Funds	206	237
Net (Deficit)	(1,153)	(1,277)
Capital Expenditure	(6)	(23)
Loan Principal Receipts	-	-
Loan Principal Repayments	-	-
Net Operating (Deficit) (after internal transfers and capital expenditure)	(1,159)	(1,300)
Net Cost by Activity		
Archives	(86)	(90)
Safeguarding	(5)	(28)
Bishop's Pastoral Office	(149)	(125)
Evangelisation/Pastoral Earthquake Recovery	(100)	(94)
Perpetual Adoration	(5)	(9)
Communication & Online Ministry	(157)	(175)
Thanksgiving Programme	(85)	(113)
Chaplaincy	(208)	(239)
Priestly Formation	(190)	(237)
Cathedral	(41)	(38)
Cathedral Music	(127)	(129)
Total Net Cost	(1,153)	(1,277)

Statement of Cost of Services - Ministry of The Word: "To Teach"
For the Year Ending 30 June 2020
(Unaudited)

	2020 Actual <i>(unaudited)</i> '000	2019 Actual <i>(unaudited)</i> '000
Operating Income		
Grants and Donations	37	47
Government Grants	5,124	4,983
Investment Income	-	-
Other Income	2,475	2,740
Total	7,636	7,770
Less Expenditure		
Personnel Costs	997	911
Consultancy	485	489
Depreciation	2,025	1,922
School Maintenance	320	471
Interest on Loans	150	73
Other	1,159	928
Total	5,136	4,794
Total Surplus recognised for period	2,500	2,976
Internal Recoveries	659	490
Less Internal Charges	(785)	(569)
	(126)	(79)
Net Transfers (to)/from Special Funds	2,511	1,445
Net Operating Surplus/(Deficit)	4,885	4,342
Capital Expenditure - Diocesan Schools	(9,570)	(6,686)
Capital Expenditure - Other	-	-
Total Capital Expenditure	(9,570)	(6,686)
Loan Principal Receipts	2,300	300
Loan Principal Repayments	(396)	(399)
Net (Deficit)	(2,781)	(2,443)
(after internal transfers and capital expenditure)		
Net Cost by Activity		
Catholic Education Office	21	6
Attendance Dues	350	629
Diocesan Schools	4,919	4,157
Youth and Young People	(405)	(450)
CCJP	-	-
Total Net Cost	4,885	4,342

Statement of Cost of Services - Ministry of Charity : "To Care For"
For the Year Ending 30 June 2020
(Unaudited)

	2020 Actual <i>(unaudited)</i> <i>'000</i>	2019 Actual <i>(unaudited)</i> <i>'000</i>
Operating Income		
Grants and Donations	241	280
Government Grants	89	89
Other Income	134	207
Total	464	576
Less Expenditure		
Personnel Costs	529	520
Consultancy	53	37
Depreciation	57	57
Other	790	708
Total	1,429	1,322
Total Deficit recognised for period	(965)	(746)
Internal Recoveries	77	53
Less Internal Charges	(402)	(408)
	(325)	(355)
Net Transfers (to)/from Special Funds	103	128
Net Operating Surplus/(Deficit)	(1,187)	(973)
Capital Expenditure	(6)	(5)
Loan Principal Receipts	-	-
Loan Principal Repayments	-	-
Net Operating Surplus/(Deficit) (after internal transfers and capital expenditure)	(1,193)	(978)
Net Cost by Activity		
Welfare - Catholic Social Services	(115)	(112)
Welfare - Other	(2)	(2)
Governance	(340)	(345)
Pastoral Initiatives	(425)	(287)
Bishop's Conference	(267)	(211)
Catholic Shop	(30)	(11)
Tribunal	(8)	(5)
Total Net Cost	(1,187)	(973)

Statement of Cost of Services - Overhead Activities
As At 30 June 2020
(Unaudited)

