



COMPANIES OFFICE



10060347388

www.companies.govt.nz | 0508 COMPANIES | 0508 266 726

Post your completed form to: Registrar of Friendly Societies and Credit Unions, Private Bag 92061, Victoria Street West, Auckland 1142

Annual return – Friendly society

Friendly Societies and Credit Unions Act 1982

This return is to be completed and sent within three months of the end of the financial year to the Registrar of Friendly Societies and Credit Unions.

The purpose of the return is to obtain up-to-date information, and to present certain details in a consistent manner for all friendly societies for ease of analysis. It is also used to compile overall friendly society statistics. Please complete all sections. This return may be typed or neatly handwritten.

Name of friendly society

Organisation number

The Hibernian Catholic Benefit Society

1802979

Name of branch:
(where applicable)

Registered office:

Level 5, 104 The Terrace, Wellington

Postal address:

PO Box 11-632, Wellington 6142

Financial year ended (DD/MM/YYYY):

31 / 03 / 2011

NAMES AND ADDRESSES OF OFFICERS (as at the date of the return; continue on a separate sheet if necessary)

	Name	Residential address
Committee of management	MJ McBride	151 Waimea Road, Bishopdale, Nelson
	T W Cotter	28 O'Donn Avenue, Beachhaven, North Shore City
	P G Horan	PO Box 551, Hastings
	L T Neal	29B Findlay Street, Ellerslie, Auckland
	M R Petricevich	1/20 Westwell Road, Belmont, Auckland
	S P Ramsay	27 Arawa Road, Hataitai, Wellington
Trustees	G R Stewart	60 Tinakori Road, Thorndon, Wellington
	J J Sweeney	169 Wadestown, Wadestown, Wellington
Secretary	P M O'Brien	31 Melbourne Road, Island Bay, Wellington
Treasurer		

MEMBERSHIP

Total number of members at beginning of year

2611

Number who joined during year

28

Number who died during year

72

Number who left during year

49

Total number of members at end of year

2518

STATEMENT OF FINANCIAL PERFORMANCE ("REVENUE ACCOUNT")

(in respect of all business undertaken by the society/branch during the financial year)

		(whole dollars only)	
Total Members' Equity at beginning of year		\$	<u>2,407,095</u>
INCOME		\$	
Contributions or levies		210,680	
Timeshare		10,491	
Other transfers from a central body or branch		50,819	
1 Investment Income		650,124	
2 Other income (specify significant items)			
Miscellaneous		13,277	
Restated YE 2010 net assets change		-546,203	
Total Income		\$	<u>389,188</u>
EXPENDITURE		\$	
Tertiary Bursary benefits		8,679	
Benevolent grants		1,750	
Funeral benefits		143,193	
3 Assurance		332,838	
Medical benefits			
Management expenses		290,975	
Expenses incurred on properties - Timeshare.		11,691	
Levies to central body			
Benefit Fund expenses		27,123	
4 Other expenditure - Policy liabilities		197,000	
Investment expenses		1,800	
Mis-appropriated funds		64,000	
Total Expenditure		\$	<u>1,079,049</u>
Total Members' Equity at end of year		\$	<u>1,717,234</u>
1	Include all interest, dividends (including United Friendly Societies Dispensary dividends), rents, etc		
2	Include separately any significant items, such as profit on sale of assets, commissions, donations, etc		
3	Include all benefits paid from a Life Assurance fund, whether upon death, maturity or surrender		
4	Include separately any significant items, such as depreciation, loss on sale of assets, social expenses, etc		

STATEMENT OF FINANCIAL POSITION ("BALANCE SHEET")

ASSETS

(whole dollars only)

Loans to members	1,831,546
Equities	3,027,510
Government securities	360,407
Local Authority and SOE securities	2,874,848
Term deposits	631,050
Bank accounts and cash on hand	963,222
Furniture, fittings & other fixed assets	65,898
Sundry debtors / Accounts & Interest receivable	94,858
5 Society investment fund	
5 District investment fund	
Other (specify significant items)	
Hibernian Credit Union current account	5,976

Total Assets \$

9,855,315

Less credit union investment fund

6 Less branch investment fund

Less funds held on behalf of a central body or branch

Total Members Assets \$

9,855,315 (A)

7 LIABILITIES & EQUITY

Sickness and funeral fund	30,784
Assurance fund	1,487,860
Medical fund	50,408
Retraining fund	11,339
Benevolent fund	57,528
Tertiary Bursary fund	20,965
Other funds (specify) holiday accomodation	58,350
Sundry creditors / Accounts payable	22,008
Bank loans / Overdraft	
Reserves (specify)	
PAYE / GST / Tax payable	
Other liabilities (specify significant items)	
Funds on behalf of branch	19,073
Policy liabilities	8,097,000

NOTE: TOTALS (A) & (B) MUST BE IDENTICAL

Total Liabilities & Equity \$


9,855,315 (B)

5 Applicable only to a branch of a central body

6 Applicable only to a central body

7 Include any funds in deficit as negative liabilities - e.g. "(\$X)"

I hereby certify that this Return is in accordance with the audited financial statements of the society/branch. A signed copy of the annual financial statements and auditors report are enclosed. Fee enclosed \$160.00

 Secretary

4/7/11 Date

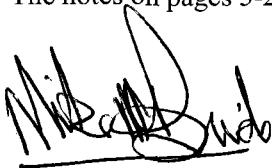


The Hibernian Catholic Benefit Society

Statement of Comprehensive Income for the year ended 31 March 2011

	Note	31/3/11 \$	31/3/10 (restated) \$
Income			
Investment and Loan Income	5-6	650,125	1,111,565
Members Contributions to Benefit Funds	18-21	210,679	263,470
Other Income	17-19	74,586	95,450
		<u>935,390</u>	<u>1,470,485</u>
Expenditure			
Investment Expenses	16	1,800	8,261
Administration Expenses	17	290,975	275,937
Members Benefits Paid	18-23	486,460	379,781
Other Expenses	17-21	235,813	59,534
Mis-appropriated Funds	25	64,000	185,000
		<u>1,079,048</u>	<u>908,513</u>
Net Surplus / (Deficit) for the period		<u>(143,658)</u>	<u>561,972</u>
Other Comprehensive Income			
Other Comprehensive Income for the period		-	-
Total Comprehensive Income for the period		<u>(143,658)</u>	<u>561,972</u>
		<u>(143,658)</u>	<u>561,972</u>

The notes on pages 5-21 form part of and are to be read in conjunction with these financial statements.


