

**Catholic Development Fund
Special Purpose Financial Statements
For the year ended 31 December 2023**

Catholic Development Fund
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For the year ended 31 December 2023

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Catholic Development Fund

Independent auditor's report to the Roman Catholic Bishop of the Diocese of Hamilton

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the financial statements of Catholic Development Fund, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive revenue and expenses and statement of changes in net assets / equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Catholic Development Fund are prepared, in all material respects, in accordance with the accounting policies outlined in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). 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 Company 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 the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Catholic Development Fund.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared at the request of the Roman Catholic Bishop of the Diocese of Hamilton ("the Bishop") to ensure consistency with the Bishop's other reporting entities. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bishop is responsible for the other information. The other information comprises the revenue and expenditure by department on page 3, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Bishop's Responsibilities

The Bishop is responsible for the preparation of financial statements prepared in accordance with the accounting policies disclosed in notes to the financial statements, and for such internal control as the Bishop determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bishop is also responsible for the selection of accounting policies that are appropriate for the Catholic Development Fund.

In preparing the financial statements, the Bishop is responsible for assessing the Catholic Development Fund'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 Bishop either intends to liquidate the Catholic Development Fund or to 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 ISAs (NZ) 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Catholic Development Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bishop.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Bishop and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Catholic Development Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Catholic Development Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events.

We communicate with the Bishop regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement director on the audit resulting in this independent auditor's report is Richard Dey.

Restriction on Distribution and Use

This report is made solely to the Bishop, as a body. Our audit work has been undertaken so that we might state to the Bishop those matters which 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 Bishop for our audit work, for this report or for the opinions we have formed.



William Buck Audit (NZ) Limited

Tauranga
29 April 2024

**Catholic Development Fund
Directory
For the year ended 31 December 2023**

Diocesan Finance Council

Mr P Barnett
Mr M Cooney
Mr T Follows
Mr M Hanaray
Mrs S Kenrick
Ms M Parker
Mr B Pryor
Most Rev R Laurenson

Registered Office

51 Grey St, Hamilton

Nature of Business

The Catholic Development Fund (the “Fund”) operates as a deposit taker and investment operation for the purposes of giving financial support to The Catholic Diocese of Hamilton (the “Diocese”).

Independent Auditor

WilliamBuck (NZ) Limited

Catholic Development Fund
Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2023

	Notes	2023 \$	2022 \$
Finance Income	7	1,053,193	756,095
Finance costs	7	<u>(627,344)</u>	<u>(356,815)</u>
Net finance surplus		425,849	399,280
Other income	7	<u>1,168,031</u>	<u>407,539</u>
Gross Surplus		1,593,880	806,819
Operating expenses			
Service charges	8	105,838	94,553
Administration	8	<u>218,843</u>	<u>214,802</u>
Total operating expenses		324,681	309,355
Realised net gain on sale of investments	7	0	45,743
Operating Surplus for the year		<u>1,269,199</u>	<u>543,207</u>
Distribution to the Catholic Diocese		<u>(1,000,000)</u>	<u>(1,000,000)</u>
Surplus / (deficit) for the year		<u>269,199</u>	<u>(456,793)</u>
Other comprehensive revenue and expense			
Gain/(loss) on revaluation of financial assets at FVOCRE	5(a)	<u>472,681</u>	<u>(2,550,058)</u>
Total other comprehensive revenue and expense for the year		<u>472,681</u>	<u>(2,550,058)</u>
Total comprehensive revenue and expense attributable to the owner		<u>741,880</u>	<u>(3,006,851)</u>



These special purpose financial statements should be read in conjunction with the accompanying notes and auditor's report.

Catholic Development Fund
Statement of Changes in Net Assets / Equity
For the year ended 31 December 2023

	Notes	Accumulated revenue and expense \$	Reserves \$	Total net assets/ equity \$
Balance at 1 January 2022		1,223,894	4,275,376	5,499,270
Comprehensive Revenue				
Surplus for the year	5 (b)	543,207	-	543,207
Other comprehensive revenue				
Movement in reserves	5 (a)	-	(2,550,058)	(2,550,058)
Total comprehensive revenue and expense for the year		543,207	(2,550,058)	(2,006,851)
<i>Transactions with owners</i>				
Distribution to the Catholic Diocese		(1,000,000)	-	(1,000,000)
Balance at 31 December 2022		767,101	1,725,318	2,492,419
Balance at 1 January 2023		767,101	1,725,318	2,492,419
Comprehensive Revenue				
Surplus for the year	5 (b)	1,269,199	-	1,269,199
Other comprehensive revenue				
Transfer realised gains on disposal		301,587	(301,587)	-
Movement in reserves	5 (a)	-	774,268	774,268
Total comprehensive revenue and expense for the year		1,570,785	472,681	2,043,466
<i>Transactions with owners</i>				
Distribution to the Catholic Diocese		(1,000,000)	-	(1,000,000)
Balance at 31 December 2023		1,337,886	2,197,999	3,535,885