	2020 Actual <i>(unaudited)</i> '000	2019 Actual <i>(unaudited)</i> '000
Operating Income		
Grants and Donations	3,507	2,672
Allocations	552	561
Investment Income	3,742	5,553
Share of surplus of Associate	600	600
Maryville Distribution	2,000	500
Other Income	1,779	2,306
Total	12,180	12,192
Less Expenditure		
Personnel Costs	1,529	1,415
Consultancy	1,523	1,042
Depreciation	381	240
Earthquake Rebuild Costs	1,690	7,235
Other	1,407	705
Total	6,530	10,637
Total Surplus (Deficit) recognised for period	5,650	1,555
Internal Recoveries	1,420	1,278
Less Internal Charges	(809)	(692)
	611	586
Net Transfers (to)/from Special Funds	32,433	38,429
Net Surplus (Deficit) (after internal transfers)	38,694	40,570
Capital Expenditure	(44,643)	(38,246)
Loan Principal Receipts	-	-
Loan Principal Repayments	-	-
Net Surplus (Deficit) (after internal transfers and capital expenditure)	(5,949)	2,324
Net Cost by Activity		
Diocesan General Manager	-	-
Cathedral House Building	-	-
Other Diocesan Properties	(967)	(462)
Administration	(31)	(22)
Insurance	-	(45)
Other Income	4,516	3,237
Investment Income	866	1,292
Earthquake Recovery	34,793	36,572
Fundraising	(483)	(1)
Total Net Cost	38,694	40,571

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Corporate Information

These financial statements of the Roman Catholic Diocese of Christchurch Diocesan Trust (the “Diocese”) for the year ended 30 June 2020 were authorised for issue by the Roman Catholic Bishop of the Diocese of Christchurch in accordance with a recommendation from the Diocesan Management and Finance Board on 30 September 2020. 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 has 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. Basis of Preparation

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 Tier 2 PBE standards.

3. Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements include the following:

Judgement has been used to assess whether revenue is from an exchange or non-exchange transaction. Judgement is used to assess whether service given, or expenses incurred are of an equal value to the revenue received.

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2020 include the useful lives, depreciation method and rate in relation to property, plant and equipment.

The useful lives and residual value of assets are assessed using the following indicators to determine potential future use and value from disposal:

- ▶ The condition of the asset
- ▶ The nature of the asset, its susceptibility and adaptability to change in technology and processes
- ▶ Availability of funding to replace the asset

4. 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 relevant for not-for-profit public benefit entities. 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.

(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

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Diocese and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Diocese revenue streams must also be met before revenue is recognised.

Revenue from exchange transactions

1. 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.
2. Dividends are recognised when received.
3. Property Sales are recognised at the date of settlement.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Diocese receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

1. Gifts, donations and bequests are recorded as income for the year in which they are received.
2. Government grants and other funding is 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. To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Diocese has satisfied these conditions.

(e) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position and statement of cashflows includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(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 or default payments 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) 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.

2. Available for sale financial assets

These are non-derivative financial assets, principally equity securities and fixed interest securities 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 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 securities, 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 securities in this category.

(h) Impairment of Financial Assets

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

(i) Available for Sale Financial Assets

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

(ii) Loans and Receivables

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

(i) Property, Plant & Equipment

Property, plant and equipment consist of:

- ▶ Land and Buildings;
- ▶ School Improvements
(new buildings, additions to existing buildings, fitouts);
- ▶ Computer equipment;
- ▶ Furniture, fixtures and equipment;
- ▶ Motor vehicles and
- ▶ Work in Progress.

Property, plant and equipment are initially measured at cost. 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. Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

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.

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.

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

(j) Leases

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

(k) Impairment of non-cash-generating assets

For non-financial non-cash-generating assets, except for those assets that are valued using the revaluation model, the Diocese assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Diocese estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

(l) Foreign Currencies

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

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

(m) Employee Benefits

Liability 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.

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.

