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THE ROMAN CATHOLIC DIOCESE OF CHRISTCHURCH DIOCESAN TRUST

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2022

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Directory

Bishop	Most Reverend Michael Gielen DD
College of Consultors	Reverend John Adams Reverend Simon Eccleton Reverend Brian Fennessy Reverend Rick Loughnan Reverend Michael Therese Scheerger CSJ Reverend Peter Head SM
Diocesan Management and Finance Board	
	Most Reverend Michael Gielen DD Michael Wilkes - Chair Geoff Bailey Reuben Casey Kristy O'Connor Sara O'Connor
Diocesan Education Council	Reverend John Adams Robin Kilworth

Executive Directory

Senior Leadership Team	
Diocesan General Manager	Andy Doherty (finish 30/11/21) Simon Thompson (start 01/11/21)
Catholic Education Office	Mike Nolan
Catholic Youth Team	James Bryant
Catholic Social Services	Jon Brian (RIP 24/05/22)
Finance & Support Services	Janice Rennell
Bishop's Pastoral Office	Mike Stopforth
Property Development	Tony Sewell
Communications	Conor Leahy
Transition Facilitator	Siobhan Bergin
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 2022

	Notes	30 June 2022 '000	30 June 2021 '000
Current Assets			
Cash and Cash Equivalents		5,579	5,380
Trade and Other Receivables	5	3,114	5,532
Inventories		24	23
Other Financial Assets	7	14,521	17,204
Total Current Assets		**23,238**	**28,139**
Non Current Assets			
Long Term Receivables	5	2,945	4,760
Investment in Associate	22	2,932	3,442
Investment in a Joint Venture	23	5,500	5,500
Other Financial Assets	7	13,464	4,220
Property, Plant and Equipment	8	247,678	232,377
Intangible Assets	9	10	21
Total Non Current Assets		**272,529**	**250,320**
Current Liabilities			
Trade and other Payables	10	4,322	2,116
Provision for Earthquake Rebuild Costs	11	292	150
Income in Advance		975	1,743
Borrowings	12	431	411
Total Current Liabilities		**6,020**	**4,420**
Non Current Liabilities	12	**5,072**	**3,115**
Net Assets		**284,675**	**270,924**
Total Equity	13	**284,675**	**270,924**

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

+ M A Gielen

Bishop Michael Gielen
Catholic Bishop of Christchurch
Roman Catholic Diocese of Christchurch
28 September 2022

+ MICHAEL GIELEN + CATHOLIC BISHOP OF CHRISTCHURCH
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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 Ended 30 June 2022

	Notes	2022 Actual '000	2021 Actual '000
Opening Equity		**270,924**	**248,203**
Net Operating Surplus for the Period		15,882	22,368
Other Comprehensive Income (Loss)		(2,131)	353
Total Comprehensive Income for the Period		**13,751**	**22,721**
Closing Equity	*13*	**284,675**	**270,924**

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Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2022

	Notes	2022 Actual '000	2021 Actual '000
Operating Revenue			
Grants and Donations		4,400	4,529
Allocations		481	512
Government Grants	*17*	6,923	5,276
Investment Income		1,132	2,334
Share of Surplus of Associate	*22*	450	900
Maryville Courts Trust Distributions		14,798	6,500
Other Income	*18*	6,436	18,567
Total	*16*	**34,620**	**38,618**
Less Expenditure			
Employee Benefits & Expenses		4,391	4,212
Consultancy		2,147	2,054
Depreciation & Amortisation		2,728	2,522
School Maintenance		11	257
Finance Costs		169	171
Earthquake Rebuild Costs		5,080	2,553
Other Expenses		4,212	4,481
Total		**18,738**	**16,250**
Total Surplus recognised for the period	*21*	**15,882**	**22,368**
Internal Recoveries		2,328	2,308
Less Internal Charges		(2,328)	(2,308)
		-	-
Net Transfers (to)/from Special Funds		1,223	9,913
Net Surplus (after internal transfers)	*19*	**17,105**	**32,281**
Other Comprehensive Revenue and Expense			
Unrealised Gains/(losses) Reserve on Shares		(1,590)	957
Unrealised Gains/(losses) Reserve on Bonds		(541)	(604)
Total Other Comprehensive Revenue and (Expense)		**(2,131)**	**353**
Capital Expenditure	*20*	(18,020)	(29,312)
Loan Principal Receipts		2,388	700
Loan Principal Repayments		(411)	(389)
Total Comprehensive Revenue and (Expense) **(after internal transfers, capital expenditure and cashflows to/from borrowings.)**		**(1,069)**	**3,633**
Net Cost by Activity			
Ministry of Liturgy		(1,211)	(1,085)
Ministry of the Word		4,742	5,680
Ministry of Charity		(1,450)	(1,255)
Overheads		15,024	28,941
Total Net Surplus/(Cost)		**17,105**	**32,281**

