catholic diocese of christchurch

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THE ROMAN CATHOLIC DIOCESE OF CHRISTCHURCH DIOCESAN TRUST

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2021

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Directory

Apostolic Administrator	Most Reverend Paul Martin SM DD
College of Consultors	Reverend John Adams Reverend Simon Eccleton Reverend Frank Kelly (to 5 November 2020) Reverend Brian Fennessy (from 1 December 2020) 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 (to 25 November 2020) Kristy O'Connor Sara O'Connor Edward Sparrow (to 30 June 2021) Michael Wilkes (from 17 March 2021)
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

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Statement of Financial Position

As At 30 June 2021

	Notes	30 June 2021 '000	30 June 2020 '000
Current Assets			
Cash and Cash Equivalents		5,380	2,821
Trade and Other Receivables	5	5,532	2,156
Inventories		23	26
Other Financial Assets	7	17,204	20,579
Total Current Assets		**28,139**	**25,582**
Non Current Assets			
Long Term Receivables	5	4,760	1,666
Investment in Associate	22	3,442	3,982
Other Financial Assets	7	9,720	21,190
Property, Plant and Equipment	8	232,377	206,641
Intangible Assets	9	21	30
Total Non Current Assets		**250,320**	**233,509**
Current Liabilities			
Trade and other Payables	10	2,116	2,847
Provision for Earthquake Rebuild Costs	11	150	872
Income in Advance		1,743	574
Borrowings	12	411	3,727
Total Current Liabilities		**4,420**	**8,020**
Non Current Liabilities	12	**3,115**	**2,868**
Net Assets		**270,924**	**248,203**
Total Equity	13	**270,924**	**248,203**

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

Archbishop Paul Martin SM
Apostolic Administrator
Roman Catholic Diocese of Christchurch
29 September 2021

EY

THE ATTACHED NOTES FORM PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS.

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Statement of Changes in Net Assets/Equity

For the Year Ending 30 June 2021

	Notes	2021 Actual '000	2020 Actual '000
Opening Equity		**248,203**	**243,733**
Net Operating Surplus for the period		22,368	5,986
Other Comprehensive Income		353	(1,516)
Total Comprehensive Income for the Period		**22,721**	**4,470**
Closing Equity	*13*	**270,924**	**248,203**

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Statement of Comprehensive Revenue and Expense

For the Year Ending 30 June 2021

	Notes	2021 Actual '000	2020 Actual '000
Operating Revenue			
Grants and Donations		4,529	3,900
Allocations		512	552
Government Grants	17	5,276	5,213
Investment Income		2,334	3,742
Share of surplus of Associate	22	900	600
Other Income	18	25,067	6,514
Total	16	**38,618**	**20,521**
Less Expenditure			
Employee Benefits & Expenses		4,212	3,842
Consultancy		2,054	2,075
Depreciation & Amortisation		2,522	2,525
School Maintenance		257	320
Finance Costs		171	150
Earthquake Rebuild Costs		2,553	1,690
Other Expenses		4,481	3,933
Total		**16,250**	**14,535**
Total Surplus recognised for the period	21	**22,368**	**5,986**
Internal Recoveries		2,308	2,194
Less Internal Charges		(2,308)	(2,194)
		-	-
Net Transfers (to)/from Special Funds		9,913	35,253
Net Surplus (after internal transfers)	19	**32,281**	**41,239**
Other Comprehensive Revenue and Expense			
Unrealised Gains/(losses) Reserve on Shares		957	2
Unrealised Gains/(losses) Reserve on Bonds		(604)	(1,517)
Unrealised Gains/(losses) Reserve on CDF		0	(1)
Total Other Comprehensive Revenue and Expense		**353**	**(1,516)**
Capital Expenditure	20	(29,312)	(54,225)
Loan Principal Receipts		700	2,300
Loan Principal Repayments		(389)	(396)
Total Comprehensive Revenue and Expense (after internal transfers and capital expenditure)		**3,633**	**(12,598)**
Net Cost by Activity			
Ministry of Liturgy		(1,085)	(1,153)
Ministry of the Word		5,680	4,885
Ministry of Charity		(1,255)	(1,187)
Overheads		28,941	38,694
Total Net Surplus/(Cost)		**32,281**	**41,239**

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Statement of Cash Flows
For the Year Ending 30 June 2021