(n) 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 3 and 5 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. The software has a finite life.

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 - 5 years	20-33%
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(o) 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.

(p) 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).

(q) 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.

(r) Provisions

A provision for the estimated cost to rebuild Parish property is recognised when the Parish rebuild plan has been finalised and approved by the Diocesan Management and Finance Board and the Bishop.

(s) 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 100% of the ownership interest in the form of equity structure in its associate, the Catholic Development Fund. The Catholic Development 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.

5. Trade and Other Receivables

	2020	2019
	<i>'000</i>	<i>'000</i>
Trade & Other Debtors	3,433	4,034
<i>(less Provision for Impairment of Debtors)</i>	<i>(180)</i>	<i>(67)</i>
Interest Receivable	35	24
GST Receivable	534	306
Total	<u>3,822</u>	<u>4,297</u>
Less Non - Current Portion	(1,666)	(1,769)
Total Current Trade and Other Receivables	<u>2,156</u>	<u>2,528</u>

All trade and other receivables relate to exchange transactions.

6. Provision for Impairment of Debtors

	2020	2019
	<i>'000</i>	<i>'000</i>
As at 1 July	67	461
Arising during the year	143	30
Used during the year	(30)	(424)
As at 30 June	<u>180</u>	<u>67</u>

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

7. Other Financial Assets

	2020	2019
	<i>'000</i>	<i>'000</i>
Catholic Development Fund Deposits	3,899	3,253
Bonds & Notes	15,714	43,428
Bank Deposits & Finance Company Deposits	8,500	13,000
Offshore Bond Fund - listed	1,125	1,072
Shares - unlisted	7,031	6,326
Shares – Land Purchase	5,500	-
Total	<u>41,769</u>	<u>67,079</u>
Less Current Portion	(20,579)	(27,395)
Total Non-Current Investments	<u>21,190</u>	<u>39,684</u>

8. Property Plant & Equipment

30 June 2020	Opening Cost '000	Additions '000	Disposals '000	Closing Cost '000	Current Yr Depn. '000	Accum Depn '000	Book Value '000
Land	71,122	29,578	140	100,559	-	-	100,559
Buildings	24,919	513	216	25,216	497	3,623	21,593
Buildings (Work in Progress)	86	724	-	810	-	-	810
Furniture & Equipment	1,430	53	-	1,483	157	1,160	323
Motor Vehicles	537	3	-	540	67	396	144
School Improvements	86,712	4,736	-	91,448	1,799	19,824	71,625
School Improvements (Work in progress)	6,501	5,086	-	11,587	-	-	11,587
Total	191,307	40,693	356	231,643	2,520	25,003	206,641

30 June 2019	Cost '000	Current Yr Depn. '000	Accum Depn '000	Book Value '000
Land	71,122	-	-	71,122
Buildings	24,920	340	3,185	21,735
Buildings (Work in Progress)	86	-	-	86
Furniture & Equipment	1,430	163	1,008	422
Motor Vehicles	537	65	328	209
School Improvements	86,712	1,701	18,025	68,688
School Improvements (Work in progress)	6,501	-	-	6,501
Total	191,307	2,269	22,546	168,762

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.

In the 2020 year, land and buildings to the value of \$420,000 were received by the Diocese as part of a bequest.

9. Intangible Assets

	<i>Cost or Revaluation</i>	<i>Additions</i>	<i>Closing Cost</i>	<i>Current Yr Amort</i>	<i>Accum Amort.</i>	<i>Book Value</i>
	'000	'000	'000	'000	'000	'000
30 June 2020						
Software	207	21	228	5	209	19
(Work in Progress)	-	11	11	-	-	11
	207	32	239	5	209	30
30 June 2019						
Software	207	-	-	12	198	9
(Work in Progress)	-	-	-	0	0	0
	207	-	-	12	198	9

10. Trade and Other Payables

	2020	2019
	'000	'000
Creditors & Accruals	2,722	2,045
Employee Entitlements	183	203
Advance from Mt Magdala Trust	(62)	0
Other Current Liabilities	4	3
Total	2,847	2,251

Trade and other payables relate to exchange transactions.