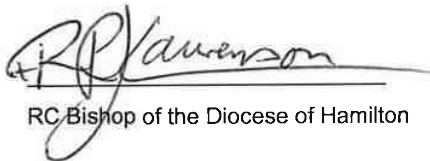


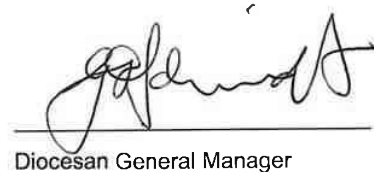
These special purpose financial statements should be read in conjunction with the accompanying notes and auditor's report.

**Catholic Development Fund
Statement of Financial Position
As at 31 December 2023**

		2023	2022
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents	9	4,714,890	14,472,861
Related party advances	10	2,693,670	2,469,881
Financial Assets fair valued through other comprehensive revenue	11	156,900	2,158,784
Interest and Distribution receivable		<u>82,487</u>	<u>83,339</u>
Total current assets		7,647,947	19,184,865
Non-current assets			
Related party advances	10	2,944,829	3,713,715
Financial Assets fair valued through other comprehensive revenue	11	29,506,195	17,712,645
Property, plant and equipment	12	-	-
Intangible assets	13	<u>2,326</u>	<u>4,653</u>
Total non-current assets		32,453,350	21,431,013
Total assets		40,101,297	40,615,878
Liabilities			
Current liabilities			
Trade and other creditors	15	378,177	140,229
Interest bearing liabilities – depositors’ funds	16	<u>35,402,957</u>	<u>37,200,109</u>
Total current liabilities		35,781,134	37,340,338
Non-current liabilities			
Interest bearing liabilities – depositors’ funds	16	<u>784,278</u>	<u>783,121</u>
Total non-current liabilities		784,278	783,121
Total liabilities		36,565,413	38,123,459
Net assets		3,535,885	2,492,419
NET ASSETS / EQUITY			
Reserves (Available-for-sale financial assets fair value reserve, Foreign currency translation reserve)	5(a)	2,197,999	1,725,318
Accumulated net comprehensive revenue and expense	5(b)	<u>1,337,887</u>	<u>767,101</u>
Total Net Assets/Equity attributable to the owners of the entity		3,535,886	2,492,419

For and on behalf of the Roman Catholic Bishop of the Diocese of Hamilton, who authorised the issue of these financial statements on the date shown below:


RC Bishop of the Diocese of Hamilton


Diocesan General Manager

26 April 2024
Date

26 April 2024
Date



These special purpose financial statements should be read in conjunction with the accompanying notes and auditor’s report.

**Catholic Development Fund
Statement of Cash Flows
For the year ended 31 December 2023**

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(302,686)	(277,509)
Distribution to Diocese		(1,000,000)	(1,000,000)
Dividends received		1,149,558	253,783
Interest received		1,053,193	745,001
Other revenue		779,372	-
Interest paid		(409,064)	(379,100)
Net cash inflow from operating activities	14	1,270,373	(657,825)
Cash flows from investing activities			
Purchase of intangible assets		-	(2,106)
Purchase of financial assets fair valued through other comprehensive revenue and expense		(9,777,446)	(6,838,606)
Increase / (Decrease) in deposits		(1,795,994)	4,596,428
Proceeds from sale of property, plant and equipment		-	-
Proceeds from sale of financial assets fair valued through other comprehensive revenue and expense		-	2,844,881
Repayment of loans by related parties		545,096	223,335
Net cash inflow from investing activities		(11,028,344)	823,932
Net increase / (decrease) in cash and cash equivalents		(9,757,971)	166,107
Cash and cash equivalents at the beginning of the financial year		14,472,861	14,310,797
Effects of exchange rate changes on cash and cash equivalents		-	(4,043)
Cash and cash equivalents at end of the financial year		4,714,890	14,472,861
<i>Represented by:</i>			
Cash and cash equivalents	9	4,714,890	14,472,861
		4,714,890	14,472,861



These special purpose financial statements should be read in conjunction with the accompanying notes and auditor's report.