	Note	2021 '000	2020 '000
Cash Flows From Operating Activities			
Cash was provided from:			
Grants and Donations Received		4,529	3,900
Allocations Received		512	552
Government Grants Received		6,397	5,267
Interest Investment Income Received		857	2,188
Dividend Investment Income Received		195	176
Other Income Received		17,662	7,613
		30,152	19,696
Cash was applied to:			
Payments to employees and suppliers		15,299	12,949
Interest Paid		171	150
		15,470	13,099
Net Cash Flows From Operating Activities	*21*	**14,682**	**6,597**
Cash Flows From Investing Activities			
Cash was provided from:			
Property, Plant & Equipment Sold		4,294	428
Decrease in Investments		15,198	23,797
		19,492	24,225
Cash was applied to:			
Acquisition of Property, Plant & Equipment		28,546	40,296
		28,546	40,296
Net Cash Inflow (Outflow) From Investing Activities		**(9,054)**	**(16,071)**
Cash Flows From Financing Activities			
Cash was provided from:			
Advance of Term Liabilities		700	2,300
		700	2,300
Cash was applied to:			
Repayment of Term Liabilities		3,769	3,776
		3,769	3,776
Net Cash Inflow (Outflow) From Financing Activities		**(3,069)**	**(1,476)**
Net Increase (Decrease) in Cash Funds		**2,559**	**(10,950)**
Cash balance as at 01 July 2020		**2,821**	**13,771**
Cash balance as at 30 June 2021		**5,380**	**2,821**
This total is recorded in the financial statements as:			
Cash and Cash Equivalents		5,380	2,821

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Statement of Cost of Services - Ministry of Liturgy: "To Sanctify"

For the Year Ending 30 June 2021

(Unaudited)

	2021 Actual *(unaudited)* '000	2020 Actual *(unaudited)* '000
Operating Income		
Grants and Donations	117	116
Other Income	166	126
Total	**283**	**242**
Less Expenditure		
Personnel Costs	791	787
Consultancy	21	14
Depreciation	63	62
Other	478	577
Total	**1,353**	**1,440**
Total Surplus/(Deficit) recognised for period	**(1,070)**	**(1,198)**
Internal Recoveries	36	37
Less Internal Charges	(257)	(198)
	(221)	(161)
Net Transfers (to)/from Special Funds	206	206
Net Operating Surplus/(Deficit)	**(1,085)**	**(1,153)**
Capital Expenditure	(13)	(6)
Loan Principal Receipts	-	-
Loan Principal Repayments	-	-
Net Surplus (Deficit)	**(1,098)**	**(1,159)**
(after internal transfers and capital expenditure)		
Net Cost by Activity		
Archives	(170)	(86)
Safeguarding	(38)	(5)
Bishop's Pastoral Office	(99)	(149)
Evangelisation/Pastoral Earthquake Recovery	(6)	(100)
Perpetual Adoration	(141)	(5)
Communication & Online Ministry	(196)	(157)
Thanksgiving Programme	(3)	(85)
Chaplaincy	(231)	(208)
Priestly Formation	(26)	(190)
Cathedral	(39)	(41)
Cathedral Music	(136)	(127)
Total Net Surplus/(Cost)	**(1,085)**	**(1,153)**

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Statement of Cost of Services - Ministry of The Word: "To Teach"

For the Year Ending 30 June 2021

(Unaudited)

	2021 Actual *(unaudited)* *'000*	2020 Actual *(unaudited)* *'000*
Operating Income		
Grants and Donations	3	37
Government Grants	5,179	5,124
Investment Income	-	-
Other Income	2,684	2,475
Total	**7,866**	**7,636**
Less Expenditure		
Personnel Costs	988	997
Consultancy	581	485
Depreciation	2,059	2,025
School Maintenance	257	320
Interest on Loans	171	150
Other	1,191	1,159
Total	**5,247**	**5,136**
Total Surplus/(Deficit) recognised for period	**2,619**	**2,500**
Internal Recoveries	645	659
Less Internal Charges	(833)	(785)
	(188)	(126)
Net Transfers (to)/from Special Funds	3,249	2,511
Net Operating Surplus/(Deficit)	**5,680**	**4,885**
Capital Expenditure - Diocesan Schools	(8,298)	(9,570)
Capital Expenditure - Other	-	-
Total Capital Expenditure	(8,298)	(9,570)
Loan Principal Receipts	700	2,300
Loan Principal Repayments	(389)	(396)
Net Surplus (Deficit) (after internal transfers and capital expenditure)	**(2,307)**	**(2,781)**
Net Cost by Activity		
Catholic Education Office	(39)	21
Attendance Dues	466	350
Diocesan Schools	5,663	4,919
Youth and Young People	(410)	(405)
CCJP	0	-
Total Net Surplus/(Cost)	**5,680**	**4,885**