President


Trustee


Secretary



The Hibernian Catholic Benefit Society

Balance Sheet as at 31 March 2011

	Note	31/3/11 \$	31/3/10 (restated) \$	31/3/09 (restated) \$
Members Equity	2			
Assurance Fund	18	1,487,860	1,552,937	1,071,954
Funeral Fund	19	30,784	106,673	71,779
Retraining Fund	20	11,339	11,262	10,797
Tertiary Bursary Fund	21	20,965	25,844	25,772
Benevolent Fund	22	57,528	57,153	57,463
Medical Assistance Fund	23	50,408	48,674	46,295
Holiday Accommodation Fund	24	58,350	58,350	58,350
		1,717,234	1,860,892	1,342,411
Represented by:				
Current Assets				
Cash and Cash Equivalents	3	1,594,272	1,814,610	1,757,704
Financial Assets	4	524,859	559,597	1,008,992
Loans to Members	4	109,506	75,053	53,991
Interest Receivable		94,858	85,652	61,840
Hibernian Credit Union Current Account	12	5,976	3,347	21,171
		2,329,471	2,538,259	2,903,698
Non-Current Assets				
Financial Assets	4	5,737,906	5,910,253	4,974,201
Loans to Members	4	1,722,040	1,285,781	1,313,076
Property, Plant and Equipment	7	65,898	82,231	90,322
		7,525,844	7,278,265	6,377,599
Total Assets		9,855,315	9,816,525	9,281,297
Current Liabilities				
Branch Dues Payable		19,073	18,855	19,343
Trade Payables		22,008	19,461	18,007
Employee Entitlements		-	17,317	16,536
		41,081	55,633	53,886
Non-Current Liabilities				
Policy Liabilities - Assurance Fund		5,446,000	5,294,000	5,332,000
Policy Liabilities - Funeral Fund		2,651,000	2,606,000	2,553,000
		8,097,000	7,900,000	7,885,000
Total Liabilities		8,138,081	7,955,633	7,938,886
Net Assets		1,717,234	1,860,892	1,342,411

The notes on pages 5-21 form part of and are to be read in conjunction with these financial statements.



The Hibernian Catholic Benefit Society

Statement of Changes in Equity for the year ended 31 March 2011

	31/3/11	31/3/10
	\$	\$
Balance as at 1 April	1,860,892	1,637,149
Prior Period Adjustment		(338,229)
Revised Opening Balance	1,860,892	1,298,920
Net Surplus / (Deficit) for the period	(143,658)	561,972
Other Comprehensive Income	-	-
Balance as at 31 March	1,717,234	1,860,892
Changes in Equity for the individual funds are as follows:		
Assurance Fund		
Opening Balance	1,552,937	1,276,900
Prior Period Adjustment		(204,946)
add / (less) Surplus / (Deficit) from Income and Expenditure	(65,077)	480,983
Surplus Not Allocated to Policies	1,487,860	1,552,937
Funeral Fund		
Opening Balance	106,673	157,014
Prior Period Adjustment		(85,235)
add / (less) Surplus / (Deficit) from Income and Expenditure	(75,889)	34,894
Surplus Not Allocated to Policies	30,784	106,673
Retraining Fund		
Opening Balance	11,262	11,143
Prior Period Adjustment		(346)
add / (less) Surplus / (Deficit) from Income and Expenditure	77	465
Closing Balance	11,339	11,262
Tertiary Bursary Fund		
Opening Balance	25,844	26,633
Prior Period Adjustment		(861)
add / (less) Surplus / (Deficit) from Income and Expenditure	(4,879)	72
Closing Balance	20,965	25,844
Benevolent Fund		
Opening Balance	57,153	59,373
Prior Period Adjustment		(1,910)
add / (less) Surplus / (Deficit) from Income and Expenditure	375	(310)
Closing Balance	57,528	57,153
Medical Assistance Fund		
Opening Balance	48,674	47,736
Prior Period Adjustment		(1,441)
add / less Surplus / (Deficit) from Income and Expenditure	1,734	2,378
Closing Balance	50,408	48,674
Holiday Accommodation Fund		
Opening Balance	58,350	58,350
Closing Balance	58,350	58,350

The notes on pages 5-21 form part of and are to be read in conjunction with these financial statements.



The Hibernian Catholic Benefit Society

Statement of Cash Flows for the year ended 31 March 2011

	Note	31/3/11 \$	31/3/10 (restated) \$
Cash Flows from Operating Activities			
Cash was provided from:			
Investment and Loan Income		532,718	505,641
Other Income		74,586	95,450
Members Contributions to Benefit Funds		210,897	262,982
		818,202	864,073
Cash was applied to:			
Members Benefits Paid and related expenses		513,582	413,393
Payments to suppliers and employees		303,310	276,533
		816,893	689,926
Net Cash Inflow / (Outflow) from Operating Activities	8	1,309	174,147
Cash Flows from Investing Activities			
Cash was provided from:			
Decrease in Investments		465,110	1,475,222
Decrease in Loans		5,411	192,573
Sale of Equipment		2,207	-
		472,728	1,667,795
Cash was applied to:			
Increase in Investments		137,800	1,356,599
Investment Expenses		1,800	8,261
Increase in Loans		488,147	253,000
Mis-appropriated Funds	25	64,000	185,000
Purchase of Property, Plant and Equipment		-	-
		691,747	1,802,860
Net Cash Inflow / (Outflow) from Investing Activities		(219,019)	(135,065)
Cash Flows from Financing Activities			
Cash was provided from:			
Hibernian Credit Union Current Account		-	17,824
		-	17,824
Cash was applied to:			
Hibernian Credit Union Current Account		2,629	-
		2,629	-
Net Cash Inflow / (Outflow) from Financing Activities		(2,629)	17,824
Net Increase / (Decrease) in Cash Held		(220,338)	56,906
Opening Cash Balance		1,814,610	1,757,704
Closing Cash Balance		1,594,272	1,814,610

The notes on pages 5-21 form part of and are to be read in conjunction with these financial statements.