11. Provision for Earthquake Rebuild Costs

	2020	2019
	'000	'000
As at 1 July	2,964	4,303
Arising during the year	872	2,964
Released during the year	-	(17)
Used during the year	(2,964)	(4,286)
As at 30 June	872	2,964

This provision relates to earthquake rebuild projects that have been approved but are not yet complete. The timing of the outflows are expected to be complete by 30 June 2021.

12. Borrowings

Other Loans are unsecured, being in respect of properties held by the Catholic Diocese. There is one exception, where the property is secured (in favour of the vendor) by a first ranking registered mortgage over the property.

Other Loans are due to the Catholic Development Fund (\$3,215,000 at 4.88% interest) and to the vendor of a property purchase (\$3,380,000 interest free).

	2020	2019
	'000	'000
Other Loans	6,595	8,651
Less Current Portion	3,727	4,194
Total Non-Current Liabilities	2,868	4,457

13. **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	2020	2019
	<i>'000</i>	<i>'000</i>
General Equity	210,869	169,627
Special Purpose Funds	34,541	69,798
Unrealised Gains Reserves	2,793	4,308
Total Equity	248,203	243,733

Special Purpose Funds	2020	2019
	<i>'000</i>	<i>'000</i>
Education – Diocesan School Capital & Maintenance Programme	5,682	7,429
Education – Attendance Dues	(530)	(481)
Education – General	754	740
Education – Dallington School	144	136
Youth	306	299
Youth & Education	169	164
Catholic Social Services	966	944
Pastoral – Missionary	640	598
Pastoral – Ongoing Formation, Education & Seminary	1,610	1,682
Aged Care	1,371	1,372
Bishop's Capital Health Fund <i>(90% Income distributed to Clergy Trust Fund)</i>	239	237
CCJP	13	14
Darfield Parish <i>(Income distributed to Darfield Parish)</i>	100	100
Property Reserve	12,687	12,687
Dallington Land Settlement Reserve	1,887	1,783
Earthquake Recovery	4,286	39,124
Fundraising	3,983	2,720
Other	234	250
Total Special Purpose Funds	34,541	69,798

Unrealised Gains Reserves	2020	2019
	<i>'000</i>	<i>'000</i>
<i>Unrealised Gains Reserve on Shares</i>		
Opening Balance	1,842	1,753
Movement during the year	2	89
Closing Balance	1,844	1,842

<i>Unrealised Gains Reserve on Bonds</i>		
Opening Balance	2,515	2,484
Movement during the year	(1,517)	31
Closing Balance	998	2,515
<i>Unrealised Gains/ Losses Reserve on CDF</i>		
Opening Balance	(49)	59
Movement during the year	(1)	(109)
Closing Balance	(50)	(49)
Total Unrealised Gains Reserves	2,793	4,308

14. 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.

15. Financial Instruments

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

	Cash & Cash Equivalents	Trade & Other Receivables	Other Financial Assets	Total Financial Assets
30 June 2020				
Loans and Receivables	2,821	3,822	-	6,643
Available For Sale	-	-	41,769	41,769
Total Financial Assets	2,821	3,822	41,769	48,412
		Trade & Other Payables	Borrowings	Total Financial Liabilities
Recorded at Amortised Cost		2,847	6,595	9,442
Total Financial Liabilities		2,847	6,595	9,442
Net Exposure	2,821	975	35,174	38,970
	Cash & Cash Equivalents	Trade & Other Receivables	Other Financial Assets	Total Financial Assets
30 June 2019				
Loans and Receivables	13,771	4,297	-	18,068
Available For Sale	-	-	67,079	67,079
Total Financial Assets	13,771	4,297	67,079	85,147
		Trade & Other Payables	Borrowings	Total Financial Liabilities
Recorded at Amortised Cost		5,215	11,750	16,965
Total Financial Liabilities		5,215	11,750	16,965
Net Exposure	13,771	(918)	55,331	68,182