Catholic Development Fund

Notes to the Special Purpose Financial Statements

For the year ended 31 December 2023

1 Reporting Entity

The Catholic Development Fund (the 'Fund') is a separate internal division within the Catholic Diocese of Hamilton (the 'Diocese'). The Fund is not a separate legal entity. The Fund operates as a deposit taker and investment operation for the purposes of giving financial support to the Diocese for its stated charitable purposes.

The Roman Catholic Bishop of Hamilton ('RCBDH') is the beneficial owner and governing body of the Fund and the Diocese. RCBDH is a Corporation Sole under the Roman Catholic Bishops' Empowering Act 1997, domiciled in New Zealand. The address of its registered office is 51 Grey St, Hamilton. It is a charity registered under the Charities Act 2005 and is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013. The RCBDH is defined as an FMC Reporting Entity. The RCBDH financial statements, which comply with GAAP, can be found on the Disclose Register section of the New Zealand Companies Office website at <https://disclose-register.companiesoffice.govt.nz/home-2/>

2 Basis of Preparation

(a) Statement of compliance

These financial statements are special purpose financial statements as the Fund is not a separate legal entity and has no legal obligation to prepare financial statements in its own right. These special purpose financial statements have been prepared in accordance with Public Benefit Entity International Public Sector Accounting Standards ('PBE Standards') to ensure consistency with the RCBDH's financial statements. These financial statements have been approved for issue by the RCBDH on 26 April 2024. The RCBDH does not have the power to amend these financial statements after issue.

(b) Measurement basis

These financial statements have been prepared on the basis of historical cost as modified by the fair value measurement of:

- Available-for-sale financial assets.
- The initial measurement of assets received from non-exchange transactions.

(c) Functional and Presentational Currency

These financial statements are presented in New Zealand dollars (\$) which is the Funds functional currency. All financial information has been rounded to the nearest dollar.

3 Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Foreign currency translation

Foreign currency transactions are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit component of the Statement of Comprehensive Revenue and Expense.

(b) Revenue recognition

Revenue earned by the Fund is either exchange or non-exchange revenue. Exchange revenue is earned on exchange transactions where one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non-exchange transactions are transactions that are not exchange transactions. Non-exchange revenue is earned on non-exchange transactions where an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue is recognised as follows:

Revenue from exchange transactions

(i) Finance income

Interest income is recognised on a time-proportion basis using the effective interest method and includes interest income from debt securities. Interest receivable amounts which are expected to be collected in one year or less are classified as current assets.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established and can be reliably measured. Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Revenue from non-exchange transactions

(iii) Donations

Donations received are recognised in the surplus and deficit component of the statement of comprehensive revenue and expense at the right to receive.

(c) Employee benefits - short term

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. These are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Catholic Development Fund

Notes to the Special Purpose Financial Statements

For the year ended 31 December 2023

3 Summary of significant accounting policies (continued)

(d) Income tax

The Fund has been granted charitable status by the Inland Revenue Department, and therefore is exempt from income tax. Accordingly no provision has been made for income tax.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

(f) Financial instruments

(i) Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the RCBDH becomes a party to the contractual provisions of the instrument. The RCBDH classifies its financial instruments either at amortised cost, fair value through other comprehensive revenue and expense or fair value through surplus or deficit. Financial instruments are not reclassified subsequent to their initial recognition unless the RCBDH changes its management model for managing financial instruments

(ii) Classification and subsequent measurement of financial assets

Financial assets at fair value through other comprehensive revenue and expense (FVOCRE)

The RCBDH classifies its investment in equity and debt securities through fair value through other comprehensive revenue and expense (FVOCRE). The RCBDH's management model over these securities is set by the Investment Manager and the Diocesan Financial Council. This model is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of these securities give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The equity securities are subsequently measured at fair value. Dividends are recognised as income in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment. The debt securities are subsequently measured at fair value, interest income calculated using the effective interest method, and impairment are recognised in surplus or deficit.

Financial assets are amortised cost

Trade and other receivables are measured at amortised cost. The RCBDH management model is to hold them to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest of the principal amount outstanding. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus and deficit.

Impairment on trade and other receivables is based on an unexpected credit loss model in terms PBE IPSAS 41.

(iii) Recognition of financial assets

RCBDH derecognises a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or are waived or it transfers the financial asset.

(iv) Classification, subsequent measurement and gains and losses of financial liabilities

The RCBDH's financial liabilities include trade and other payables, interest accruals, loans and borrowings and depositors funds.

All financial liabilities are initially recognised at fair value, using an effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on de-recognition is also recognised in surplus or deficit.

(v) Derecognition of financial instruments

On derecognition of debt investments, gains and losses accumulated in OCRE are reclassified to surplus or deficit. On derecognition of equity investments, net gains and loss are recognised in OCRE and are never reclassified to surplus or deficit.

