



Diocese of Christchurch



Catholic Development Fund

2009 *Summary* **ANNUAL REPORT**



Dear Supporters of the Catholic Development Fund,

Allow me to introduce the annual report of the Catholic Development Fund of the Diocese of Christchurch. As you know, it was established with the precise intention of enabling members of the Catholic Church and others, and Catholic institutions to invest the savings and funds in a common fund, the income of which would assist the works of the Church and also give a return to those investing in the Fund.

Even though the financial world has had many problems, the Catholic Development Fund has had a successful year. New projects have been assisted by loans at competitive rates, existing members have continued to support the Fund with loyalty and enthusiasm, and new members have come in. I am most grateful to all associated with the Catholic Development Fund – members, diocesan staff and the Trustees. In particular, I thank Mr George Macfarlane who has recently stepped down from being Chairman of the Board of Trustees of the CDF for his careful oversight of the Fund's affairs over 16 years. I thank Mr Des Boyle for his willingness to now serve us as the new Chairman.

Yours sincerely

† Barry Jones
Bishop of Christchurch

July 2009

Chairman's Report

I was appointed Chairman of the Christchurch Catholic Diocesan Development Fund (CDF) Board of Trustees in March 2009, following the retirement of George Macfarlane after 16 years in the Chair. I am grateful that George has agreed to remain as a Trustee of the CDF. As we continue to benefit from his extensive experience, institutional knowledge and wisdom, I wish on behalf of my fellow board members to pay a special tribute to George for his outstanding commitment, now 18 years, to the work of the CDF.

Notwithstanding the world recession I am pleased to report that the CDF enjoyed another successful year, although it was not possible to escape the effects of recession. This is illustrated, in particular, in lower reinvestment interest rates, slightly reducing our overall investment income from \$2.479m to \$2.351m.

In the previous year's annual report specific reference was made to the introduction of the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and the requirement to show investments at market value. At the end of this current reporting period investments are valued at \$25.605m which is \$766,000 less than cost. This is a reflection of the current recessionary environment which has seen a reduction in the investment market as investors have gone into a holding pattern, although the position for this reporting period has seen some easing in the market from last year where the value was some \$1.598m less than cost. Since the 31st March the portfolios have experienced a return to growth in line with more confidence in global economies and there are now early signs that growth is beginning to return to many global sectors. This bodes well for investment markets. Again I emphasise the long standing policy of the CDF is to hold investments to maturity at which time full value will be realised, however where it is apparent that full value is not expected to be realised the investment is expensed (written off) in the accounts. During this period the operating expenses of \$408,000 includes write offs amounting to \$198,000.

Equity at \$3.403m is strong and well within the guidelines, adopted last year by the Board, to retain the greater of \$3m or 10% of depositors' funds. At balance date depositors' funds were \$27.923m. This figure includes \$16.194m of diocesan and parish deposits. The loan portfolio for Catholic objectives amounts to \$3.740m compared to \$3.869m at the end of the previous financial year.

During the reporting period the trustees approved a distribution of \$172,000 for diocesan purposes and, post balance date at the annual meeting held on 14th July 2009, approved \$400,000 for the same purpose. These decisions retain total equity within the guidelines, ensuring that the CDF provides good depositor security while remaining strong and well placed to sustain its work.

The well reported collapses of a number of finance companies coupled with the recessionary regime has understandably brought greater focus on accountability,

compliance and regulation. The Reserve Bank of New Zealand Amendment Act 2008 establishes the framework for the regulation of non-bank deposit takers (such as the CDF) by the Reserve Bank. With finance companies continuing to struggle throughout 2008 as a result of the credit crunch, the Government had been eager to accelerate the enactment of this legislation.

In current form the regulations and guidelines issued by Treasury have potential to impose a compliance regime on the CDF which will be onerous and burdensome. In such cases the Act has provisions for the Minister, upon application, to grant exemptions from certain requirements of the Act. All CDF's (6 nationally) are taking a collaborative approach to reviewing the impact of regulation and where appropriate, having regard to the overall consumer protective thrust of the legislation, seeking exemptions. Work continues on that front.

All deposits are guaranteed by the Bishop. This guarantee is backed by his equity in the CDF in addition to the reported diocesan equity of \$139.56m as at 30th June 2008. The Trustees, after seeking advice, decided not to make application to join the Crown retail deposit guarantee scheme. The reasons for this are several not the least of which were cost and parish and diocesan deposits being ineligible as transactions with related parties. It is noted that, nationally, no CDF sought or was declined approval under the scheme.

Te Putea (The Resource) has proved to be a very successful newsletter in bringing to the attention of parish members and potential investors the work of the CDF and has helped clarify the roll of the CDF in the Bishop's funding and financing mission. We are extremely pleased at the favourable comments we have received.