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Statement of Cost of Services - Ministry of Charity : "To Care For"

For the Year Ending 30 June 2021

(Unaudited)

	2021 Actual *(unaudited)* '000	2020 Actual *(unaudited)* '000
Operating Income		
Grants and Donations	365	241
Government Grants	97	89
Other Income	171	134
Total	**633**	**464**
Less Expenditure		
Personnel Costs	630	529
Consultancy	157	53
Depreciation	51	57
Other	719	790
Total	**1,557**	**1,429**
Total Surplus/(Deficit) recognised for period	**(924)**	**(965)**
Internal Recoveries	82	77
Less Internal Charges	(414)	(402)
	(332)	(325)
Net Transfers (to)/from Special Funds	1	103
Net Operating Surplus/(Deficit)	**(1,255)**	**(1,187)**
Capital Expenditure	(62)	(6)
Loan Principal Receipts	-	-
Loan Principal Repayments	-	-
Net Surplus (Deficit)	**(1,317)**	**(1,193)**
(after internal transfers and capital expenditure)		
Net Cost by Activity		
Welfare - Catholic Social Services	(74)	(115)
Welfare - Other	(1)	(2)
Governance	(460)	(340)
Pastoral Initiatives	(339)	(425)
Bishop's Conference	(341)	(267)
Catholic Shop	(23)	(30)
Tribunal	(17)	(8)
Total Net Surplus/(Cost)	**(1,255)**	**(1,187)**

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Statement of Cost of Services - Overhead Activities

As At 30 June 2021

(Unaudited)

	2021 Actual *(unaudited)* '000	2020 Actual *(unaudited)* '000
Operating Income		
Grants and Donations	4,044	3,507
Allocations	512	552
Investment Income	2,334	3,742
Share of surplus of Associate	900	600
Maryville Distribution	6,500	2,000
Other Income	15,546	1,779
Total	**29,836**	**12,180**
Less Expenditure		
Personnel Costs	1,803	1,529
Consultancy	2,286	1,523
Depreciation	349	381
Earthquake Rebuild Costs	2,553	1,690
Other	1,102	1,407
Total	**8,093**	**6,530**
Total Surplus/(Deficit) recognised for period	**21,743**	**5,650**
Internal Recoveries	1,546	1,420
Less Internal Charges	(805)	(809)
	741	611
Net Transfers (to)/from Special Funds	6,457	32,433
Net Operating Surplus/(Deficit)	**28,941**	**38,694**
Capital Expenditure	(20,939)	(44,643)
Loan Principal Receipts	-	-
Loan Principal Repayments	-	-
Net Surplus (Deficit)	**8,002**	**(5,949)**
(after internal transfers and capital expenditure)		
Net Cost by Activity		
Other Diocesan Properties	46	(967)
Administration	-	(31)
Other Income	8,867	4,516
Investment Income	(97)	866
Earthquake Recovery	20,128	34,793
Fundraising	(3)	(483)
Total Net Surplus/(Cost)	**28,941**	**38,694**

THE ATTACHED NOTES FORM PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. Corporate Information

These financial statements of the Roman Catholic Diocese of Christchurch Diocesan Trust (the "Diocese") for the year ended 30 June 2021 were authorised for issue by the Apostolic Administrator of the Diocese of Christchurch in accordance with a recommendation from the Diocesan Management and Finance Board on 29 September 2021. 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.

3. Use of judgements and estimates (continued)

(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 2021 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.

4. Significant Accounting Policies (continued)

(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.
4. Rebuild income arises from the expected recovery from parishes of a share of costs incurred by the diocese relating to parish rebuild projects, and proceeds from sales of surplus property on behalf of parishes. Recovery of costs rebuild income is recognised as revenue by the Diocese on completion of the rebuild project and the invoicing to the parish of the amounts expected to be recovered from the parish.

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.

4. Significant Accounting Policies (continued)

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.

4. **Significant Accounting Policies (continued)**

(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.

4. Significant Accounting Policies (continued)

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.

4. Significant Accounting Policies (continued)

(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%

(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.