Financial liabilities

The Fund's financial liabilities include trade and other payables, employee entitlements, interest accruals and Depositors' Funds.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.



Catholic Development Fund

Notes to the Special Purpose Financial Statements

For the year ended 31 December 2023

3 Summary of significant accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are measured at fair value as their deemed cost at initial recognition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus and deficit component of the Statement of Comprehensive Revenue and Expense during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using diminishing value rates over their useful lives.

All property, plant and equipment was written off during the 2023 financial year. The rates are as follows as at 31 December 2022:

- Motor vehicles	20% DV
- Furniture, fittings and equipment	30% DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the surplus and deficit component of the Statement of Comprehensive Revenue and Expense.

(h) Intangible Assets

Software costs are measured at cost less accumulated amortisation and impairment. Amortisation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of the intangible assets.

- Software	50% DV
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Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Fund, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Goods and Services Tax (GST)

The Statement of Comprehensive Revenue and Expense and the Statement of Financial Position have been prepared so that all components are stated inclusive of GST.

(k) Depositors' funds

Depositors' funds are accounts where members place funds in current, 90 day, 12 month, or 12 month plus deposits with the Fund. These 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 end of the reporting period.

(l) Distributions

The Fund, from time to time, and at the discretion of the Bishop and the Finance Council, will distribute retained earnings to the Catholic Diocese of Hamilton, a related party also under the governance of the Roman Catholic Bishop.

(m) Significant judgments and estimates

The preparation of financial statements requires the use of judgements, estimates and assumptions based on historical experiences and other factors that are considered to be relevant that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The Fund based its assumptions and estimates on information available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

The key significant judgements and estimates used in the preparation of these financial states are as follows:

(i) Financial Assets at FVOCRE

All financial assets at FVOCRE financial instruments held by the Fund have an active market. The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

All other financial assets and financial liabilities (for example, cash, related party advances, trade and other payables and depositors funds) have a carrying value that approximates fair value at year end.

(ii) Classification of revenue

RCBDH makes judgements in terms of classifying revenue between exchanges or non-exchange revenue. Refer to note 3(b) which defines exchange and non-exchange revenue.

Catholic Development Fund
Notes to the Special Purpose Financial Statements
For the year ended 31 December 2023

(iii) Impairment of property, plant and equipment
RCBDH at least annually makes judgments in determining whether any indicators of impairment exist for items of property, plant and equipment.

4 Financial instruments

The carrying amount of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

Assets as per Statement of Financial Position

	Amortised Cost	FVOCRE	Total
	\$	\$	\$
At 31 December 2023			
Cash and cash equivalents	4,714,889	-	4,714,889
Financial Assets at FVOCRE	-	29,663,095	29,663,095
Related party advances (including interest receivable)	5,699,257	-	5,699,257
	10,414,146	29,663,095	40,077,241
At 31 December 2022			
Cash and cash equivalents	14,472,861	-	14,472,861
Financial Assets at FVOCRE	-	19,871,429	19,871,429
Related party advances (including interest receivable)	6,246,322	-	6,246,322
	20,719,183	19,871,429	40,590,612

Liabilities as per Statement of Financial Position

	Measured at amortised cost	Total
	\$	\$
At 31 December 2023		
Trade and other payables	372,594	372,594
Depositors funds	36,187,236	36,187,236
	36,559,830	36,559,830
At 31 December 2022		
Trade and other payables	134,164	134,164
Depositors funds	37,983,230	37,983,230
	38,117,394	38,117,394

The Fund's activities exposes it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Fund. The Fund uses different methods to measure different types of risk to which it is exposed.

(a) Market risk

(i) Foreign currency risk

The Fund is exposed to foreign currency risk in respect of its financial assets that are held in foreign currencies. Equity securities are denominated in New Zealand and Australian dollar currencies, which are converted by Craigs Investment Partners, who manages all the investments. As a result, there is exposure to price risk in relation to the currency risk on these non-monetary assets.

(ii) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund and classified on the Statement of Financial Position as Financial Assets at fair value through other comprehensive revenue and expense. The Fund is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund.

The Fund's equity investments are publicly traded and are included in the NZX 50 Index, ASX 50, NASDAQ, or the FTSE.

The table below summarises the impact of increases/decreases of these two indices on the Fund's profit for the year and on equity. The analysis is based on the assumption that the equity indices had increased/decreased by 10% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index.