Let me conclude by thanking all Board members for their unstinting support and their contribution towards the successful administration of the CDF and on their behalf record a sincere acknowledgement to Bishop Barry Jones for his loyal support and to his Cathedral House staff without whose dedicated service and support the CDF could not function efficiently.

I commend this report to you and remind you that a copy of the trust deed and the detailed financial statements and auditor's report are available for inspection, during normal office hours at the registered office of the CDF, Cathedral House, 122 Barbadoes Street, Christchurch, alternatively they can be viewed on www.cdf.org.nz.



D J Boyle
Chairman

Statement of Financial Performance *(as at 31 March 2009)*

<i>Actual</i> 2008 <i>'000</i>		<i>Actual</i> 2009 <i>'000</i>	<i>Budget</i> 2009 <i>'000</i>
	Income		
2,479	Interest Received - Investments	2,351	2,502
<u>2,479</u>	Total Income	<u>2,351</u>	<u>2,502</u>
1,986	Interest & Commissions Paid	1,876	2,046
140	Operating Expenses	408	216
<u>2,126</u>	Total Expenditure	<u>2,284</u>	<u>2,262</u>
<u>353</u>	Net Surplus	<u>67</u>	<u>240</u>

Statement of Changes in Equity *(as at 31 March 2009)*

<i>Actual</i> 2008 <i>'000</i>		<i>Actual</i> 2009 <i>'000</i>	<i>Budget</i> 2009 <i>'000</i>
1,079	Balance at 1 April as previously reported	(124)	(124)
(1,221)	Amounts Recognised Directly in Equity	832	0
<u>353</u>	Net Surplus for the Year	<u>67</u>	<u>240</u>
(868)	Total Recognised Income and Expense for the year	899	240
	<i>Attributable to:</i>		
(868)	Catholic Diocese of Christchurch	899	240
0	Capital Injection from Catholic Diocese of Christchurch	2,800	0
<u>(335)</u>	Distribution to Catholic Diocese of Christchurch	<u>(172)</u>	<u>(240)</u>
<u>(124)</u>	Balance at 31 March	<u>3,403</u>	<u>(124)</u>

Statement of Financial Position *(as at 31 March 2009)*

<i>2008</i> <i>'000</i>		<i>2009</i> <i>'000</i>
	Assets	
867	Cash at Bank and in Hand	2,053
24,824	Available for Sale Financial Assets	25,605
3,875	Loans and Receivables	3,740
2	Intangibles Assets	0
<u>29,568</u>	Total Assets	<u>31,398</u>
	Liabilities & Equity	
29,289	Depositors' Funds	27,923
403	Accounts Payable	72
	Equity	3,403
<u>29,568</u>	Total Liabilities & Equity	<u>31,398</u>

Statement of Cash Flows *(as at 31 March 2009)*

<i>2008</i> <i>'000</i>		<i>2009</i> <i>'000</i>
	Net Cash Flows from (used in):	
365	Operating Activities	170
1,843	Investing Activities	(17)
(2,710)	Financing Activities	1,032
(502)	Net Increase/(Deacrease) in Cash Held	1,185
1,369	Plus Opening Cash brought forward	867
<u>867</u>	Ending Cash Carried Forward	<u>2,052</u>

The above information represents a summary of the audited financial statements. Complete audited financial statements are available on request.

Notes to the Summary Financial Statements

For the Year Ended 31 March 2009

1. Significant Accounting Policies

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

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

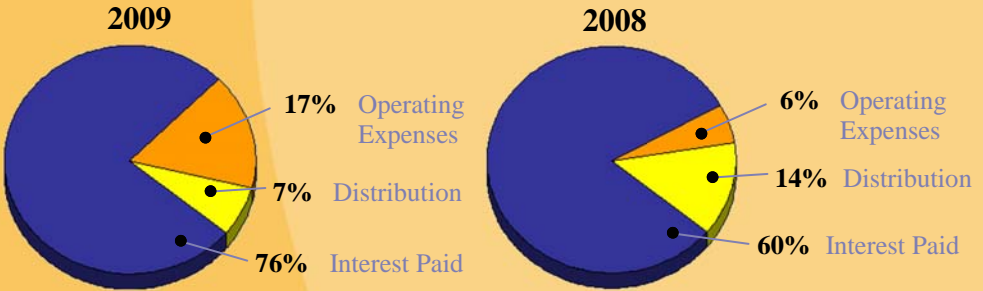
The full and summary financial statements were authorised for issue by the Trustees on 30 June 2009.

The summary financial statements are presented for the Fund and are for the year ended 31 March 2009 and 31 March 2008. They have been prepared in accordance with FRS 43 – Summary Financial Statements, and comply with NZ GAAP as it relates to summary financial statements.