The Hibernian Catholic Benefit Society

Notes to the Financial Statements for the year ended 31 March 2011

Statement of Accounting Policies

1.1 General Accounting Policies

a) Reporting Entity:

The financial statements presented here are for the reporting entity The Hibernian Catholic Benefit Society ("the Society"). The financial statements are presented in accordance with the Securities Act 1978 and the Financial Reporting Act 1993, and the rules of the Society. Currency of presentation is the New Zealand dollar.

The primary objective of the Society is to provide mutual assistance to its members through the provision of benefit funds, with financial returns disbursed to the members by way of increased benefits. The Society makes loans to members or invests funds on the members' behalf. Interest and other income is received by the Society and allocated to the members' benefits funds. Accordingly, as a non-profit organisation, the Society has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The Society operates predominantly in one industry, being the investment of members' funds. All operations are based in New Zealand.

The basis of preparation of these financial statements is New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

Branch funds are not included in these financial statements as each branch is a separate legal entity with its own officers and trustees, and is responsible for its own governance. Branches all prepare and file their own annual financial statements with the Registrar of Friendly Societies and Credit Unions.

b) Measurement Basis:

The measurement basis is historic cost except for the valuation of certain financial instruments that are revalued to market values. The Society is not registered for G.S.T. The amounts shown in the financial statements are G.S.T. inclusive.

c) Standards and Interpretations to Published Standards:

At the date of authorisation of these financial statements certain new standards, interpretations and amendments to existing standards have been issued that are not yet effective at balance sheet date and have not been early adopted.

- NZIRFS7 Amendments to NZ IFRS7 Financial Instruments Disclosure effective for reporting on or after 01 July 2011.
- NZIFRS9 Amendments to NZ IFRS9 Financial Instruments: recognition and measurement, effective for reporting on or after 01 January 2013.

The Board anticipate the above standards will not have a material impact upon the Society's financial statements upon adoption.

The financial statements were approved for issue by the Board on 23 June 2011.

1.2 Particular Accounting Policies

a) Income and Expenses Recognition:

(i) Income:

Income is measured at the fair value of consideration received. Income from the rendering of services is recognised by reference to the stage of completion of the transaction at balance sheet date, based on the actual service provided as a percentage of the total services to be provided.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Dues:

Members' dues, assurance, funeral and other contributions to the funds are only recorded as income when the contribution is physically received. Payment of overdue contributions cannot be enforced.

Loan Fees and Commissions Income:

Loan management fees and commissions received are brought to account once a right to receive consideration has been attained.

(ii) Expenses:

Depreciation:

Depreciation is provided for office furniture and equipment, computer and photocopier. It is calculated as follows:

office furniture, equipment	- straight line over 10 years
computer, photocopier	- straight line over 5 years.

b) Valuation of Funds and their Treatment:

New Zealand Equivalent to International Financial Reporting Standard No. 34 – Insurance Contracts sets out the methodology for measuring policyholder liabilities. Actuarial valuations of the Society's Assurance Fund and Funeral Fund are carried out every year and the liabilities and unallocated surpluses disclosed recorded in the financial statements.

Actuarial valuations are carried out by independent consulting actuaries, Melville Jessup Weaver Limited.

Policy liabilities have been determined in accordance with New Zealand Society of Actuaries Professional Standard No. 3 – Determination of Life Insurance Policy Liabilities. All of the business in the Society's assurance and funeral funds is life insurance contracts with discretionary participating features. The structure of the Society is such that no planned margins are applicable.

(i) Life insurance contract liabilities:

The financial reporting methodology used to determine the fair value of the life insurance contract liabilities is referred to as Margin on Service. Under Margin of Service the excess of premium received is recognised over the life of the contract in a manner that reflects the pattern of services provided to policyholders. In this case, "policyholders" are members of the Society's Assurance Fund and Funeral Fund.

(ii) Best estimate liabilities:

The liability for the current benefit entitlements of each member of each fund is determined using a projection method, whereby estimates of future cash flows (benefits and expenses, net of premiums and contributions) are projected using best estimate assumptions. The best estimate liabilities are calculated as the net present value of the projected cash flows. Under the Rules of the Society, the future benefits are linked to the performance of the assets in the fund, so the discount rate used is the expected future earnings rate on those assets.

In accordance with the rules of the Society, the assets in each fund over and above those required to support members' current benefit entitlements may be used in future to increase members' benefits. Thus, the assets over and above the liabilities for current benefit entitlements are taken to be future supportable benefit increases and the total assets in each fund represent the Policy Liabilities.

The assumptions used in the calculation of the best estimate liabilities are reviewed at each reporting date. A summary of the significant actuarial methods and assumptions used is set out in Notes 18 and 19.

c) Cash and Cash Equivalents:

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

d) Financial Assets:

The Society classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the income statement.

Purchases and sales of investments are recognised on trade-date, the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all the risks and rewards of ownership.

The categories of financial assets are:

(i) Financial assets at fair value through profit or loss:

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or expected to be released within 12 months of balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the income statement.

(ii) Loans and receivables:

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement.

All Society loans to members are 'on demand' with repayment installments spread over periods of up to 25 years, apart from home equity loans introduced in October 2000 where there is no set term. Loan repayments due within 12 months of balance sheet date are classified as current assets, with the remainder as non-current assets.

(iii) Financial assets at fair value through equity:

Financial assets at fair value through equity are those that are designated at fair value through equity or are not classified in any of the other categories above, and includes investments that are intended to be held long-term but which may be realised before maturity.

The Society does not classify any investments held at balance sheet date as such.

e) Impairment of Financial Assets:

At each balance sheet date the Society assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the income statement. A provision for impairment is established when there is objective evidence the Society will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

The Society's management determines impairment taking into account the length of time the repayments are in arrears and the security held. Bad debts are written off to the income statement when identified unless an impairment provision has previously been made against a loan in which case the write-off is charged against the provision.

The various components of impaired assets are as follows:

“Non-accrual loans” are loans and advances for which there is reasonable doubt that the Society will be able to collect all amounts of principal and interest in accordance with the terms of the agreement and provisions for impairment are recognized.

“Restructured loans” are loans where the original contractual terms have been modified to provide for concessions of interest, principal or repayment for reasons related to financial difficulties of the borrower.

“Assets acquired through the enforcement of security” are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

The Society had one impaired asset at balance sheet date (refer Note 4b). There were no doubtful debts.

f) Past Due Loans:

Past-due loans are loans or similar facilities in arrears where the borrower has failed to make repayments when contractually due. There were no past due loans at balance date.

g) Property, Plant and Equipment:

Plant and equipment is shown at cost, less accumulated depreciation and any impairment losses.