Index	Impact on surplus		Impact on equity			
	2023	2022	2023	2023	2022	2022
			Decrease	Increase	Decrease	Increase
NZX 50 (10% Movement)	-	-	(499,385)	499,385	(404,022)	404,022
NASDAQ (10% Movement)	-	-	(635,560)	635,560	(393,370)	393,370
ASX 50 (10% Movement)	-	-	(483,150)	483,150	(209,460)	209,460
FTSE (10% Movement)	-	-	(115,500)	115,500	(43,740)	43,740

The impact on surplus is nil, due to the Fund recognising fair value gains/losses through other comprehensive revenue and expense, and not through the Statement of Comprehensive Revenue and Expense, as the Fund does not trade securities on a regular basis.

Catholic Development Fund
Notes to the Special Purpose Financial Statements
For the year ended 31 December 2023

4 Financial instruments (continued)

(iii) Cash flow and fair value interest rate risk

The Fund's main interest rate risk arises from current short term deposits. Deposits issued at variable rates expose the Fund to cash flow interest rate risk.

The Fund manages its cash flow interest rate risk by reviewing deposit terms and bank interest rates as they come due and where necessary transferring deposits between banks.

The risk is measured by sensitivity analysis.

(iv) Concentrations of interest rate exposure

The Fund's main interest rate risk arises from current short-term deposits. Deposits issued at variable rates expose the Fund to cash flow interest rate risk. Deposits issued at fixed rates expose the Fund to fair value interest rate risk.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31-Dec-23	Carrying amount \$	Interest rate risk				Foreign currency risk				Other price risk			
		-1%		1%		-1%		1%		-1%		1%	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial assets													
Cash and cash equivalents	4,714,889	(47,149)	(47,149)	47,149	47,149	1,663	1,663	(1,663)	(1,663)	-	-	-	-
Financial Assets fair valued through other comprehensive revenue and expense	29,663,095	(2,601)	(2,601)	2,601	2,601	-	-	-	-	-	(296,630)	-	296,630
Related party Advances and Interest Receivable	5,699,257	(3,006)	(3,006)	3,006	3,006	-	-	-	-	-	-	-	-
Financial liabilities													
Trade payables	372,594	-	-	-	-	-	-	-	-	-	-	-	-
Depositors' Accounts	36,187,235	282,083	282,083	(282,083)	(282,083)	-	-	-	-	-	-	-	-
Total increase/ (decrease)		229,327	229,327	(229,327)	(229,327)	1,663	1,663	(1,620)	(1,620)	-	(296,630)	-	296,630

31-Dec-22	Carrying amount \$	Interest rate risk				Foreign currency risk				Other price risk			
		-1%		1%		-1%		1%		-1%		1%	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial assets													
Cash and cash equivalents	14,472,861	(144,728)	(144,728)	144,728	144,728	1,947	1,947	(1,908)	(1,908)	-	-	-	-
Financial Assets fair valued through other comprehensive revenue and expense	19,871,429	(2,638)	(2,638)	2,638	2,638	-	-	-	-	-	(198,714)	-	198,714
Related party Advances and Interest Receivable	6,246,322	(3,025)	(3,025)	3,025	3,025	-	-	-	-	-	-	-	-
Financial liabilities													
Trade payables	134,164	-	-	-	-	-	-	-	-	-	-	-	-
Depositors' Accounts	37,983,230	284,069	284,069	(284,069)	(284,069)	-	-	-	-	-	-	-	-
Total increase/ (decrease)		133,678	133,678	(133,678)	(133,678)	1,947	1,947	(1,908)	(1,908)	-	(198,714)	-	198,714

Catholic Development Fund
Notes to the Special Purpose Financial Statements
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4 Financial instruments (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instruments fails to meet its contractual obligations. The Fund is mainly exposed to credit risk from its financial assets, including cash and cash equivalents, deposits with banks and financial institutions, receivables and debt securities.

The credit risks for cash and cash equivalents, short term investments and long term investments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. No impairment loss has been recorded in relation to the cash, deposits and bonds portfolio held by the Fund as all investments in bonds have been graded AA- by Standard & Poors and the bonds are not past due.

The carrying amounts disclosed above are the Fund's maximum possible credit risk exposure in relation to these instruments.