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Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 '000	2021 '000
Cash Flows From Operating Activities			
Cash was provided from:			
Grants and Donations Received		4,401	4,529
Allocations Received		481	512
Government Grants Received		5,917	6,397
Interest Investment Income Received		298	857
Dividend Investment Income Received		252	195
Maryville Courts Trust Distributions		14,798	6,500
Other Income Received		13,043	11,162
		39,190	30,152
Cash was applied to:			
Payments to employees and suppliers		16,040	15,299
Interest Paid		169	171
		16,209	15,470
Net Cash Flows From Operating Activities	21	**22,981**	**14,682**
Cash Flows From Investing Activities			
Cash was provided from:			
Property, Plant & Equipment Sold		2	4,294
Decrease in Investments		-	15,198
		2	19,492
Cash was applied to:			
Acquisition of Property, Plant & Equipment		16,069	28,546
Increase in Investments		8,692	-
		24,761	28,546
Net Cash Inflow (Outflow) From Investing Activities		**(24,759)**	**(9,054)**
Cash Flows From Financing Activities			
Cash was provided from:			
Receipt of Borrowings and Loans		2,388	700
		2,388	700
Cash was applied to:			
Repayment of Borrowings and Loans		411	3,769
		411	3,769
Net Cash Inflow (Outflow) From Financing Activities		**1,977**	**(3,069)**
Net Increase (Decrease) in Cash Funds		**199**	**2,559**
Cash balance as at 01 July 2021		**5,380**	**2,821**
Cash balance as at 30 June 2022		**5,579**	**5,380**
This total is recorded in the financial statements as:			
Cash and Cash Equivalents		5,579	5,380

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Statement of Cost of Services - Ministry of Liturgy: "To Sanctify"
For the Year Ended 30 June 2022
(Unaudited)

	2022 Actual *(unaudited)* *'000*	2021 Actual *(unaudited)* *'000*
Operating Income		
Grants and Donations	130	117
Other Income	133	166
Total	**263**	**283**
Less Expenditure		
Personnel Costs	912	791
Consultancy	35	21
Depreciation	59	63
Other	487	478
Total	**1,493**	**1,353**
Total (Deficit) recognised for period	**(1,230)**	**(1,070)**
Internal Recoveries	43	36
Less Internal Charges	(227)	(257)
	(184)	(221)
Net Transfers (to)/from Special Funds	203	206
Net Operating (Deficit)	**(1,211)**	**(1,085)**
Capital Expenditure	(44)	(13)
Loan Principal Receipts	-	-
Loan Principal Repayments	-	-
Net (Deficit)	**(1,255)**	**(1,098)**
(after internal transfers and capital expenditure)		
Net Cost by Activity		
Bishop's Pastoral Office	(202)	(170)
Safeguarding	(19)	(38)
Evangelisation	(93)	(99)
Sacramental Programmes	(108)	0
Perpetual Adoration	(5)	(6)
Archives	(110)	(141)
Communication & Online Ministry	(304)	(196)
Thanksgiving Programme	0	(3)
Chaplaincy	(153)	(231)
Priestly Formation	(113)	(26)
Cathedral	(36)	(39)
Cathedral Music	(68)	(136)
Total Net (Cost)	**(1,211)**	**(1,085)**