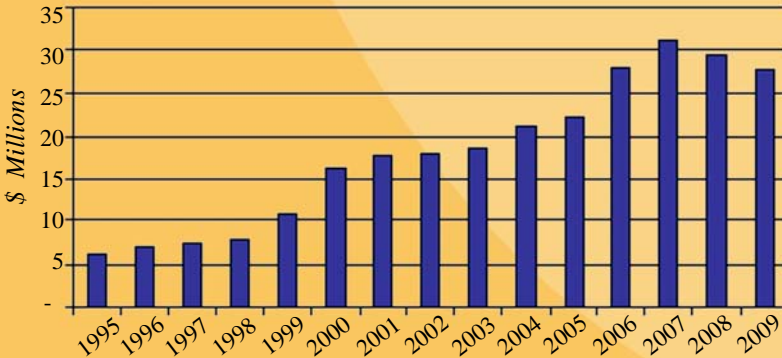
The specific disclosures included in the summary financial statements have been extracted from the full financial statements dated 30 June 2009. The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements. The full financial statements are available from the office of the CDF, Cathedral House, 122 Barbadoes Street, Christchurch, alternatively they can be viewed on www.cdf.org.nz. The full financial statements have been audited and an unqualified audit report has been issued.

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

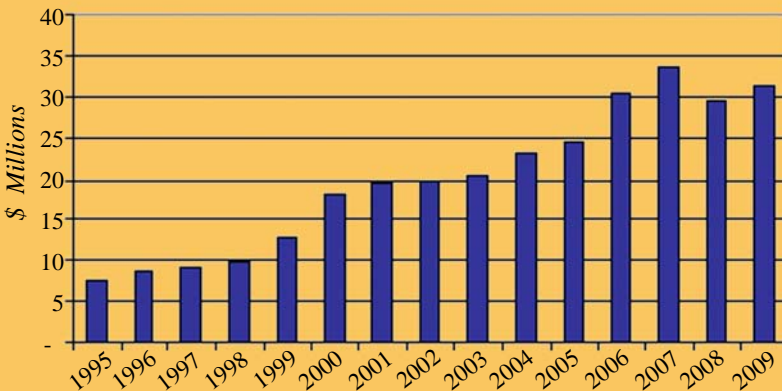
How Each Dollar is Spent



Depositors' Funds



Total Assets



Auditor's Statement



Chartered Accountants

We have audited the financial statements of the Catholic Development Fund (the "Fund") for the year ended 31 March 2009 from which this abridged financial information was derived, in accordance with generally accepted auditing standards in New Zealand. In our report dated 30 June 2009, we expressed an unqualified opinion on the financial statements from which the abridged financial information was derived.

In our opinion, the accompanying abridged financial information is consistent, in all material respects, with the financial statements from which it was derived.

For a better understanding of the Fund's financial position and financial performance for the year and of the scope of our audit, the abridged financial information should be read in conjunction with the financial statements from which the abridged financial information was derived and our audit report thereon.

A stylized, handwritten-style signature of 'Ernst & Young' in a dark blue or black ink.

Christchurch

Loans and Other Benefits from the CDF



Loan for Christ the King Presbytery



Loan for Our Lady of Victories Church
Renovations



Support for
Youth Programmes



Support for Hospital & Prison
Chaplaincy Services



Members of the Board



Mr Desmond Boyle
Chairman
Barrister and Solicitor
(Retired)



Mr Philip Baird
Solicitor (Retired)



Mr Derek Craze
Chartered Accountant



Mr George Macfarlane
Banker (Retired)



Mr Jack O'Donnell
Businessman
(Retired)



Dr Simon Roughan
Chiropractor

Catholic Development Fund Staff



Maria Rohs
Promotions Officer



Melanie Perry
Customer Services Officer

Catholic Development Fund Agents

Timaru

Penny Esler
Footes Limited Accountants
30 Church Street
Phone: 03 684 5075

Greymouth

Greg Johnston
Marshall & Heaphy Accountants
129 Tainui Street
Phone: 03 768 7186

Directory

Staff

Diocesan Financial Administrator	<i>Paddy Beban</i>
Finance Manager	<i>Janice Rennell</i>
Promotions Officer	<i>Maria Rohs</i>
Customer Service Officer	<i>Melanie Perry</i>

Registered Office

Cathedral House
PO Box 4544, Christchurch 8140
122 Barbadoes Street, Christchurch 8011
Phone 366 9869 (from Christchurch)
0800 40 FUND (3863) (from out of Christchurch)
Facsimilie: 366 9451

Auditor

Ernst & Young
34-36 Cranmer Square
Christchurch

Solicitors

Cavell Leitch Law
Level 15
Clarendon Tower
Cnr Oxford Terrace & Worcester Street
Christchurch

Investment Advisors

Goldman Sachs JB Were (NZ) Ltd
141 Cambridge Terrace
Christchurch

Bankers

Westpac
Level 4
Canterbury Centre
166 Cashel St
Christchurch