Property consists of timeshares that were not purchased as revenue-earning assets but as property facilities for the use of members during the year. They are recorded at cost less any accumulated depreciation and any impairment losses. Expenditure incurred on these properties is recovered from users of the facilities by way of a rental charge.

h) Employee Entitlements:

The Society had no employees at balance date as during the year its administration was outsourced to Munro Bengé Chartered Accountants Limited of Wellington.

i) Statement of Cash Flows:

The statement of cash flows is prepared using the direct approach.

Definitions of terms used in the statement of cash flows:

“Cash” includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the Society as part of its day-to-day cash management.

“Operating Activities” include all transactions and other events that are not investing or financing activities.

“Investing Activities” are those activities relating to the acquisition and disposal of current and non current investments and any other non current assets.

“Financing Activities” are those activities relating to changes in the size and composition of the capital structure of the Society.

j) Taxation:

No taxation is provided for in the financial statements as the Society is exempt from income tax under Section CW 44 of the Income Tax Act 2007.

k) Foreign Currency:

Transactions in foreign currencies are converted at the New Zealand rate of exchange at the date of the transaction. At balance sheet date foreign monetary assets and liabilities are translated at the closing rate and variations arising from these transactions are included in the Balance Sheet.

1.3 Changes in Accounting Policies

There have been no significant changes in accounting policies from those applied in the previous accounting period.

2 Members Equity

Members’ equity is represented by the Society’s various benefit funds constituted per their respective rules – assurance, funeral, retraining, tertiary bursary, benevolent, medical assistance and holiday accommodation (Notes 18 – 24) – with all monies in those funds belonging to the members. Apart from the Holiday Accommodation Fund, each fund receives a pro-rata share of investment income and pays a fair share of management and administration costs as determined by the Society’s management each year.

3 Cash and Cash Equivalents

	31/3/11	31/3/10	31/3/09
	\$	\$	\$
Cash and bank	82,808	206,623	399,427
Call Deposit with Bank of New Zealand	780,414	607,987	514,642
Term Deposit with National Bank of New Zealand	-	-	593,635
Term Deposit with Bank of New Zealand & CDF	731,050	1,000,000	250,000
	1,594,272	1,814,610	1,757,704

Interest rates earned on cash and cash equivalents ranged from 0.25% to 8.35% pa for the period to 31 March 2011 (31 March 2010: 0.25% - 8.35%; 31 March 2009: 0.25% - 8.70%). Deposits are treated as cash and cash equivalents due to their ability to convert to cash within 1-3 days. Movements in market rates will not affect the recorded value of investments.

4 Financial Assets

	31/3/11	31/3/10	31/3/09
	\$	\$	\$
Financial assets at fair value through profit or loss			
Equities:			
New Zealand	496,498	466,855	437,770
Australia	1,420,564	1,381,128	878,964
United Kingdom	211,047	231,470	310,882
Other International	323,062	311,765	545,478
Property (New Zealand & Australia)	576,339	576,789	457,699
	3,027,510	2,968,007	2,630,793
Fixed Interest Securities:			
Government Stock	360,407	302,983	830,568
Corporate Debt	2,874,848	3,198,860	2,521,832
	3,235,255	3,501,843	3,352,400
	6,262,765	6,469,850	5,983,193
Loans and Receivables			
Loans to Members – secured by mortgage over real estate	1,645,380	1,228,257	1,256,238
Loans to Members – life policy and other loans	186,165	132,578	110,829
Trade and Other Receivables	-	-	-
	1,831,546	1,360,834	1,367,067
	8,094,311	7,830,684	7,350,260

Maturity analysis is as follows:

	Total	0-6 months	6-12 months	12-18 months	18-24 months	24 + months
	\$	\$	\$	\$	\$	\$
Investments	6,262,765	271,500	253,359	-	-	5,737,906
Loans to Members	1,831,546	55,301	54,204	54,509	54,208	1,613,324
	8,094,311	326,801	307,563	54,509	54,208	7,351,230

Effective return on financial assets is as follows:

	31/3/11	31/3/10	31/3/09
Investments	7.74%	15.64%	(4.69)%
Loans to Members	7.40%	5.63%	9.30%

a) Credit Quality:

The Society provides loans to members for various purposes, but principally for housing. Loans are all secured, either by way of first or second mortgage, or by the Society's own life policies. The maximum amount that can be borrowed against security of a mortgage over real estate is 75% of valuation of the security property. Security dissection of loans to members is shown in the above table under 'Loans and Receivables'. Loans are all to individuals as Society members.

b) Impairment of Financial Assets:

The Society had one impaired asset (refer Note 1.2e) at balance sheet date. This is a debenture of \$100,000 in Dominion Finance Group Limited (In Receivership) for which an impairment expense was made 31 March 2009. As at 31 March 2011 there were no Past Due Assets (loans in arrears) (31 March 2010: Nil; 31 March 2009: Nil).

5 Income on Investments and Loans

	31/3/11	31/3/10	31/3/09
	\$	\$	\$
Interest on Bank Deposits	64,132	65,829	127,335
Dividends on New Zealand Equities	15,290	21,628	15,793
Dividends on Australian Equities	57,359	48,198	54,568
Dividends on UK Equities	8,207	11,347	17,525
Dividends on Property Equities	39,038	36,062	35,451
Interest on Fixed Interest Securities	252,340	251,113	243,335
Interest on Loans to Members	93,533	72,108	104,697
	529,899	506,285	598,704

6 Gain / (Loss) on Investments

	31/3/11	31/3/10	31/3/09
	\$	\$	\$
Realised Gain / (Loss) New Zealand Equities	-	12,878	-
Realised Gain / (Loss) Australian Equities	9,360	(1,045)	-
Realised Gain / (Loss) UK Equities	-	26,128	-
Realised Gain / (Loss) International Equities	-	33,816	-
Realised Gain / (Loss) Fixed Interest Securities	-	(11,245)	15,170
	9,360	60,532	15,170
Unrealised Gain / (Loss) New Zealand Equities	29,643	57,154	(127,351)
Unrealised Gain / (Loss) Australian Equities	72,214	282,730	(206,934)
Unrealised Gain / (Loss) UK Equities	(20,424)	14,158	(78,071)
Unrealised Gain / (Loss) International Equities	11,298	50,400	(139,576)
Unrealised Gain / (Loss) Property Equities	(450)	39,943	(98,126)
Unrealised Gain / (Loss) Fixed Interest Securities	18,585	100,363	(16,905)
	110,866	544,748	(666,963)
	120,226	605,280	(651,793)
Total Investment and Loan Income	650,125	1,111,565	(53,089)