The Fund's policy is to deal only with creditworthy counterparties. No collaterals held by the Fund in respect of its exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Fund acts as both the treasury arm of the Diocese and as an investment and development fund, and the Fund continues to return a good surplus year after year. The Diocese's own funds are invested in the Fund. In addition all parishes and catholic entities are required to invest their surplus funds in the Fund, and parish funds can only be withdrawn after receiving the approval of the Bishop, Diocesan Finance Council and College of Consultors (Priests Council). In regard to the individual parishioner accounts the majority of the funds invested with the Fund remain invested for long periods, with the investor's prime motive being to support the Church rather than for the return on the investment

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Call	Less than 1 year	Between 1 and 2 years	Contractual cash flow	Carrying amount
	\$	\$	\$	\$	\$
31 December 2023					
<u>Financial liabilities</u>					
Interest accrual	288,525	-	-	288,525	288,525
Trade creditors	84,070	-	-	84,070	84,069
Depositors' funds	8,326,612	25,945,598	1,915,025	36,187,236	36,187,236
	<u>8,699,207</u>	<u>25,945,598</u>	<u>1,915,025</u>	<u>36,559,830</u>	<u>36,559,830</u>

	Call	Less than 1 year	Between 1 and 2 years	Contractual cash flow	Carrying amount
	\$	\$	\$	\$	\$
31 December 2022					
<u>Financial liabilities</u>					
Interest accrual	70,245	-	-	70,245	70,245
Trade and other payables	63,919	-	-	63,919	63,919
Depositors' funds	17,032,889	18,996,544	1,953,797	37,983,230	37,983,230
	<u>17,167,053</u>	<u>18,996,544</u>	<u>1,953,797</u>	<u>38,117,394</u>	<u>38,117,394</u>

(d) Fair value estimation

The fair value of financial instruments traded in active markets (such as Financial Assets fair valued through other comprehensive revenue and expense securities, bonds and property units) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying value less impairment provision of related party advances and trade and other payables is a reasonable approximation of their fair values due to the short-term nature of the financial assets and liabilities.

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Catholic Development Fund
Notes to the Special Purpose Financial Statements
For the year ended 31 December 2023

4 Financial instruments (continued)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Fund's assets that are measured at fair value at 31 December 2023:

Assets	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets fair valued through other comprehensive revenue and expense				
- Equity securities	17,668,521	-	-	17,668,521
- Debt securities	10,018,431	-	-	10,018,431
- Property Units	1,976,143	-	-	1,976,143
Total assets	29,663,095			29,663,095

The following table presents the Fund's assets that are measured at fair value at 31 December 2022:

Assets	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets fair valued through other comprehensive revenue and expense				
- Equity securities	10,598,584	-	-	10,598,584
- Debt securities	7,055,925	-	-	7,055,925
- Property Units	2,216,920	-	-	2,216,920
Total assets	19,871,429			19,871,429

There were no liabilities measured at fair value at the end of the reporting period (2022: \$Nil).

(e) Capital risk management

The Fund's capital is its reserves and retained surpluses, which are represented by the Fund's net assets.

The Fund's Trust Deed requires the Diocesan Finance Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently. The objective of managing the Fund's capital is to ensure the Fund effectively achieves its objectives and purpose, whilst remaining a going concern.

(f) Capital adequacy

A new Trust Deed was entered into on 23 November 2016 with Covenant Trustee Services Limited.

The requirement on Capital ratio is:

That the total equity for the Catholic Development Fund, and Catholic Diocese of Hamilton, combined must be greater than 10% of the total assets using a risk weighted capital adequacy model.

The liquidity coverage ratio requirement is that total cash of Catholic Diocese of Hamilton and Catholic Development Fund combined shall not fall below 7% of tangible assets.

All covenants in regards to capital adequacy have been complied with during the year. The total equity percentage as at 31 December is 18% (2022: 19.4%).

5 Reserves and retained earnings

(a) Reserves

Movements in reserves were as follows:

	2023	2022
	\$	\$
Balance at 1 January	1,725,318	4,275,376
Disposals	(173,324)	(265,653)
Fair value gains for the year as recognised in Other Comprehensive Revenue and Expense	646,005	(2,284,405)
Net Movements for the year	472,681	(2,550,058)
Balance at 31 December	2,197,999	1,725,318

Catholic Development Fund
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For the year ended 31 December 2023

5 Reserves and retained earnings (continued)

(b) Retained earnings

Movements in retained earnings were as follows:

	2023	2022
	\$	\$
Balance 1 January	767,101	1,223,894
Transfer realised gains on disposal	301,587	
Net operating surplus for the year	1,269,199	543,207
Distribution to the Diocese	(1,000,000)	(1,000,000)
Balance 31 December	<u>1,337,886</u>	<u>767,101</u>

6 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor:

	2023	2022
	\$	\$
(a) Assurance services		
<i>Audit services</i>		
Audit of financial statements and Trustee Certificates	44,253	49,359
Total Assurance services	<u>44,253</u>	<u>49,359</u>

7 Revenue

Revenue from exchange transactions includes:

Net Finance surplus

	2023	2022
	\$	\$
Finance income		
Interest received – bank	304,197	209,639
Interest received – bonds	530,201	310,887
Interest received – loans	218,795	235,569
	<u>1,053,193</u>	<u>756,095</u>
Finance Costs		
Interest paid – depositor funds	(627,344)	(356,815)
	<u>(627,344)</u>	<u>(356,815)</u>
Other revenue from exchange transactions:		
Dividends / Distributions Received	1,162,926	280,645
Foreign exchange gain	5,105	126,894
Sundry Income	47,492	45,743

8 Operating expenses

	2023	2022
	\$	\$
Surplus includes the following specific expenses:		
<i>Depreciation</i>		
Motor vehicles	-	-
Furniture, fittings & equipment	-	14
Total depreciation	<u>-</u>	<u>14</u>
Amortisation – Software	2,326	1,111
<i>Administration costs</i>		
Employee benefits	80,186	76,313



Catholic Development Fund
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9 Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and on hand	4,714,890	12,472,861
Deposits at call	-	2,000,000
	<u>4,714,890</u>	<u>14,472,861</u>

10 Related party advances

	2023	2022
	\$	\$
Total related party advances shown as:		
Current		
Non-interest bearing advances (note 20c)	2,693,670	2,469,881
	<u>2,693,670</u>	<u>2,469,881</u>
Non-Current		
Interest bearing advances (note 20c)	2,944,829	3,713,715
	<u>2,944,829</u>	<u>3,713,715</u>

Related party advances do not contain impaired assets and are not past due. Based on the credit history of these related party advances, it is expected that these amounts will be received when due.

11 Financial Assets fair valued through other comprehensive revenue and expense

	2023	2022
	\$	\$
Listed debt securities	10,018,431	7,055,925
Listed equity securities	17,668,521	10,598,584
Property Units	1,976,143	2,216,920
	<u>29,663,095</u>	<u>19,871,429</u>

(a) Fair values

Financial Assets fair valued through other comprehensive revenue and expense include the following:

	2023	2021
	\$	\$
Bonds New Zealand debt securities	10,018,431	7,055,925
New Zealand listed equity securities	4,993,850	4,040,223
Australian listed equity securities	4,831,499	2,094,619
International equity securities	7,843,172	4,463,742
Property Units	1,976,143	2,216,920
	<u>29,663,095</u>	<u>19,871,429</u>

Financial Assets fair valued through other comprehensive revenue and expense financial assets:

Current portion: Bonds New Zealand debt securities	156,900	2,158,784
Non-current: Bonds, Equity and property Units	29,506,195	17,712,645
	<u>29,663,095</u>	<u>19,871,429</u>

The fair value of related party advances is equivalent to the carrying value as shown above.

Interest bearing advances are charged interest of 5.5%-7.5% (2022: 5.5%-7.5%). They are repayable over terms of 5 to 25 years.

Non-interest bearing advances are repayable on request.

(b) Impairment and risk exposure

With respect to financial assets fair valued through other comprehensive revenue and expense the maximum exposure to credit risk at the reporting date is the carrying amount of the debt security investments.



Catholic Development Fund
Notes to the Special Purpose Financial Statements
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12 Property, plant and equipment

	Motor vehicles \$	Furniture, fittings & equipment \$	Total \$
At 31 December 2022			
Opening net book value	-	14	14
Additions	-	-	-
Disposals	-	-	-
Depreciation charge	-	14	14
Closing net book value	-	-	-
At 31 December 2022			
Cost	-	1,695	1,695
Additions	-	-	-
Disposals	-	-	-
Accumulated depreciation	-	1,695	1,695
Net book value	-	-	-
At 31 December 2023			
Opening net book value	-	-	-
Additions	-	-	-
Disposals	-	-	-
Depreciation charge	-	-	-
Closing net book value	-	-	-
At 31 December 2023			
Cost	-	1,695	1,695
Additions	-	-	-
Disposals	-	(1,695)	(1,695)
Accumulated depreciation	-	-	-
Net book value	-	-	-

13 Intangible assets

	2023 \$	2022 \$
Computer software:		
Cost	18,063	18,063
Disposals	(12,300)	-
Accumulated amortisation	3,437	13,410
Net book value	<u>2,326</u>	<u>4,653</u>
2023		
Computer software:		
Opening net book value	4,653	3,658
Additions	-	2,106
Disposals	-	-
Amortisation charge	2,326	1,111
Closing net book value	<u>2,327</u>	<u>4,653</u>



Catholic Development Fund
Notes to the Special Purpose Financial Statements
For the year ended 31 December 2023