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

For the Year Ended 30 June 2022

(Unaudited)

	2022 Actual *(unaudited)* '000	2021 Actual *(unaudited)* '000
Operating Income		
Grants and Donations	48	3
Government Grants	6,817	5,179
Investment Income	-	-
Other Income	3,264	2,684
Total	**10,129**	**7,866**
Less Expenditure		
Personnel Costs	907	988
Consultancy	639	581
Depreciation	2,284	2,059
School Maintenance	11	257
Interest on Loans	154	171
Other	1,206	1,191
Total	**5,201**	**5,247**
Total Surplus recognised for period	**4,928**	**2,619**
Internal Recoveries	614	645
Less Internal Charges	(904)	(833)
	(290)	(188)
Net Transfers (to)/from Special Funds	104	3,249
Net Operating Surplus	**4,742**	**5,680**
Capital Expenditure - Diocesan Schools	(6,726)	(8,298)
Capital Expenditure - Other	-	-
Total Capital Expenditure	(6,726)	(8,298)
Loan Principal Receipts	-	700
Loan Principal Repayments	(411)	(389)
Net (Deficit) (after internal transfers and capital expenditure)	**(2,395)**	**(2,307)**
Net Cost by Activity		
Catholic Education Office	27	(39)
Attendance Dues	411	466
Diocesan Schools	4,637	5,663
Youth and Young People	(333)	(410)
CCJP	0	-
Total Net Surplus	**4,742**	**5,680**

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

For the Year Ended 30 June 2022

(Unaudited)

	2022 Actual *(unaudited)* *'000*	2021 Actual *(unaudited)* *'000*
Operating Income		
Grants and Donations	185	365
Government Grants	106	97
Other Income	143	171
Total	**434**	**633**
Less Expenditure		
Personnel Costs	615	630
Consultancy	14	157
Depreciation	31	51
Other	961	719
Total	**1,621**	**1,557**
Total (Deficit) recognised for period	**(1,187)**	**(924)**
Internal Recoveries	87	82
Less Internal Charges	(362)	(414)
	(275)	(332)
Net Transfers (to)/from Special Funds	12	1
Net Operating (Deficit)	**(1,450)**	**(1,255)**
Capital Expenditure	(5)	(62)
Loan Principal Receipts	-	-
Loan Principal Repayments	-	-
Net (Deficit)	**(1,455)**	**(1,317)**
(after internal transfers and capital expenditure)		
Net Cost by Activity		
Welfare - Catholic Social Services	(225)	(74)
Welfare - Other	0	(1)
Governance	(322)	(460)
Pastoral Initiatives	(522)	(339)
Bishop's Conference	(376)	(341)
Catholic Shop	3	(23)
Tribunal	(8)	(17)
Total Net (Cost)	**(1,450)**	**(1,255)**

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Statement of Cost of Services - Overhead Activities

For the Year Ended 30 June 2022

(Unaudited)

	2022 Actual *(unaudited)* *'000*	2021 Actual *(unaudited)* *'000*
Operating Income		
Grants and Donations	4,037	4,044
Allocations	481	512
Investment Income	1,132	2,334
Share of Surplus of Associate	450	900
Maryville Courts Trust Distributions	14,798	6,500
Other Income	2,896	15,546
Total	**23,794**	**29,836**
Less Expenditure		
Personnel Costs	1,957	1,803
Consultancy	1,458	2,286
Depreciation	354	349
Earthquake Rebuild Costs	5,080	2,553
Interest on Loans	15	171
Other	1,559	1,102
Total	**10,423**	**8,093**
Total Surplus recognised for period	**13,371**	**21,743**
Internal Recoveries	1,584	1,546
Less Internal Charges	(835)	(805)
	749	741
Net Transfers (to)/from Special Funds	904	6,457
Net Operating Surplus	**15,024**	**28,941**
Capital Expenditure	(11,245)	(20,939)
Loan Principal Receipts	-	-
Loan Principal Repayments	0	-
Net Surplus	**3,779**	**8,002**
(after internal transfers and capital expenditure)		
Net Cost by Activity		
Other Diocesan Properties	(742)	46
Administration	(35)	0
Other Income	4,878	8,867
Investment Income	(121)	(97)
Earthquake Recovery	11,045	20,128
Fundraising	(1)	(3)
Total Net Surplus	**15,024**	**28,941**