Property, Plant and Equipment Depreciation Schedule as at 31 March 2011

	Cost	Opening Book Value 1/4/10	Additions/ Disposals	Loss on Disposal	Depreciation Current Year	Depreciation Period (yrs)	Accumulated Depreciation	Closing Book Value 31/3/11
	\$	\$	\$	\$	\$		\$	\$
104 The Terrace								
Furniture	9,745	4,754	(246)	1,588	597	10	3,628	2,324
Telephone	3,308	1,598	(500)	1,098	-	10	-	-
Computer	27,234	11,182	(711)	6,925	1,004	5	2,476	2,542
Photocopier	9,254	3,665	(750)	2,915	-	5	-	-
Timeshare	61,032	61,032	-	-	-	-	-	61,032
	110,573	82,231	(2,207)	12,524	1,601		6,104	65,898

	Cost	Opening Book Value 1/4/09	Additions/ Disposals	Loss on Disposal	Depreciation Current Year	Depreciation Period (yrs)	Accumulated Depreciation	Closing Book Value 31/3/10
	\$	\$	\$	\$	\$		\$	\$
94 Dixon Street-								
Furniture	9,745	5,728	-	-	974	10	4,989	4,754
Telephone	3,308	1,929	-	-	331	10	1,712	1,598
Computer	27,234	16,136	-	-	4,954	5	16,050	11,182
Photocopier	9,254	5,497	-	-	1,832	5	5,589	3,665
Timeshare	61,032	61,032	-	-	-	-	-	61,032
	110,573	90,322	-	-	8,091		28,340	82,231

	Cost	Opening Book Value 1/4/08	Additions/ Disposals	Loss on Disposal	Depreciation Current Year	Depreciation Period (yrs)	Accumulated Depreciation	Closing Book Value 31/3/09
	\$	\$	\$	\$	\$		\$	\$
94 Dixon Street-								
Furniture	9,745	6,702	-	-	974	10	4,015	5,728
Telephone	3,308	2,260	-	-	331	10	1,381	1,929
Computer	38,446	9,174	14,801	2,770	5,069	5	19,540	16,136
Photocopier	9,254	5,755	1,406	-	1,664	5	3,757	5,497
Timeshare	61,032	61,032	-	-	-	-	-	61,032
	121,785	84,923	16,207	2,770	8,038		28,693	90,322

8 Reconciliation of Net Operating Cash Flows to Surplus

	31/3/11	31/3/10
	\$	\$
Reported Surplus / (Deficit)	(143,658)	561,972
add / (less) Items Classified as Investing Activity:		
Realised Gain / (Loss) on Investments	9,360	60,532
Unrealised Gain / (Loss) on Investments	110,866	544,748
Investment Expenses	(1,800)	(8,261)
Increase / (Decrease) in Interest Receivable	9,206	23,812
	(127,632)	(620,831)
add Non Cash Items:		
Depreciation	1,601	8,091
Loss on Disposal Property, Plant & Equipment	12,524	-
Increase / (Decrease) in Policy Liabilities	197,000	15,000
	211,125	23,091
add / (less) Movements in Working Capital:		
Mis-appropriated Funds	76,026	208,168
(Increase) / Decrease in Trade Receivables	-	-
Increase / (Decrease) in Members Advance Contributions	218	(488)
Increase / (Decrease) in Trade Payables	2,547	1,454
Increase / (Decrease) in Employee Entitlements	(17,317)	781
	61,474	209,915
Net Operating Cash Flows	1,309	174,147

9 Operating Lease Commitments

The Society has no lease commitments.

10 Commitments for Capital Expenditure and Loans

As at 31 March 2011 there were no commitments for capital expenditure, and no undrawn first mortgage loans (31 March 2010: Nil; 31 March 2009: Nil). There were no undrawn loans on life policy (31 March 2010: Nil; 31 March 2009: Nil).

11 Contingent Liabilities

The Society had no contingent liabilities as at 31 March 2011 (31 March 2010: Nil; 31 March 2009: Nil).

12 Related Party Transactions

a) Hibernian Credit Union Current Account:

The Society undertakes the administration expenditure for the Hibernian Credit Union. The Credit Union has the same Board of Management as the Society and was set up to provide a savings vehicle for Society members. Funds are transferred between the Society and the Credit Union. All transactions are performed on an 'arms length basis', except that the Society administers the Credit Union for little or no reward.

The balance of the Hibernian Credit Union Current Account at balance date represents monies owing to the Society by Credit Union members.

The Credit Union is not a subsidiary and has not been consolidated into the financial statements.

b) Board of Management Members as Borrowers:

There are no loans to members of the Society's Board of Management.

c) Key Management Staff:

The Society had no employees at balance date as during the year its administration was outsourced to Munro Benge Chartered Accountants Limited of Wellington.

The Society deals with the Board of Management and staff on the same terms and conditions applied to all members.

13 Segmental Information

The Hibernian Catholic Benefit Society operates in one industry, being the investment of members' funds. All operations are based in New Zealand. There is a concentration of members and activity in Wellington and Auckland and their satellite towns.

14 Risk

a) Credit Risk:

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Society incurring a financial loss. This usually occurs when members fail to settle their obligations owing to the Society. There is no industry concentration of credit risk with respect to loans as the Society has members disbursed in areas of employment. The credit policy is that loans and investments are only made to members that are credit worthy. The risk of loss from the loans is primarily reduced by the nature and quality of the security undertaken.

The financial instruments that potentially subject the Society to risk principally consist of cash and cash equivalents, financial assets, and loans to members. The Society's lending policies require all loans to be secured, either by way of first or second mortgage, or by the Society's own life policies. There is no concentration of credit exposure to a particular geographical area. The maximum exposure to credit risk as at balance date is considered to be the book value of financial assets held.

b) Life Insurance Risk:

Life insurance operations comprise the selling and administration of contracts that are classified for accounting purposes as either life insurance contracts or life investment contracts, the latter category being further divided into investment linked and non-investment linked. All of the Society's Assurance Fund and Funeral Fund business is classified for accounting purposes as life insurance contracts. Such contracts involve the acceptance of significant insurance risk. Risk is defined as significant if and only if an insured event could, cause an insurer to pay significant additional benefits in any scenario excluding scenarios that lack commercial substance.

