

CATHOLIC DIOCESE OF CHRISTCHURCH

CATHOLIC DEVELOPMENT FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2009

CATHOLIC DEVELOPMENT FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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Trustees

Desmond Boyle (Chairman)
Derek Craze
George Macfarlane
Simon Roughan
Philip Baird
Jack O'Donnell

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Solicitors

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Investment Advisors

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

Westpac
Level 4
Canterbury Centre
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Christchurch

Auditors

Ernst & Young
34-36 Cranmer Square
Christchurch 8013

**Catholic Development Fund
Statement of Financial Performance
For the Year Ending 31 March 2009**

Actual		Note	Actual	Budget
2008			2009	(Unaudited)
'000			'000	2009
				'000
	Operating Revenue			
2,479	Investment Income	5	2,351	2,502
<u>2,479</u>	Total Operating Revenue		<u>2,351</u>	<u>2,502</u>
	Less Operating Expenses			
1,986	Interest and Commissions	6	1,876	2,046
<u>493</u>	Operating Surplus		<u>475</u>	<u>456</u>
140	Other Expenses	6	408	216
<u>353</u>	Net Surplus		<u>67</u>	<u>240</u>

**Catholic Development Fund
Statement of Changes in Equity
For the Year Ending 31 March 2009**


Actual		Note	Actual	Budget
2008			2009	(Unaudited)
'000			'000	2009
				'000
1,079	Balance at 1 April as previously reported		<u>(124)</u>	<u>(124)</u>
	Amounts Recognised Directly in Equity			
(1,221)	Net fair value unrealised gains/(losses) on available for sale financial assets		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
	Attributable to:			
(868)	Catholic Diocese of Christchurch		<u>899</u>	<u>240</u>
0	Capital Injection from Catholic Diocese of Christchurch	15	2,800	0
(335)	Distribution to Catholic Diocese of Christchurch	17	(172)	(240)
<u>(124)</u>	Balance at 31 March	14	<u>3,403</u>	<u>(124)</u>

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

**Catholic Development Fund
Statement of Financial Position
As At 31 March 2009**

		Note	
2008			2009
'000			'000
	Current Assets		
867	Cash at Bank and in hand	7	2,053
552	Loans and Receivables	8	491
787	Current Portion Available for Sale Financial Assets	9	2,527
<u>2,206</u>	Total Current Assets		<u>5,071</u>
	Non Current Assets		
24,037	Available for Sale Financial Assets	9	23,078
3,323	Loans and Receivables	8	3,249
0	Plant & Equipment	10	0
2	Intangible Assets	11	0
<u>27,362</u>	Total Non Current Assets		<u>26,327</u>
	Current Liabilities		
403	Trade and Other Payables	12	72
1,738	Public Call Account Deposits	13	1,854
10,462	Current Portion - Public Term Deposits	13	9,875
<u>12,603</u>	Total Current Liabilities		<u>11,801</u>
	Non Current Liabilities		
17,089	Parish & Diocesan Deposits	13	16,194
<u>17,089</u>	Total Non Current Liabilities		<u>16,194</u>
<u>(124)</u>	Net Assets		<u>3,403</u>
	Equity		
(124)	Accumulated Funds	14	3,403
<u>(124)</u>	Total Equity		<u>3,403</u>

For and on behalf of the Board of Trustees which authorised the issue of the financial report on 30 June 2009.