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. Corporate Information

These financial statements of the Roman Catholic Diocese of Christchurch Diocesan Trust (the "Diocese") for the year ended 30 June 2022 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 28 September 2022. 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 2022 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, bequests, and distributions 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 commits 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, e.g. 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	5 years	20%
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) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment losses.

(k) Leases

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

(l) Impairment of non-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.

(m) Foreign Currencies

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

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

4. Significant Accounting Policies (continued)

(n) 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.

(o) Intangible Assets

Software

Software is a finite life intangible asset and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 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%

(p) Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

4. Significant Accounting Policies (continued)

(q) Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the borrowings.

Borrowings are classified as current liabilities unless the Diocese has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs directly associated with qualifying assets are capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing). All other borrowing costs are recognised as an expense when incurred.

(r) Government Grants

Government Grants are recorded as income in the income statement when they are received. Any surplus/deficit remaining in the cost centre at balance date is transferred to/from equity by way of a special reserve relating to that cost centre.

The Diocese receives government grants relating to diocesan schools and from Child Youth and Family. There is an obligation to use the grants for the purpose they were granted for.

(s) 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.

(t) Investment in Associates and Joint Ventures

Associates are entities over which the Diocesan Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of another entity, 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.

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Diocese has a 50% shareholding in Jason Sumner Limited, a joint venture company which owns Land within the proposed new Cathedral Precinct in central Christchurch.

The Diocese investment in its associate and joint venture is accounted for using the equity method of accounting.

5. Trade and Other Receivables

	2022 '000	2021 '000
Trade & Other Debtors	5,482	10,305
(less Provision for Impairment of Debtors)	(325)	(156)
Interest Receivable	37	20
GST Receivable	865	123
Total	6,059	10,292
Less Non - Current Portion	(2,945)	(4,760)
Total Current Trade and Other Receivables	**3,114**	**5,532**

All trade and other receivables relate to exchange transactions.

6. Provision for Impairment of Debtors

	2022 '000	2021 '000
As at 1 July	156	180
Arising during the year	185	16
Released during the year	(16)	(33)
Used during the year	0	(7)
As at 30 June	**325**	**156**

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

7. Other Financial Assets

	2022 '000	2021 '000
Catholic Development Fund Deposits	8,073	6,169
Bonds & Notes	6,022	5,334
Bank Deposits & Finance Company Deposits	4,000	0
Offshore Bond Fund - listed	1,042	1,154
Shares - listed	8,848	8,767
Total	27,985	21,424
Less Current Portion	(14,521)	(17,204)
Total Non-Current Investments	**13,464**	**4,220**

8. Property Plant & Equipment

30 June 2022	*Opening Cost*	*Additions*	*Disposals*	*Closing Cost*	*Current Yr Depn.*	*Accum Depn*	*Book Value*
	'000	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Land	118,337	249	-	118,586	-	-	118,586
Buildings	24,479	(249)	-	24,230	485	4,383	19,847
Buildings *(Work in Progress)*	3,402	11,044	-	14,446	-	-	14,446
Furniture & Equipment	1,533	196	5	1,724	108	1,343	381
Motor Vehicles	510	60	2	568	60	455	113
School Improvements	96,711	16,177	-	112,888	2,064	23,726	89,162
School Improvements *(Work in progress)*	14,601	(9,458)	-	5,143	-	-	5,143
Total	**259,573**	**18,020**	**7**	**277,585**	**2,717**	**29,907**	**247,678**