4. Significant Accounting Policies (continued)

(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

	2021 '000	2020 '000
Trade & Other Debtors	10,305	3,433
(less Provision for Impairment of Debtors)	(156)	(180)
Interest Receivable	20	35
GST Receivable	123	534
Total	10,292	3,822
Less Non - Current Portion	(4,760)	(1,666)
Total Current Trade and Other Receivables	**5,532**	**2,156**

All trade and other receivables relate to exchange transactions.

6. Provision for Impairment of Debtors

	2021 '000	2020 '000
As at 1 July	180	67
Arising during the year	16	143
Released during the year	(33)	0
Used during the year	(7)	(30)
As at 30 June	**156**	**180**

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

7. Other Financial Assets

	2021 '000	2020 '000
Catholic Development Fund Deposits	6,169	3,899
Bonds & Notes	5,334	15,714
Bank Deposits & Finance Company Deposits	0	8,500
Offshore Bond Fund - listed	1,154	1,125
Shares - listed	8,767	7,031
Shares – Land Purchase	5,500	5,500
Total	26,924	41,769
Less Current Portion	(17,204)	(20,579)
Total Non-Current Investments	**9,720**	**21,190**

8. Property Plant & Equipment

30 June 2021	*Opening Cost* '000	*Additions* '000	*Disposals* '000	*Closing Cost* '000	*Current Yr Depn.* '000	*Accum Depn* '000	*Book Value* '000
Land	100,559	18,216	438	118,337	-	-	118,337
Buildings	25,216	52	789	24,479	498	3,898	20,581
Buildings *(Work in Progress)*	810	2,592	-	3,402	-	-	3,402
Furniture & Equipment	1,483	96	46	1,533	115	1,239	294
Motor Vehicles	540	81	111	510	67	397	113
School Improvements	91,448	5,263	-	96,711	1,838	21,662	75,049
School Improvements *(Work in progress)*	11,587	3,014	-	14,601	-	-	14,601
Total	**231,643**	**29,314**	**1,384**	**259,573**	**2,518**	**27,196**	**232,377**

30 June 2020	*Cost* '000	*Current Yr Depn.* '000	*Accum Depn* '000	*Book Value* '000
Land	100,559	-	-	100,559
Buildings	25,216	497	3,623	21,593
Buildings *(Work in Progress)*	810	-	-	810
Furniture & Equipment	1,483	157	1,160	323
Motor Vehicles	540	67	396	144
School Improvements	91,448	1,799	19,824	71,625
School Improvements *(Work in progress)*	11,587	-	-	11,587
Total	**231,643**	**2,520**	**25,003**	**206,641**

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.

9. Intangible Assets

	Cost or Revaluation	Additions	Closing Cost	Current Yr Amort	Accum Amort.	Book Value
30 June 2021	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Software	228	11	239	2	218	21
(Work in Progress)	11	-11	0	0	0	0
	239	**0**	**239**	**2**	**218**	**21**
30 June 2020						
Software	207	21	228	5	209	19
(Work in Progress)	-	11	11	-	-	11
	207	**32**	**239**	**5**	**209**	**30**

10. Trade and Other Payables

	2021	2020
	'000	*'000*
Creditors & Accruals	1,767	2,722
Employee Entitlements	279	183
Advance from Mt Magdala Trust	(1)	(62)
Other Current Liabilities	71	4
Total	**2,116**	**2,847**

Trade and other payables relate to exchange transactions.

11. Provision for Earthquake Rebuild Costs

	2021	2020
	'000	*'000*
As at 1 July	872	2,964
Arising during the year	0	872
Released during the year	(390)	-
Used during the year	(332)	(2,964)
As at 30 June	**150**	**872**

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 2022.

12. Borrowings

Other Loans are unsecured, being in respect of properties held by the Catholic Diocese.

Other Loans are due to the Catholic Development Fund ($3,526,000 at 4.62% interest).