Mr Desmond Boyle
Chairman


Mr George Macfarlane
Trustee

**Catholic Development Fund
Statement of Cash Flows
For the Year Ending 31 March 2009**

2008 '000		Note	2009 '000
	Cash Flows from Operating Activities		
	<i>Cash was provided from:</i>		
372	Interest Received - Loans		338
<u>2,106</u>	Interest Received - Investments		<u>2,011</u>
<u>2,478</u>			<u>2,349</u>
	<i>Cash was applied to:</i>		
1,973	Interest Paid		1,974
<u>140</u>	Payments to Suppliers and Employees		<u>205</u>
<u>2,113</u>			<u>2,179</u>
<u>365</u>	NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>170</u>
	Cash Flows from Investing Activities		
	<i>Cash was provided from:</i>		
1,843	Net Realisation of Investments		0
<u>1,843</u>			<u>0</u>
	<i>Cash was applied to:</i>		
0	Net Purchase of Investments		17
<u>0</u>			<u>17</u>
<u>1,843</u>	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		<u>(17)</u>
	Cash Flows from Financing Activities		
	<i>Cash was provided from:</i>		
0	Net Increase in Deposits Received		0
<u>0</u>	Capital Injection from Catholic Diocese of Christchurch		<u>2,800</u>
<u>0</u>			<u>2,800</u>
	<i>Cash was applied to:</i>		
2,210	Net Decrease in Deposits Received		1,261
<u>500</u>	Distribution to Catholic Diocese of Christchurch		<u>507</u>
<u>2,710</u>			<u>1,768</u>
<u>(2,710)</u>	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		<u>1,032</u>
(502)	NET INCREASE / (DECREASE) IN CASH HELD		1,185
1,369	Plus Opening Cash brought forward		867
<u>867</u>	CASH HELD AT YEAR END		<u>2,052</u>
21	Cash and Bank Current		8
<u>846</u>	Call Accounts		<u>2,044</u>
<u>867</u>	ENDING CASH CARRIED FORWARD	7	<u>2,052</u>

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



CATHOLIC DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2009

1. Corporate Information

The financial statements of the Christchurch Catholic Diocesan Development Fund (the Fund) for the year ended 31 March 2009 were authorised for issue in accordance with a resolution of the trustees on 30 June 2009.

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

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

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

(b) Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP, the Fund is designated as a public benefit entity. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for Financial Institutions. Compliance with NZ IFRS ensures compliance with International Financial Reporting Standards ('IFRS'). The Public Benefit Entities exemptions have not been applied.

Other Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the annual reporting period ending 31 March 2009. These are outlined below:

Reference	Title	Summary	Application date of standard	Impact on Fund's Financial Statements	Application date for Fund
NZ IFRS 8	Operating Segments	New standard replacing NZ IAS 14 <i>Segment Reporting</i> , which adopts a management approach to segment reporting.	1 January 2009	NZ IFRS 8 is a disclosure standard so will have no direct impact on the amounts included in the Fund's financial statements. The Fund will be required to disclose segment information.	1 April 2009
NZ IAS 23 (revised)	Borrowing Costs	The amendments to NZ IAS 23 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	The amendments to NZ IAS 23 require that all borrowing costs associated with a qualifying asset be capitalised. The Fund has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the fund's financial statements.	1 April 2009
NZ IAS 1 (revised)	Presentation of Financial Statements	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	The amendments are expected to only affect the presentation of the Fund's financial statements and will not have a direct impact on the measurement and recognition of amounts under the current NZ IAS 1. The fund has not determined at this stage whether to present the new statement of comprehensive income as a single or two statements.	1 April 2009

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

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

(e) Investments and Other Financial Assets

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

Recognition and Derecognition

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

(i) Available for Sale Financial Assets

These are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables. After initial recognition available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the statement of financial performance. Available for sale financial assets are included in non-current assets except for maturities less than 12 months after balance date, which are included in current assets.

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

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

(ii) Loans and receivables

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

The carrying value of loans approximates its fair value.

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

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

f) Impairment of Financial Assets

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

(i) Available for Sale Financial Assets

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

(ii) Loans and receivables

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

(g) Plant and Equipment

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

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

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

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end.



Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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

(h) Intangibles

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

The useful lives of intangible assets are assessed at 4 years. The cost of intangible assets is amortised over the useful life. The amortisation expense is recognised as an expense in the Statement of Financial Performance.