30 June 2021	*Cost*	*Current Yr Depn.*	*Accum Depn*	*Book Value*
	'000	*'000*	*'000*	*'000*
Land	118,337	-	-	118,337
Buildings	24,479	498	3,898	20,581
Buildings *(Work in Progress)*	3,402	-	-	3,402
Furniture & Equipment	1,533	115	1,239	294
Motor Vehicles	510	67	397	113
School Improvements	96,711	1,838	21,662	75,049
School Improvements *(Work in progress)*	14,601	-	-	14,601
Total	**259,573**	**2,518**	**27,196**	**232,377**

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 2022	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Software	239	-	239	11	229	10
(Work in Progress)	-	-	-	-	-	-
	239	**-**	**239**	**11**	**229**	**10**
30 June 2021						
Software	228	11	239	2	218	21
(Work in Progress)	11	(11)	0	0	0	0
	239	**0**	**239**	**2**	**218**	**21**

10. Trade and Other Payables

	2022 '000	2021 '000
Creditors & Accruals	3,032	1,767
Employee Entitlements	303	279
Advance from Mt Magdala Trust	0	(1)
Other Current Liabilities	987	71
Total	**4,322**	**2,116**

Trade and other payables relate to exchange transactions.

11. Provision for Earthquake Rebuild Costs

	2022 '000	2021 '000
As at 1 July	150	872
Arising during the year	292	0
Released during the year	(117)	(390)
Used during the year	(33)	(332)
As at 30 June	**292**	**150**

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 2023.

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 ($3,115,000 at 4.62% interest).

ANZ Loan facility is for the development of Marian College. The term of this facility will end on 27 January 2027 and has a limit of $25,000,000. Interest is calculated at a 1.9% margin plus the applicable reference rate for the period. As at 30 June 2022, the loan was secured by a first charge over certain Diocesan land and a $3,000,000 term deposit (refer note 7).

	2022 '000	2021 '000
Other Loans	3,115	3,526
ANZ Loan	2,388	-
Less Current Portion	(431)	(411)
Total Non-Current Liabilities	**5,072**	**3,115**

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	***2022***	***2021***
	'000	*'000*
General Equity	260,244	243,145
Special Purpose Funds	23,416	24,633
Unrealised Gains Reserves	1,015	3,146
Total Equity	**284,675**	**270,924**

Special Purpose Funds	***2022***	***2021***
	'000	*'000*
Education – Diocesan School Capital & Maintenance Programme	2,788	3,239
Education – Attendance Dues	(223)	(570)
Education – General	1,028	805
Education – Dallington School	166	158
Youth	326	323
Youth & Education	182	177
Catholic Social Services	1,025	1,005
Pastoral – Missionary	731	696
Pastoral – Ongoing Formation, Education & Seminary	1,621	1,657
Aged Care	1,494	1,490
Bishop's Capital Health Fund *(90% Income distributed to Clergy Trust Fund)*	245	242
CCJP	12	12
Darfield Parish *(Income distributed to Darfield Parish)*	100	100
Capital Programme Reserves	12,713	14,906
Other	1,208	393
Total Special Purpose Funds	**23,416**	**24,633**

Unrealised Gains Reserves	***2022***	***2021***
	'000	*'000*
Unrealised Gains Reserve on Shares		
Opening Balance	2,801	1,844
Movement during the year	(1,590)	957
Closing Balance	**1,211**	**2,801**

13. Equity (continued)

	2022 '000	2021 '000
Unrealised Gains Reserve on Bonds		
Opening Balance	394	998
Movement during the year	(541)	(604)
Closing Balance	**(147)**	**394**
Unrealised Gains/ Losses Reserve on CDF		
Opening Balance	(49)	(49)
Movement during the year	-	-
Closing Balance	**(49)**	**(49)**
Total Unrealised Gains Reserves	**1,015**	**3,146**

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.