	2021	2020
	'000	*'000*
Other Loans	3,526	6,595
Less Current Portion	411	3,727
Total Non-Current Liabilities	**3,115**	**2,868**

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	***2021***	***2020***
	'000	*'000*
General Equity	243,145	210,869
Special Purpose Funds	24,633	34,541
Unrealised Gains Reserves	3,146	2,793
Total Equity	**270,924**	**248,203**

Special Purpose Funds	***2021***	***2020***
	'000	*'000*
Education – Diocesan School Capital & Maintenance Programme	3,239	5,682
Education – Attendance Dues	(570)	(530)
Education – General	805	754
Education – Dallington School	158	144
Youth	323	306
Youth & Education	177	169
Catholic Social Services	1,005	966
Pastoral – Missionary	696	640
Pastoral – Ongoing Formation, Education & Seminary	1,657	1,610
Aged Care	1,490	1,371
Bishop's Capital Health Fund		
(90% Income distributed to Clergy Trust Fund)	242	239
CCJP	12	13
Darfield Parish *(Income distributed to Darfield Parish)*	100	100
Property Reserve	12,687	12,687
Dallington Land Settlement Reserve	2,072	1,887
Earthquake Recovery	(3,314)	4,286
Fundraising	3,461	3,983
Other	393	234
Total Special Purpose Funds	**24,633**	**34,541**

Unrealised Gains Reserves	***2021***	***2020***
	'000	*'000*
Unrealised Gains Reserve on Shares		
Opening Balance	1,844	1,842
Movement during the year	957	2
Closing Balance	**2,801**	**1,844**

13. Equity (continued)

	2021	2020
	'000	'000
Unrealised Gains Reserve on Bonds		
Opening Balance	998	2,515
Movement during the year	(604)	(1,517)
Closing Balance	**394**	**998**
Unrealised Gains/ Losses Reserve on CDF		
Opening Balance	(49)	(49)
Movement during the year	0	(1)
Closing Balance	**(49)**	**(50)**
Total Unrealised Gains Reserves	**3,146**	**2,793**

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.

30 June 2021	**Cash & Cash Equivalents**	**Trade & Other Receivables**	**Other Financial Assets**	**Total Financial Assets**
Loans and Receivables	5,380	10,292	-	15,672
Available For Sale	-	-	26,924	26,924
Total Financial Assets	**5,380**	**10,292**	**26,924**	**42,596**
		Trade & Other Payables	**Borrowings**	**Total Financial Liabilities**
Recorded at Amortised Cost		2,116	3,526	5,642
Total Financial Liabilities		**2,116**	**3,526**	**5,642**
Net Exposure	**5,380**	**8,176**	**23,398**	**36,954**

30 June 2020	**Cash & Cash Equivalents**	**Trade & Other Receivables**	**Other Financial Assets**	**Total Financial Assets**
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**

16. Revenue

Revenue from Non-exchange Transactions

	2021 '000	2020 '000
Grants and Donations	4,529	3,900
Allocations	512	552
Government Grants	5,276	5,213
Total	**10,317**	**9,665**

Revenue from Exchange Transactions

	2021 '000	2020 '000
Gain on Realisation of Investments	1,282	1,378
Interest Income	857	2,188
Dividend Income	195	176
Share of Surplus of Associate	900	600
Other Income (note 18)	25,067	6,514
Total	**28,301**	**10,856**
Total revenue from both Non-exchange and Exchange transactions	**38,618**	**20,521**

Grants and donations includes Lotteries grants of $390,000 (2021) and $40,000 (2020) (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

	2021 '000	2020 '000
Education (Attendance Dues, Special Character Contributions & Foreign Fee Paying Students)	2,428	2,339
Catholic Shop Sales	138	114
Gain on Sales	3,294	72
Rebuild Income	11,706	1,482
Maryville Distribution	6,500	2,000
Other Income	1,001	508
Total	**25,067**	**6,514**

Rebuild income arises from the expected recovery from parishes of a share of costs incurred by the Diocese relating to Parish rebuild projects, and proceeds from sales of surplus property on behalf of parishes. Recovery of costs rebuild income is recognised as revenue by the Diocese on completion of the rebuild project and the invoicing to the Parish of the amounts expected to be recovered from the parish.

19. Net Operating Surplus/(Deficit)

	2021	**2020**
	'000	*'000*
After Charging:		
Auditor's Fees - Audit Fees	38	34
Auditor's Fees - Other Services	4	16
Employee Benefits and Expenses	4,212	3,838
Donations Expense	82	49
Interest Expense	171	150
Lease Expense	435	314
Provision for Doubtful Debts	(31)	83
Bad Debts Written Off	7	30
Loss on Assets	62	0
Loss on Investments	194	128
Including:		
Interest Revenue	857	2,188
Dividend Revenue	195	176
Gain on Realisation of Investments	1,282	1,378

20. Capital Expenditure

	2021	**2020**
	'000	*'000*
Diocesan Schools	8,270	9,822
Land & Buildings	20,867	30,815
Property Purchase Shares	0	13,500
Computer Equipment	85	30
Vehicles	80	3
Other Plant & Equipment	10	23
Intangible Assets	0	32
	29,312	**54,225**

Land and Buildings capital expenditure includes the purchase of land for the proposed new Cathedral site.