As the members are from throughout New Zealand the Society is not dependent on any one geographic or economic sector for its life insurance business, although there does exist a concentration in the Auckland geographical area. Risk is managed by conducting actuarial valuations on an annual basis and reviewing maturity profiles. All the Society's life insurance contracts are in New Zealand dollars.

c) Fair Value:

The fair value of financial assets and liabilities is considered to be materially equivalent to book value as reflected in the balance sheet. Fair value has been determined on the basis of the present value of expected future cash flows under terms and conditions of each financial asset and liability.

Included in the financial assets of the Society are property equities and fixed interest securities measured at fair value at each reporting date. The source of fair value inputs as defined by NZ IFRS 7 Financial Instruments is classified as Level 1 – fair value is determined by reference to quoted prices in an active market for the same instrument. All other financial assets are carried at cost, which approximates their fair value.

d) Interest Risk:

The Society is exposed to interest rate risk in that further rate movements will affect the market value of fixed interest assets and liabilities. Risk management activities are undertaken in respect of financial assets.

The policy of the Society to manage the risk is to maintain a balanced 'on book' strategy by ensuring that the net interest rate gap between financial assets and benefits payable to members is not excessive. The measure gap is reviewed regularly by management and set in line with market rates. The gap is measured to identify any large exposures to the interest rate movements and to rectify the excess through targeted fixed interest rate products available through investment assets and deposits to rectify the imbalance to within acceptable levels. The policy of the Society is not to undertake derivatives to match the interest rate risks.

Loans to members have minimal interest rate risk as all loans are on a floating rate. Interest rates ranged from 5.5% to 8.5% with maturities spread over periods of up to 25 years, apart from home equity loans introduced in October 2000 (total exposure 31 March 2011: \$788,557; 31 March 2010: \$687,686; 31 March 2009: \$633,251) where there is no set term. One months notice is required before the interest rate on loans can be altered.

Sensitivity analysis is as follows:

	31/3/11		Sensitivity Analysis			
	Carrying Value	Actual Return	Return 2.76%	Impact on Surplus	Return 4.76%	Impact on Surplus
	\$	3.76%				
Bank Deposits	1,594,272	64,132	47,076	(17,056)	81,188	17,056

e) Liquidity Risk:

Liquidity risk is the risk that the Society may encounter difficulties raising funds to meet commitments associated with financial instruments and its life insurance business.

The Society's liquidity policy is based upon ensuring significant liquid assets are held so as to meet benefit entitlements and to satisfy the borrowing requirements of the membership. As the members are from throughout New Zealand the funding of the Society is not dependent on any one geographic or economic sector. Risks are managed by continuous monitoring of cash flows, reviewing maturity profiles of financial assets and liabilities, and maintaining adequate reserves and liquidity support facilities.

The liquidity profile is as follows:

	Total	0-6 months	6-12 months	12-18 months	18-24 months	24 + months
	\$	\$	\$	\$	\$	\$
Monetary Assets Receivable						
Cash/Cash Equivalents	1,484,878	1,484,878	-	-	-	-
Financial Assets	7,113,548	499,887	301,823	215,075	187,635	5,909,129
Loans to Members	2,257,650	117,116	114,153	112,627	110,488	1,803,266
Interest Receivable	134,858	134,858	-	-	-	-
Hibernian Credit Union	5,976	5,976	-	-	-	-
	10,996,910	2,242,715	415,976	327,702	298,123	7,712,395
Monetary Liabilities Payable						
Branch Dues Payable	19,073	19,073	-	-	-	-
Trade Payables	22,008	22,008	-	-	-	-
	41,081	41,081	-	-	-	-

Loan terms vary but all loans are on demand.

	31/3/11	31/3/10	31/3/09
The monthly repayments on loans for the period represent an average loan term of	108 months	134 months	124 months
The proportion of monetary assets as are amounts receivable (loans) with repayments in arrears in excess of three months is	Nil	Nil	nil
The proportion of monetary assets as are amounts receivable (loans) owed in aggregate by the debtors who owe the six largest amounts is	50%	35%	36%

f) Credit Exposure Concentrations:

Other than cash and cash equivalents and financial assets (refer Notes 3 and 4) there are no concentrations of credit exposure to individual counterparties that are greater than 10% of equity.

g) Currency Risk:

Some financial instruments of the Society are subject to foreign currency fluctuations. 14 % of the Society's financial instruments are in Australian dollar denominated assets and 5 % in other foreign currencies. All are equities. Liabilities are members benefit entitlements per the rules in New Zealand dollars.

The Society's management manages currency risk by monitoring the cross rate between New Zealand and Australia and other relevant countries. The Society does not enter into hedging contracts. Management does not believe volatility of fluctuations in the cross rate of exchange between New Zealand and the other relevant countries is a significant risk given the amounts involved as a percentage of New Zealand denominated assets and can be managed by rebalancing the investment portfolio with greater New Zealand denominated investments.

h) Funds Under Management:

The Society does not engage in funds management or other fiduciary activities.

Other Price Risk:

The Society has \$6,262,765 invested in instruments quoted on public securities exchanges. These financial instruments are subject to price fluctuations.

Sensitivity analysis is as follows:

	31/3/11					
	Carrying Value	Unrealised Gain / (Loss)	10% Price Decrease	Sensitivity Analysis Impact on Equity	10% Price Increase	Impact on Equity
Equities	3,027,510	92,281	2,724,759	(302,751)	3,330,261	302,751
Fixed Interest Securities	3,235,255	18,585	2,911,729	(323,526)	3,558,781	323,526
	6,262,765	110,866	5,636,488	(626,277)	6,889,042	626,277

15

Solvency Statement

The Society has determined that the surplus of \$ 1,487,860 in the Assurance Fund and the surplus of \$30,784 in the Funeral Fund, as at 31 March 2011, should be retained in the respective funds. Its Board of Management is awaiting the outcome of Reserve Bank of New Zealand proposals for the Prudential Regulation of Insurance before considering a policy for determining the amounts to be retained for solvency in future, taking into account actuarial advice including on the standards that relate to this type of business, the Society's rules and members' reasonable expectations for future bonuses and benefit increases.