(i) Trade and Other Payables

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

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

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(k) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and



allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(l) Income Tax

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

(m) Other Taxes

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

3. Financial Risk Management Objectives and Policies

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

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

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

Interest rate risk

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

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

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

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



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

	Net Surplus - Increase/(Decrease)				Equity - Increase/(Decrease)			
	2009		2008		2009		2008	
	1% '000	-1% '000	1% '000	-1% '000	1% '000	-1% '000	1% '000	-1% '000
Investment Income- Loan Interest	38	-38	41	-41	38	-38	41	-41
Investment Income- Other Interest	257	-287	282	-282	257	-257	282	-282
Interest Expense	-386	386	-291	291	-386	386	-291	291
Available for Sale Financial Assets					-780	780	-926	926
	91	-91	32	-32	-871	871	-894	894

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

Credit risk

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

The Fund manages the risk by:

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

The exposure to credit risk is minimised by the above.

Security Held Over Loans

	2009	2008	
	Total Loans	Total Loans	Total value of Security Held
Loans to Organisations owned by the Roman Catholic Bishop of the Diocese of Christchurch	2,027	1,763	
Loans to Other Organisations	1,713	2,106	9,050
Total Loans	<u>3,740</u>	<u>3,869</u>	

The terms and conditions for loans are:

- Loans are provided for terms ranging from 1 to 15 years.
- Interest rates currently range from 8.5% - 9.4% (2008 – 8.5%-9.4%) and are subject to review by the fund.
- Interest and principal repayments are made by way of monthly instalments.
- Penalty interest of an additional 2% is charged for late or non payment of instalments due.
- Additional principal repayments may be made without penalty.

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

- Investments are made for terms ranging from one month to 10 years.
- Interest rates range from 6.22% to 9.48% (2008 – 6.22% to 9.48%).
- Interest is paid at either quarterly or six-monthly intervals.
- Principal is repaid at maturity.

Liquidity risk

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

The Fund manages liquidity risk by:

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

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



2009	On Demand	0-6 Mths	6-12 Mths	12-18 Mths	18-24 Mths	+24 Mths	Total
ASSETS							
Investments		1,731	2,656	1,091	1,887	22,690	30,055
Cash	2,053						2,053
Receivables							0
Loans		245	246	245	251	2,753	3,740
Total Assets	2,053	1,976	2,902	1,336	2,138	25,443	35,848

LIABILITIES							
Accounts Payable	72						72
Public Call Account							
Deposits	1,854						1,854
Current Portion							
Public Term Deposits		4,511	5,364				9,875
Parish and Diocesan							
Deposits						16,194	16,194
Interest on							
Depositors Funds		270	256				526
Total Liabilities	1,926	4,781	5,620	0	0	16,194	28,521

2008	On Demand	0-6 Mths	6-12 Mths	12-18 Mths	18-24 mths	+24 Mths	Total
ASSETS							
Investments		977	1,764	1,682	1,909	24,872	31,204
Cash	867						867
Receivables	6						6
Loans		324	222	181	190	2,952	3,869
Total Assets	873	1,301	1,986	1,863	2,099	27,824	35,946

LIABILITIES							
Accounts Payable	403						403
Public Call Account							
Deposits	1,738						1,738
Current Portion							
Public Term Deposits		3,644	6,818				10,462
Parish and Diocesan							
Deposits						17,089	17,089
Interest on							
Depositors Funds		1,269	581				1,850
Total Liabilities	2,141	4,913	7,399	0	0	17,089	31,542

4. Significant Accounting Judgements, Estimates and Assumptions

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

Significant Accounting Judgements

Classification of and valuation of investments

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

Allowance for impairment loss on trade receivables

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

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 6.

5. Investment Income

Investment Income includes:

	2009 (^{'000's})	2008 (^{'000's})
Interest from Loans	338	372
Interest from Other Investments	1,997	2,107

6. Expenses

	2009 ('000's)	2008 ('000's)
Interest and Commission expenses include:		
Interest Expense - Public	746	751
Interest Expense – Parish & Diocese	1,130	1,235
Other Expenses include:		
Auditor - Audit Fees	17	17
Depreciation	0	0
Amortisation Intangible Assets	2	2
Investment Advisors Fees	64	66
Impairment Loss	198	0

7. Current Assets – Cash and Cash Equivalents

	2009 ('000's)	2008 ('000's)
Cash at bank and in hand (Current)	9	21
Cash at bank (Call)	2,044	846
Total Cash at bank and in hand	2,053	867