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

	2021 '000	2020 '000
Net Surplus / (deficit)	22,368	5,986
Add/(Less) Non Cash Items:		
Depreciation and Amortisation	2,522	2,525
(Gain)/Loss on Sale of Asset	(3,233)	(72)
Change in CDF Equity	540	188
Bequest of Fixed Asset	0	(420)
	22,197	**8,207**
Movements in Other Working Capital Items:		
Decrease/(Increase) in Prepayments	(129)	-
Decrease/(Increase) in Accounts Receivable	(6,752)	(347)
Decrease/(Increase) in Stock	3	3
Decrease/(Increase) in GST Receivable	411	(228)
(Decrease)/Increase in Accounts Payable	(1,548)	(1,007)
(Decrease)/Increase in Holiday Pay	96	(20)
(Decrease)/Increase in Income in Advance	1,169	54
	(6,750)	(1,545)
Plus/ (Less) Fixed Assets in Accounts Payable	(765)	(65)
	(765)	(65)
Net Cash Flow from Operating Activities	**14,682**	**6,597**

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	**2021** *'000* *(31 March)*	**2020** *'000* *(31 March)*
Surplus	723	365
Distribution to Diocese (included within Investment Income)	350	1,300
Other Comprehensive Income	254	(421)

22. Catholic Development Fund (continued)

Diocese Investment in CDF:	(30 June)	(30 June)
Opening Carrying Amount	3,982	4,172
Closing Carrying Amount	3,442	3,982
CDF Distribution received during the year:		
Interim Distribution (October)	0	250
Final Distribution (June)	900	350
Total Distribution Received	900	600

23. Related Party Transactions

The Diocese invests funds in the CDF (refer Note 7), and has borrowings from the CDF (refer Note12). 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 $350,000. 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:

	2021		**2020**	
		'000		*'000*
	FTE	Salary	FTE	Salary
Management and Finance Board (volunteers)	6	0	6	0
Management	6.7	1,097	6.7	1,087

There was no other remuneration, compensation, non-arm's length transactions or loans (including to close family members in the year) (2020: nil).

25. Commitments

As at 30 June 2021 there are commitments for the following:

	2021	***2020***
	'000	*'000*
Capital Commitments		
School Improvements	1,393	4,082
Other	3,694	170
Total Capital Commitments	**5,087**	**4,252**

25. Commitments (continued)

	2021 '000	2020 '000
Lease Commitments		
Within one year	440	329
Two to five years	780	618
Five years plus	525	982
Total Lease Commitments	**1,745**	**1,929**

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 1 to 17 years.

26. Contingent Liabilities and Contingent Assets

A contingent liability exists in respect of earthquake damage related rebuild costs, that might not be able to be fully funded by earthquake insurance proceeds and other funds available from Parishes, Schools and future fundraising. In 2015 the late Bishop Barry Jones outlined in broad terms the plan for the rebuilding of Parish, School and Diocesan property following the earthquakes of 2010 and 2011. Subsequently in 2019 Archbishop Paul Martin announced 'Our Faith – Our Future' together with plans to amalgamate parishes. This resulted in changes to the rebuild plan with an increased focus on 'the Common Good' and ensuring all projects can be completed.

Detailed plans and costings are yet to be prepared and approved for all of this work, and fundraising activities are not complete as at 30 June 2021. The Diocese is therefore unable to reliably measure the financial effect, if any, of this contingent liability. Each project will be assessed on a case-by-case basis and approval will be subject to the ability to complete the project with the funds available. The total cost of rebuild across Parishes, Schools, and Diocesan property will be incurred over a period of up to 10 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 August 2021, including amounts to be received over the next 10 years, amount to $23.14m of which $8.6 m has been received to date. This asset is contingent upon the donors honouring their pledges.

27. Subsequent Events

Contract works for the Marian College Project have been signed on 31 August 2021. The approved Contract Sum is $26m. A Committed Term Sheet for borrowing of $25m to fund construction has been issued for signing.

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 2021, 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 2021 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/audit-report-8/. This description forms part of our auditor's report.

Ernst + Young

Chartered Accountants
Christchurch
4 October 2021