16 Investment Revenue Account

	Note	31/3/11 \$	31/3/10 \$	31/3/09 \$
Income				
Income on Investments and Loans	5	529,898	506,285	598,704
Realised Gain / (Loss) on Investments	6	9,360	60,532	15,170
Unrealised Gain / (Loss) on Investments	6	110,866	544,748	(666,963)
		650,124	1,111,565	(53,089)
Expenses				
Investment Consultancy Charges		1,800	1,884	2,109
Investment Brokerage Fees		-	6,377	-
Investment Impairment Expense		-	-	90,915
Management Charge	17	58,195	55,187	58,476
		59,995	63,448	151,500
Net Investment Revenue for the year		590,129	1,048,117	(204,589)
Transfer to Assurance Fund	18	359,573	696,109	(188,327)
Transfer to Funeral Fund	19	142,458	285,313	(78,323)
Transfer to Retraining Fund	20	591	1,174	(318)
Transfer to Tertiary Bursary Fund	21	1,357	2,801	(791)
Transfer to Benevolent Fund	22	3,001	6,246	(1,755)
Transfer to Medical Assistance Fund	23	2,557	5,032	(1,324)
Transfer to Management Fund	17	80,592	51,442	66,248
		590,129	1,048,117	(204,589)

17 Management Fund

	31/3/11	31/3/10	31/3/09
	\$	\$	\$
Administration Expenses			
Staff Salaries and Related Expenses	51,151	122,831	134,496
Rent and Related Occupancy	21,706	47,102	46,486
Equipment and Related Expenses	4,351	6,383	8,039
Depreciation	1,601	8,091	8,038
Loss on Disposal of Property, Plant and Equipment	12,524	-	2,770
Operating - Munro Benge Admin Services Fee	101,075	-	-
Fees and Subscriptions	915	1,299	1,056
Filing Fees	4,071	2,320	2,320
Insurance	14,175	15,125	14,226
Office Relocation	12,542		
Miscellaneous Administration	4,437	8,653	6,368
Postage and Distribution	8,523	7,209	7,533
Printing and Stationery	5,791	10,473	7,987
Telephones	3,395	3,612	4,034
Professional - Actuary	5,967	1,119	5,355
Accounting (NZ IFRS)	-	-	-
Audit	10,350	11,813	10,688
Legal	7,470	-	-
Board of Management	12,669	19,353	22,869
Annual Meeting	7,306	10,054	9,236
Marketing	955	500	879
	290,975	275,937	292,380
Timeshare Holiday Accommodation	11,691	10,922	24,823
	11,691	10,922	24,823
	302,666	286,859	317,203
Income and Transfers			
Branch Management Charge	50,819	54,210	48,318
Loan Management Fees	1,850	1,700	1,450
Commissions Received	11,112	10,083	8,939
Other Income	315	150	150
Management Charges - Assurance Fund	58,195	55,187	58,476
Funeral Fund	29,097	27,593	29,238
Retraining Fund	500	500	500
Tertiary Bursary Fund	500	500	500
Benevolent Fund	500	500	500
Medical Assistance Fund	500	500	500
Hibernian Credit Union	-	15,547	29,238
Investments	58,195	55,187	58,476
Timeshare - Rents Received	8,690	12,260	13,070
Management Charge	1,800	1,500	1,600
Transfer from Investment Revenue	80,592	51,442	66,248
	302,666	286,859	317,203

Management charges applied to benefit funds and investments are a percentage of the Society's total administration expenses for Assurance Fund (20%), Funeral Fund (10%), Hibernian Credit Union (10%, subject to its ability to pay) and Investments (20%), with flat charges for Retraining Fund, Tertiary Bursary Fund, Benevolent Fund and Medical Assistance Fund.

18 Assurance Fund

	Note	31/3/11 \$	31/3/10 \$	31/3/09 \$
Income				
Members Contributions		177,954	195,204	198,937
Interest on Contribution Arrears		99	21,351	19,894
Transfer from Investment Revenue	16	359,572	696,109	(188,327)
Decrease in Policy Liabilities		-	38,000	141,000
		537,625	950,664	171,505
Expenditure				
Matured Policies		28,764	29,535	43,588
Death Benefits		148,747	60,112	118,218
Surrendered Policies		155,327	93,947	200,949
Lapsed Policies		-	48,921	39,695
Actuarial Fees		8,826	8,189	10,232
Agents Commissions		5,675	14,197	450
Management Charge	17	58,195	55,187	58,476
Increase in Policy Liabilities		152,000	-	-
Mis-appropriated Funds		45,170	159,593	184,188
		602,704	469,681	655,796
Net Increase / (Decrease) for the year		(65,077)	480,983	(484,291)

Of the transfer from Investment Revenue for the year ended 31 March 2011, \$67,755 is unrealised income (31 March 2010 \$366,776; 31 March 2009 \$(613,947)).

Actuarial Policies and Methods:

The effective date of the actuarial report on the policy liabilities and solvency reserves is 31 March 2011. The actuarial report was prepared by Linda Caradus, a Fellow of the New Zealand Society of Actuaries, of Melville Jessup Weaver, consulting actuaries to the Society. The actuary stated that she was satisfied as to the accuracy of data upon which the calculation of policy liabilities has been made. The amounts of policy liabilities and the solvency reserves have been determined in accordance with the methods and assumptions disclosed in these financial statements and with the standards established by the New Zealand Society of Actuaries.

b) Assumptions:

Policy liabilities have been determined in accordance with Professional Standard No. 3 – ‘Determination of Life Insurance Policy Liabilities’ issued by the New Zealand Society of Actuaries for reporting under NZ IFRS with effect from 1 January 2007. All of the business in the Society’s assurance and funeral funds are life insurance contracts with discretionary participating features. The structure of the Society is such that no planned margins are applicable.

The discount rate assumed was 6.5% after investment expenses, based on the mix of the Society’s assets and expected future returns on each asset class. The Society is not subject to taxation.

Some of the expenses are expressed per policy and some as a percentage of best estimate liabilities. Taking into account both expected inflation and future volumes of business, the per policy elements of expenses were assumed to increase at 5.0% pa in future years. The resulting expenses in the year ended 31 March 2011 were \$141 per policy for the Assurance Fund and \$39.56 per policy in the Funeral Fund.