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 2022	**Cash & Cash Equivalents**	**Trade & Other Receivables**	**Other Financial Assets**	**Total Financial Assets**
Loans and Receivables	5,579	6,059	-	11,638
Available For Sale	-	-	27,985	27,985
Total Financial Assets	**5,579**	**6,059**	**27,985**	**39,623**
		Trade & Other Payables	**Borrowings**	**Total Financial Liabilities**
Recorded at Amortised Cost		4,322	5,503	9,825
Total Financial Liabilities		**4,322**	**5,503**	**9,825**
Net Exposure	**5,579**	**1,737**	**22,482**	**29,798**

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	-	-	21,424	21,424
Total Financial Assets	**5,380**	**10,292**	**21,424**	**37,096**
		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**	**17,898**	**31,454**

16. Revenue

Revenue from Non-exchange Transactions

	2022 '000	2021 '000
Grants and Donations	4,400	4,529
Allocations	481	512
Government Grants	6,923	5,276
Maryville Courts Trust Distributions	14,798	6,500
Total	**26,602**	**16,817**

Revenue from Exchange Transactions

	2022 '000	2021 '000
Gain on Realisation of Investments	582	1,282
Interest Income	298	857
Dividend Income	252	195
Share of Surplus of Associate	450	900
Other Income (note 18)	6,436	18,567
Total	**8,018**	**21,801**
Total revenue from both Non-exchange and Exchange transactions	**34,620**	**38,618**

Grants and donations include Lotteries grants of $nil (2022) and $390,000 (2021) (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

	2022 '000	2021 '000
Education (Attendance Dues, Special Character Contributions & Foreign Fee Paying Students)	2,898	2,428
Catholic Shop Sales	132	138
Gain on Sales	-	3,294
Rebuild Income	2,732	11,706
Other Income	674	1,002
Total	**6,436**	**18,567**

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

	2022 '000	2021 '000
After Charging:		
Auditor's Fees - Audit Fees	43	38
Auditor's Fees - Other Services	5	4
Employee Benefits and Expenses	4,391	4,212
Donations Expense	52	82
Interest Expense	169	171
Lease Expense	491	435
Provision for Doubtful Debts	169	(31)
Bad Debts Written Off	-	7
Loss on Assets	-	62
Loss on Investments	257	194
Including:		
Interest Revenue	298	857
Dividend Revenue	252	195
Gain on Realisation of Investments	582	1,282

20. Capital Expenditure

	2022 '000	2021 '000
Diocesan Schools	6,718	8,270
Land & Buildings	11,044	20,867
Property Purchase Shares	-	-
Computer Equipment	197	85
Vehicles	60	80
Other Plant & Equipment	-	10
	18,020	**29,312**

Land and Buildings capital expenditure in 2021 includes the purchase of land for the proposed new Cathedral site.

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

	2022 '000	2021 '000
Net Surplus	15,882	22,368
Add/(Less) Non Cash Items:		
Depreciation and Amortisation	2,728	2,522
(Gain)/Loss on Sale of Asset	-	(3,233)
Change in CDF Equity	510	540
	19,120	**22,197**
Movements in Other Working Capital Items:		
Decrease/(Increase) in Receivables	4,233	(6,470)
Decrease/(Increase) in Stock	(1)	3
(Decrease)/Increase in Accounts Payable	2,348	(1,452)
(Decrease)/Increase in Income in Advance	(768)	1,169
	5,812	(6,750)
Plus/ (Less) Fixed Assets in Accounts Payable	(1,951)	(765)
	(1,951)	(765)
Net Cash Flow from Operating Activities	**22,981**	**14,682**

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	**2022** '000 (31 March)	**2021** '000 (31 March)
Surplus	355	723
Distribution to Diocese (included within Investment Income)	900	350
Other Comprehensive Income	(319)	254

22. Catholic Development Fund (continued)

Diocese Investment in CDF:	2022 '000 (30 June)	2021 '000 (30 June)
Opening Carrying Amount	3,442	3,982
Closing Carrying Amount	2,932	3,442
CDF Distribution received during the year:		
Final Distribution (June)	450	900
Total Distribution Received	450	900

23. Joint Venture Investment

The Diocese has a 50% shareholding in Jason Sumner Limited, a joint venture company which owns Land within the proposed new Cathedral Precinct in central Christchurch. The Company is in the early stages of planning a capital development on the site. The Diocese interest in Jason Sumner Limited is accounted for using the equity method in the Diocese financial statements.