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

8. Loans and Receivables

	2009 ('000's)	2008 ('000's)
Total Loans	3,740	3,869
Other Receivables	0	6
Total Loans and Receivables	3,740	3,875
Less Current Portion	491	552
Non Current Portion	3,249	3,323

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



9. Available-for-sale Financial Assets

	Fair Value 2009 (‘000’s)	Fair Value 2008 (‘000’s)
Bank deposits	0	496
Bonds	23,306	21,752
Capital Notes	2,299	2,576
	<hr/>	<hr/>
	25,605	24,824
Less Current Portion	2,527	787
	<hr/>	<hr/>
Non Current Portion	23,078	24,037
	<hr/>	<hr/>

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

Impairment Loss

The Babcock and Brown securities were subordinated debt securities that were issued by Babcock and Brown limited. On the 7 January 2009 Babcock and Brown were placed into receivership and the subordinated notes were suspended from trading on the New Zealand and Australian debt markets. An administrator has been appointed and is currently reviewing the assets and liabilities of the company. Initial disclosures by the Babcock and Brown Board suggested that at the time of receivership there would be little or no value left for subordinated noteholders. Until the administrator has established a clearer picture of the actual position of noteholders and the fact there is no ability to liquidate the position it is appropriate that the value of the holding be shown as \$0.01 in the dollar. The Fund holds a face value of \$200,000 of Babcock and Brown securities, an Impairment Loss has been recognised in 2009 of \$198,000.

Reconciliation

Opening Carrying Amount	24,824
Allowance for Impairment Loss	0
Changes in Allowance for Impairment Loss	0
Amounts Written Off (at cost)	(198)
Additions/Disposals (at cost)	147
Movement in Valuation	<hr/> 832
Closing Carrying Amount	<hr/> 25,605

10. Non-current Assets – Plant and Equipment

	Cost	Current Yr Depreciation	Accumulated Depreciation	Book Value
Computer Hardware	('000's)	('000's)	('000's)	('000's)
31 March 2009	2	0	2	0
31 March 2008	2	0	2	0

11. Intangibles – Computer Software

	Cost	Current Yr Amortisation	Accumulated Amortisation	Book Value
Computer Software	('000's)	('000's)	('000's)	('000's)
31 March 2009	25	2	25	0
31 March 2008	25	2	23	2

12. Current Liabilities – Trade and Other Payables

	2009 ('000's)	2008 (000's)
Trade Creditors	72	68
Related Party Payables	0	335
	<u>72</u>	<u>403</u>

(a) Trade payables

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

(b) Related party payables

For terms and conditions relating to related party payables refer to note 17.

(c) Interest rate and liquidity risk

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



13. Interest-bearing Depositors Funds

	2009 (‘000’s)	2008 (000’s)
Current		
Client Call Account Deposits	1,854	1,738
Client Term Deposits	9,875	10,462
Non-current		
Parish & Diocesan Deposits	16,194	17,089
	<u>27,923</u>	<u>29,289</u>

Fair Values

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

Financial Liabilities 2009	Effective Interest Rate	Total (000’s)
Accounts Payable	N/A	72
Call Account Deposits	0-3.25%	1,854
Client Term Deposits	2.25%-7.90%	9,875
Parish & Diocesan Deposits	2.25%-7.90%	16,194
Total Financial Liabilities		<u>27,995</u>
Financial Liabilities 2008	Effective Interest Rate	Total (000’s)
Accounts Payable	N/A	403
Call Account Deposits	0-3.25%	1,738
Client Term Deposits	3.50%-7.85%	10,462
Parish & Diocesan Deposits	3.50%-8.50%	17,089
Total Financial Liabilities		<u>29,692</u>