Future mortality was assumed to be in accordance with a percentage of the NZ97 aggregate male and female tables for insured lives: Assurance Fund 80% and Funeral Fund 80 %.

Assumptions in respect of future rates of discontinuance (that is, ceasing to be in force for reasons other than death and maturity) vary according to type of contract and duration in force. The

current surrender value basis was assumed to continue throughout the life of the contracts. The discontinuance rates are based on the Society's recent and expected future experience: Assurance Fund nil and 10% and Funeral Fund nil and 5%.

The Society's rules allow for benefit increases to be made for members of the assurance and funeral funds as surpluses emerge. No allowance is made within the best estimate liabilities for future increases.

19 Funeral Fund

	Note	31/3/11 \$	31/3/10 \$	31/3/09 \$
Income				
Members Contributions		29,452	43,553	24,105
Transfer from Investment Revenue	16	142,458	285,313	(78,323)
Decrease in Policy Liabilities		-	-	-
		171,910	328,866	(54,218)
Expenditure				
Funeral Benefits		142,213	136,223	129,768
Surrendered Benefits		980	528	79
Actuarial Fees		12,542	10,716	7,449
Agents Commissions		80	510	1,270
Management Charge	17	29,097	27,593	29,238
Increase in Policy Liabilities		45,000	53,000	73,000
Mis-appropriated Funds		17,888	65,402	76,602
		247,800	293,972	317,406
Net Increase / (Decrease) for the year		(75,889)	34,894	(371,624)

Of the transfer from Investment Revenue for the year ended 31 March 2011, \$26,844 is unrealised income (31 March 2010: \$150,330; 31 March 2009: \$(255,335)).

a) Actuarial Policies and Methods:)

b) Assumptions:) As per Assurance Fund Note 18.

20 Retraining Fund

	Note	31/3/11 \$	31/3/10 \$	31/3/09 \$
Income				
Members Contributions		60	60	60
Transfer from Investment Revenue	16	591	1,174	(318)
		651	1,234	(258)
Expenditure				
Management Charge	17	500	500	500
Mis-appropriated Funds		74	269	311
		574	769	811
Net Increase / (Decrease) for the year		77	465	(1,069)

Of the transfer from Investment Revenue for the year ended 31 March 2011, \$111 is unrealised income (31 March 2010 \$618; 31 March 2009 \$(1,036)).

21 Tertiary Bursary Fund

	Note	31/3/11 \$	31/3/10 \$	31/3/09 \$
Income				
Members Contributions		3,114	3,302	4,392
Transfer from Investment Revenue	16	1,357	2,801	(791)
		4,471	6,103	3,601
Expenditure				
Bursaries Paid		2,860	4,890	5,975
Contributions Refunded to Member		5,819	-	-
Agents Commissions		-	-	90
Management Charge	17	500	500	500
Mis-appropriated Funds		170	641	773
		9,349	6,031	7,338
Net Increase / (Decrease) for the year		(4,879)	72	(3,737)

Of the transfer from Investment Revenue for the year ended 31 March 2011, \$256 is unrealised income (31 March 2010: \$1,476; 31 March 2009: \$(2,577)).

22 Benevolent Fund

	Note	31/3/11 \$	31/3/10 \$	31/3/09 \$
Income				
Transfer from Investment Revenue	16	3,001	6,246	(1,755)
		3,001	6,246	(1,755)
Expenditure				
Grants Paid		1,750	4,625	4,060
Management Charge	17	500	500	500
Mis-appropriated Funds		377	1,431	1,716
		2,627	6,556	6,276
Net Increase / (Decrease) for the year		375	(310)	(8,031)

Of the transfer from Investment Revenue for the year ended 31 March 2011, \$566 is unrealised income (31 March 2010: \$3,291; 31 March 2009: \$(5,720)).

23 Medical Assistance Fund

	Note	31/3/11 \$	31/3/10 \$	31/3/09 \$
Income				
Transfer from Investment Revenue	16	2,556	5,032	(1,324)
		2,556	5,032	(1,324)
Expenditure				
Grants Paid		-	1,000	-
Management Charge	17	500	500	500
Mis-appropriated Funds		321	1,154	(755)
		821	2,654	(255)
Net Increase / (Decrease) for the year		1,734	2,378	(1,579)

Of the transfer from Investment Revenue for the year ended 31 March 2011, \$482 is unrealised income (31 March 2010: \$2,651; 31 March 2009: \$(4,316)).

24 Holiday Accommodation Fund

This fund was established in 1989 for the purchase of holiday accommodation at timeshare resorts. The timeshares were not purchased as revenue-earning investments but as facilities for the use of members during the year. Expenditure incurred on these properties is recovered from users of the facilities by way of a rental charge.

25 Significant Events After Balance Date

An after balance date investigation by the Secretary uncovered large amounts of money that had been misappropriated from the Society. The misappropriated amount totals \$634,000 and dates back over a number of years. This has resulted in the restatement of 2010 comparatives and adjustments to opening equity.

Other than the above, there are no other significant events subsequent to the balance date and up to the time of preparation of these Financial Statements that materially affect the position as it existed at that date.

The Hibernian Credit Union common bond is membership of the Society. The Credit Union also suffered mis-appropriations similar to the Society, as referred to above. So much so as to render it insolvent. The common governing body of the two organizations has proposed to the Registrar of Friendly Societies and Credit Unions that the Credit Union shareholders become a closed share fund of the Society. This proposal would require the cooperation of several parties, including approval by Special Meetings of both the Society and the Credit Union.



Grant Thornton

Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit

Partnership

L13, AXA Centre

80 The Terrace

PO Box 10712

Wellington 6143

T +64 (0)4 474 8500

F +64 (0)4 474 8509

www.grantthornton.co.nz

To the Members of the Hibernian Catholic Benefit Society

Report on the Financial Statements

We have audited the financial statements of Hibernian Catholic Benefit Society on pages 1 to 21, which comprise the balance sheet as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Management Responsibilities

The board of management are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the board of management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that present fairly the matters to which they relate 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 entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in Hibernian Catholic Benefit Society.

Opinion

In our opinion, the financial statements on pages 1 to 21 present fairly, in all material respects, the financial position of the Hibernian Catholic Benefit Society as at 31 March 2011, and its financial performance and its cash flows, for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
24 June 2011