	2022 '000	2021 '000
Carrying amount of investment in Diocese financial statements	5,500	5,500

24. Related Party Transactions

Notes 22 and 23 provides details about the Diocese investments in associate and investment in a joint venture.

Associate

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 $900,000. 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.

Joint Venture

In 2022 the Diocese contributed $50,000 of working capital to Jason Sumner Limited (2021 $95,000).

Other

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. For the year ended 30 June 2022, the Diocese has not recorded any impairment of receivables relating to amounts owed by related parties (2021: Nil).

25. Key Management Personnel

Key Management Personnel of the Diocese includes the Management and Finance Board and the Senior Leadership 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:

	2022		2021	
		'000		'000
	FTE	Salary	FTE	Salary
Management and Finance Board (volunteers)	5	0	6	0
Senior Leadership Team	7.9	1,264	6.7	1,097

There was no other remuneration, compensation, non-arm's length transactions or loans (including to close family members in the year) (2021: nil).

26. Commitments

As at 30 June 2022 there are commitments for the following:

	2022	*2021*
	'000	*'000*
Capital Commitments		
School Improvements	22,178	1,393
Other	331	3,694
Total Capital Commitments	**22,509**	**5,087**
Lease Commitments		
Within one year	310	440
Two to five years	555	780
Five years plus	525	525
Total Lease Commitments	**1,390**	**1,745**

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 16 years.

27. Contingent Liabilities and Contingent Assets

The Catholic Diocese of Christchurch is a participant in The Abuse in Care Royal Commission of Inquiry, through Te Rōpū Tautoko (a collective established by the bishops and congregational leaders in the Catholic Church in New Zealand, to coordinate their engagement with the Inquiry). The Inquiry is considering the extent, impact, and ongoing issues related to abuse (including current and historical abuse) in the care of State and Faith-based institutions of children, young people, and vulnerable adults.

In 2021, He Purapura Ora, he Māra Tipu was produced by the Royal Commission, documenting a series of recommendations to the Government about redress for survivors of abuse in care. These recommendations, which followed the 2020 Interim Report, include the proposed establishment of an independent redress system and scheme that would support survivors of abuse in care to gain support and redress. With the final Royal Commission report due in June 2023, any such system scheme and a timetable for its implementation have yet to be determined by the Government. Therefore, we cannot reliably quantify any potential financial liability. As a result, the Diocese has not made any specific provision for financial redress that may result from approaches to the proposed scheme by survivors of abuse in the care of the Diocese.

27. Contingent Liabilities and Contingent Assets (continued)

A contingent liability exists in respect of costs in relation to the Capital Programme, that might not be able to be fully funded by earthquake insurance proceeds and other funds available from Parishes, Schools and future fundraising.
In 2019 Archbishop Paul Martin announced 'Our Faith – Our Future' together with plans to amalgamate parishes. This resulted in changes to the Capital Programme 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 2022. 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 2022, including amounts to be received over the next 10 years, amount to $ 28.486m of which $10.953m has been received to date. This asset is contingent upon the donors honouring their pledges.

28. Subsequent Events

There were no 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 The Roman Catholic Diocese of Christchurch Diocesan Trust ("the Diocesan Trust"), which comprise the statement of financial position of the Diocesan Trust as at 30 June 2022, and the statement of comprehensive revenue & expense, statement of changes in net assets/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 present fairly, in all material respects, the financial position of the Diocesan Trust as at 30 June 2022 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 Christchurch, as trustee. Our audit has been undertaken so that we might state to the trustee those matters we are required to state to the trustee 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.

Ernst & Young provides other assurance related services to 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 business of the Diocesan Trust . We have no other relationship with, or interest in, 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.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Directors 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 trustee either intends to liquidate the Diocesan Trust or cease operations, or has 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
28 September 2022