16. Revenue

Revenue from Non-exchange Transactions

	2020	2019
	<i>'000</i>	<i>'000</i>
Grants and Donations	3,900	3,067
Allocations	552	561
Government Grants	5,213	5,072
Total	9,665	8,700

Revenue from Exchange Transactions

	2020	2019
	<i>'000</i>	<i>'000</i>
Gain on Realisation of Investments	1,378	1,206
Interest Income	2,188	3,914
Dividend Income	176	224
Share of Surplus of Associate	600	809
Other Income (note 18)	6,514	5,913
Total	10,856	12,066
Total revenue from both Non-exchange and Exchange transactions	20,521	20,766

Grants and donations includes Lotteries grants of \$40,000 (2020) and \$40,000 (2019) (both excluding GST).

17. 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 Oranga Tamariki - Ministry for Children for services provided by Catholic Social Services.

18. Other Income

	2020	2019
	<i>'000</i>	<i>'000</i>
Education (Attendance Dues, Special Character Contributions & Foreign Fee Paying Students)	2,339	1,999
Catholic Shop Sales	114	134
Gain on Sales	72	8
Rebuild Income (Parish Contribution)	1,482	1,563
Maryville Distribution	2,000	500
Other Income	508	1,709
Total	6,514	5,913

19. Net Operating Surplus/(Deficit)

	2020	2019
	<i>'000</i>	<i>'000</i>
<i>After Charging:</i>		
Auditor's Fees - Audit Fees	34	31
Auditor's Fees - Other Services	16	43
Employee Benefits and Expenses	3,838	3,188
Donations Expense	49	61
Interest Expense	150	73
Lease Expense	314	284
Provision for Doubtful Debts	83	29
Bad Debts Written Off	30	424
Loss on Investments	128	111
<i>Including:</i>		
Interest Revenue	2,188	3,914
Dividend Revenue	176	224
Gain on Realisation of Investments	1,378	1,206

20. Capital Expenditure

	2020	2019
	<i>'000</i>	<i>'000</i>
Diocesan Schools	9,822	7,063
Land & Buildings	30,815	36,443
Property Purchase Shares	13,500	-
Computer Equipment	30	59
Vehicles	3	104
Other Plant & Equipment	23	35
Intangible Assets	32	5
	54,225	43,709

Land and Buildings capital expenditure includes the purchase of land & buildings for the new Marian College site in Northcote. The Diocese has also acquired some land parcels for the proposed new Cathedral site as a result of the announcement that the Cathedral of the Blessed Sacrament will be deconstructed.

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

	2020	2019
	<i>'000</i>	<i>'000</i>
Net Surplus / (deficit)	5,986	2,423
Add/(Less) Non Cash Items:		
Depreciation and Amortisation	2,525	2,281
(Gain)/Loss on Sale of Asset	(72)	(8)
Change in CDF Equity	188	549
Bequest of Fixed Asset	(420)	-
	8,207	5,245
Movements in Other Working Capital Items:		
Decrease/(Increase) in Prepayments	-	-
Decrease/(Increase) in Accounts Receivable	(347)	(2,238)
Decrease/(Increase) in Stock	3	(6)
Decrease/(Increase) in GST Receivable	(228)	262
(Decrease)/Increase in Accounts Payable	(1,007)	2,644
(Decrease)/Increase in Holiday Pay	(20)	22
(Decrease)/Increase in Income in Advance	54	102
	(1,545)	786
Plus/ (Less) Fixed Assets in Accounts Payable	(65)	(4,472)
	(65)	(4,472)
Net Cash Flow from Operating Activities	6,597	1,559

22. 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	2020	2019
	<i>'000</i>	<i>'000</i>
	<i>(31 March)</i>	<i>(31 March)</i>
Surplus	365	824
Distribution to Diocese (included within Investment Income)	1,300	500
Other Comprehensive Income	(421)	(166)
Diocese Investment in CDF:		
Opening Carrying Amount	<i>(30 June)</i> 4,172	<i>(30 June)</i> 4,719
Closing Carrying Amount	3,982	4,172

23. Related Party Transactions

The Diocese invests funds in the CDF (refer Note 7), and has borrowings from the CDF (refer Note 12). 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 of \$1,300,000. 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.