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



14. Equity

	2009 (‘000s)	2008 (‘000s)
Retained Earnings		
Balance 1 April	1,179	1,161
Surplus/(Deficit) for the year	67	353
Capital Injection from Catholic Diocese of Christchurch	2,800	
Distribution to Catholic Diocese of Christchurch	(172)	(335)
Balance at 31 March	<u>3,874</u>	<u>1,179</u>
Special Reserve		
Balance 1 April	295	295
Movements for the year	0	0
Balance at 31 March	<u>295</u>	<u>295</u>
Fair Value through Equity Reserve		
Balance 1 April	(1,598)	(377)
Unrealised Valuation Gains/(Losses) taken to Equity	832	(1,221)
Balance at 31 March	<u>(766)</u>	<u>(1,598)</u>
Total Equity 31 March	<u>3,403</u>	<u>(124)</u>

Nature and Purpose of Reserves:

Special Reserve:

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

Fair Value through Equity Reserve

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



15. Capital Management

The Fund's capital is its equity, which comprise retained earnings and reserves. Equity is represented by net assets. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to the Catholic Diocese of Christchurch. In August 2008 the Roman Catholic Bishop of the Diocese of Christchurch, through the diocese has resolved to maintain equity at an amount equivalent to 10% to total depositors funds or greater. This resulted in a capital injection to equity of \$2.8m in September 2008. Refer also to Note 3 - Financial Risk Management Objectives and Policies.

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

16. Cash Flow Statement Reconciliation

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

	2009 (‘000’s)	2008 (‘000’s)
Net Surplus for the Period	67	353
<i>Adjustments to reconcile the Net Surplus to the Net Cash Inflow from Operating Activities</i>		
<i>Add:</i>		
Depreciation of Hardware	0	0
Investment Write down	198	
Amortisation of Software	2	2
Increase in Trade Creditors	0	16
Decrease in Accounts Receivable	6	0
	<hr/> 273	<hr/> 371
<i>Deduct:</i>		
Decrease in Trade Creditors	103	0
Increase in Accounts Receivable		(6)
	<hr/> 103	<hr/> (6)
Net Cash Inflow from Operating Activities	<hr/> 170	<hr/> 365



(b) Statement of Cash Flows

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

17. Related Party Disclosure

The Fund receives assistance from the Catholic Diocese of Christchurch in managing the day to day operations of the Fund. In October 2002 the Management and Finance Board of the Diocese resolved to stop charging the Fund for these services. The Trustees have not determined the final distribution to be made to the Diocese. The Distribution made to the Diocese during the year to 31 March 2009 amounted to \$172,000, (2008: \$335,000). No debts were forgiven or written off during the period.

Investments

The Catholic Diocese of Christchurch invests in the Fund on standard terms that are available to other investors. Total funds invested at balance date were \$4,828,808 (2008: \$5,885,795).

Loans

The Diocese has loans from the Fund on standard terms. The total owing at balance date was \$1,775,634 (2008: \$1,418,770). During the year loans of \$442,625 were made to the Diocese. Repayments totalling \$73,912 were made during the year resulting in the year end balance of \$1,775,634. Interest charged and paid was \$130,922 at the rate 8.5%.

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

Related Party (\$'000)	Amount Loaned at balance Date	Interest Received from Loans to Related Party	Deposits Received at Balance Date	Interest Paid on Deposits from Related Party	Distribution Paid to Related Party
2009 Catholic Diocese of Christchurch	1,776	131	4,829	439	0
2008 Catholic Diocese of Christchurch	1,419	117	5,886	628	335

18. Significant Events After the Balance Date

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



Auditor's Report

To the Trustees of Catholic Development Fund

We have audited the financial statements on pages 3 to 23. The financial statements provide information about the past financial performance of the trust and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 6 to 11.

This report is made solely to the trustees, as a body, in accordance with the Financial Reporting Act 1993. Our audit has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibilities

The trustees are responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of the trust as at 31 March 2009 and of its financial performance and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the trustees and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the trustees in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the trust.

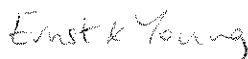
Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the trust as far as appears from our examination of those records; and
- the financial statements on pages 3 to 23:
 - comply with generally accepted accounting practice in New Zealand; and
 - comply with International Financial Reporting Standards; and
 - give a true and fair view of the financial position of the trust as at 31 March 2009 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 30 June 2009 and our unqualified opinion is expressed as at that date.



Christchurch