14 Reconciliation of surplus/ deficit to net cash inflow from operating activities

	2023	2022
	\$	\$
Surplus for the year	1,316,691	543,207
Depreciation	-	14
Amortisation of Software	2,326	1,111
Accrued interest receivable on bonds	1,968	(11,094)
Accrued Distribution Receivable	(15,336)	(26,862)
Net gain on sale of investments	(268,189)	(45,743)
Accrued interest payable movement	218,280	(22,285)
Net exchange differences	(5,105)	(126,894)
Distribution to the Catholic Diocese	-	(1,000,000)
Change in operating assets and liabilities		
Decrease (Increase) in other operating assets	-	172
Increase (Decrease) in trade creditors	19,668	30,549
Net cash inflow from operating activities	<u>1,270,373</u>	<u>(657,825)</u>

15 Trade and other payables

	2023	2022
	\$	\$
Payables from exchange transactions	84,069	63,919
Employee entitlements	5,583	6,065
Accrued Interest payable on depositor accounts	288,525	70,245
	<u>378,177</u>	<u>140,229</u>

The carrying value of trade payables approximates fair value.

16 Interest bearing liabilities – depositors’ funds

	2023	2022
	\$	\$
Depositors funds – current	35,402,958	37,200,109
Depositors funds – non-current	784,278	783,121
	<u>36,187,236</u>	<u>37,983,230</u>

17 Contingent assets and liabilities

As at 31 December 2023 the Fund had no contingent assets or liabilities (2022:\$Nil).

18 Commitments

As at 31 December 2023 the Fund had no capital commitments (2022:\$Nil).

19 Events after the reporting period

There have been no significant events after the reporting period.



Catholic Development Fund
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For the year ended 31 December 2023

20 Related party transactions

(a) Related entities

The Fund is the deposit holder for the Hamilton Diocese, the Hamilton Diocese Schools, Diocese Catholic Integrated Schools Office and the Hamilton Parishes, Catholic Family Support Services, Jubilee Early Childhood Limited and the Common Good Foundation, The Bernadette Charitable Trust. These entities are all related to the Roman Catholic Bishop of Hamilton as Corporation Sole, and therefore are related parties of the Fund.

(b) Transactions with related parties

The following transactions occurred with related parties:

	2023	2022
	\$	\$
<i>Income:</i>		
Interest on related party advances	218,795	235,569
<i>Expenses:</i>		
Internal charges	115,449	100,566
Interest paid on related party deposits	321,767	289,900
	437,216	390,466
Distribution to the Diocese	(1,000,000)	(1,000,000)
<i>Advances to related parties</i>		
Advances to (Repayments from) - Diocese Catholic Integrated Schools Office	(768,886)	819,053
<i>Deposits from related parties</i>		
Deposited from:		
Diocese	338	1,408,857
Diocese Catholic Integrated Schools Office	34,302,224	21,465,001
Schools and Jubilee Early Childhood Limited	6,726,201	2,399,869
Parishes, Clergy Trust, Common Good Foundation, The Bernadette Charitable Trust	2,472,756	1,594,815
Catholic Family Support Services	681,022	653,283
Employees	24,018	12,519
Depositor repayments to:		
Diocese	(2,662)	(2,500)
Diocese Catholic Integrated Schools Office	(36,704,628)	(13,692,262)
Schools and Jubilee Early Childhood Limited	(5,348,782)	(1,960,288)
Parishes, Clergy Trust, Common Good Foundation, The Bernadette Charitable Trust	(2,991,945)	(3,811,280)
Catholic Family Support Services	(764,095)	(511,314)
Employees	(93,495)	(101,004)
	(1,699,048)	7,455,696

(c) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023	2022
	\$	\$
<i>Current receivables</i>		
Diocese Current Account	2,672,670	2,469,670
Other	0	211
Total	2,693,670	2,469,881
Advances to Diocese Catholic Integrated Schools Office and Hamilton Parishes	2,944,829	3,713,715
Accounts payable	7,461	10,713
<i>Depositors balance:</i>		
Diocese	5,314,400	5,316,724
Diocese Catholic Integrated Schools Office	9,465,169	11,564,004
Schools and Jubilee Early Childhood Limited	5,722,025	4,648,175
Parishes, Clergy Trust, Common Good Foundation, The Bernadette Charitable Trust and Catholic Family Support Services	10,349,604	12,430,479
Employees	24,490	93,967

(d) Key management personnel

The Fund does not directly employ key management personnel. Finance Council members do not receive compensation from the Fund. Key Management Personnel are employed by the Catholic Diocese of Hamilton.