The Diocese has invoiced various Parishes for the recovery of costs incurred through the rebuild and repair of certain Parish owned buildings. There are extended payment terms on these invoices, with payment expected within 10 years of the invoice date.

24. Key Management Personnel

Key Management Personnel of the Diocese includes the Management and Finance Board and the Management Team. 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:

	2020		2019	
	FTE	'000 Salary	FTE	'000 Salary
Management and Finance Board (volunteers)	6	0	6	0
Management	6.7	1,087	6.6	1,014

There was no other remuneration, compensation, non-arm's length transactions or loans (including to close family members in the year) (2019: nil).

25. Commitments

As at 30 June 2020 there are commitments for the following:

	2020	2019
	'000	'000
Capital Commitments		
School Improvements	4,082	1,699
Other	170	-
Total Capital Commitments	4,252	1,699
Lease Commitments		
Within one year	329	206
Two to five years	618	313
Five years plus	982	696
Total Lease Commitments	1,929	1,215

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 12 to 18 years.

26. Contingent Liabilities and Contingent Assets

A contingent liability exists in respect of earthquake damage related rebuild costs. In the Bishop's Pastoral Letter dated 15 August 2015 he outlined in broad terms the plan for the rebuilding of Parish, School and Diocesan property following the earthquakes of 2010 and 2011. In that plan, the Bishop outlined that in all cases, the Diocese will underwrite any shortfall so that projects can start before all the money has been raised. Detailed plans and costings are yet to be prepared and approved for all of this work. Approval for each project will be assessed on a case by case basis and subject to affordability. The total cost of rebuild across Parishes, Schools, and Diocesan property will be incurred over a period of up to 20 years.

A Contingent asset exists in respect of fundraising revenue. Fundraising campaigns have begun in a number of Parishes throughout the Diocese. Total pledges to 31 August 2020, including amounts to be received over the next 10 years, amount to \$15.78m of which \$4.93 m has been received to date. This asset is contingent upon the donors honouring their pledges.

27. Subsequent Events

Subsequent to balance date, a contract was entered for the last parcel of land required for the new Cathedral site at a cost for \$18,000,000. A deposit was paid on 17th September 2020 and settlement is May 2021.

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



Independent auditor's report to the Roman Catholic Diocese of Christchurch Diocesan Trust

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Roman Catholic Diocese of Christchurch Diocesan Trust ("the Diocesan Trust") on pages 4 to 7 and 12 to 29, which comprise the statement of financial position of the Diocesan Trust as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Diocesan Trust and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 7 and 12 to 29 present fairly, in all material respects, the financial position of the Diocesan Trust as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

This report is made solely to the Roman Catholic Bishop of the Diocese of Christchurch, as trustee. 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Diocesan Trust in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor, we have performed other assurance services. We have no relationship with, or interest in, the Diocesan Trust. Partners and employees of our firm may deal with the Diocesan Trust on normal terms within the ordinary course of trading activities of the Diocesan Trust.

Information other than the financial statements and auditor's report

The Trustee of the Diocesan Trust is responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Trustee's responsibility for the financial statements

The Trustee is responsible, on behalf of the Diocesan 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing on behalf of the entity the Diocesan Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Diocesan Trust or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities>. This description forms part of our auditor's report.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

Chartered Accountants
Christchurch
13 October 2020