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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: The Hibernian Catholic Benefit Scoiety

Organisation number: 1802979

Name of branch: *(where applicable)*

Registered office: Level 5, 104 The Terrace, Wellington

Postal address: PO Box 1400, Wellington 6140

Financial year ended (DD/MM/YYYY): 31 / 03 / 2012

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	M J 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
	S M Healy	92 Pleasant Road, Titirangi, Auckland
	S P Ramsay	27 Arawa Road, Hataitai, Wellington
Trustees	G R Stewart	60 Tinakori Road, Thorndon, Wellington
	J J Sweeney	169 Wadestown Road, Wadestown, Wellington
Secretary	P M O'Brien	31 Melbourne Road, Island Bay, Wellington
Treasurer		

MEMBERSHIP

Total number of members at beginning of year	2518
Number who joined during year	26
Number who died during year	66
Number who left during year	32
Total number of members at end of year	2446

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	$	2,481,566
	INCOME	$	
	Contributions or levies	274,017	
	Timeshare	12,745	
	Other transfers from a central body or branch	49,473	
1	Investment Income	430,740	
2	Other income - Social	518	
	UFS	6,450	
	Decrease in Policy Liabilities	348000	
	Miscellaneous	11,709	
		Total Income $	1,133,652
	EXPENDITURE	$	
	Tertiary Bursary benefits	5,542	
	Benevolent grants	2,450	
	Funeral benefits	167,944	
3	Assurance	404,170	
	Medical benefits		
	Management expenses	583,290	
	Expenses incurred on properties - Timeshare	11,455	
	Levies to central body	42,315	
	Benefit Fund expenses	55,192	
4	Other expenditure - Benevolent/Social	21,977	
	Hibernian Credit Union (In Liquidation)	83,485	
	2011 Restated Policy Liabilities - Tertiary fund	17000	
	Investment expenses	750	
	Miscellaneous	23,163	
		Total Expenditure $	1,418,733
	Total Members' Equity at end of year	$	2,196,485

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, matuirty or surrender

4 Include spearately 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	1,468,472	
	Equities	2,794,415	
	Government securities	265,073	
	Local Authority and SOE securities	2,758,274	
	Term deposits	1,643,837	
	Bank accounts and cash on hand	773,523	
	Furniture, fittings & other fixed assets	66,032	
	Sundry debtors / Accounts receivable	124,942	
5	Society investment fund		
5	District investment fund		
	Other assets - UFS	77,413	
	Hibernian Credit Union (In Liquidation)	76,754	
	Miscellaneous	15,853	
	Trade Receivables	814	
		Total Assets $	10,065,402
	Less credit union investment fund		
6	**Less** branch investment fund		
	Less funds held on behalf of a central body or branch		
		Total Members Assets $	10,065,402 (A)
7	**LIABILITIES & EQUITY**		
	Sickness and funeral fund	-69,578	
	Assurance fund	1,372,576	
	Medical fund	50,575	
	Retraining fund	10,917	
	Benevolent fund	166,451	
	Tertiary Bursary fund	-109	
	Management fund	357,011	
	Holiday Accomodation fund	58,350	
	Other funds (specify) Social	39,559	
	Sundry creditors / Accounts payable	2,009	
	Reserves (specify)		
	Other liabilities - Branch other funds/member equity	152,130	
	Other liabilities - Trade payables	83,068	
	UFS	65,621	
	Hibernian Credit Union (In Liquidation)	-7,900	
	Funds on behalf of branches	18,722	
	Policy Liabilities	7,766,000	
	NOTE: TOTALS (A) & (B) MUST BE IDENTICAL	*Total Liabilities & Equity $*	10,065,402 (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 liabliities - 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 $3,516.49

..... Secretary 28 June '12 Date

The Hibernian Catholic Benefit Society

Statement of Comprehensive Income for the year ended 31 March 2012

	Note	31/3/12 $	31/3/11 $	31/3/10 $
Income				
Investment and Loan Income	5-6	330,119	650,125	1,111,565
Members Contributions to Benefit Funds	18-21	210,006	210,679	263,470
Other Income	17-19	72,662	74,586	95,450
Decrease in Policy Liabilities		348,000	-	-
		960,786	**935,390**	**1,470,485**
Expenditure				
Investment Expenses	16	750	1,800	8,261
Administration Routine Expenses	17	253,701	260,193	275,937
Administration Non-Routine Expenses	17	286,110	30,781	-
Members Benefits and Fund Expenses	18-23	576,902	486,460	379,781
Other Expenses	17-21	66,647	38,813	44,534
Increase in Policy Liabilities		-	214,000	15,000
Mis-appropriated Funds	25	-	64,000	185,000
		1,184,110	**1,096,048**	**908,513**
Net Surplus / (Deficit) for the year		**(223,324)**	**(160,658)**	**561,972**
Other Comprehensive Income				
Other Comprehensive Income for the year		-	-	-
Total Comprehensive Income (Loss) for the year		**(223,324)**	**(160,658)**	**561,972**

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 2012

	Note	31/3/12	31/3/11	31/3/10
Assets				
Cash and Cash Equivalents	3	1,868,414	1,594,272	1,814,610
Interest Receivable		124,942	94,858	85,653
Trade Receivables		814	-	-
Financial Assets	4	5,817,762	6,262,765	6,469,850
Loans to Members	4	1,468,472	1,831,546	1,360,834
Hibernian Credit Union Current Account	12	-	5,976	3,347
Property, Plant and Equipment	7	64,297	65,898	82,231
Total Assets		**9,344,701**	**9,855,315**	**9,816,525**
Liabilities				
Branch Dues Payable		18,722	19,073	18,855
Trade Payables		83,068	22,008	19,461
Employee Entitlements		-	-	17,317
Policy Liabilities - Assurance Fund	18	5,224,000	5,446,000	5,294,000
Policy Liabilities - Funeral Fund	18	2,525,000	2,651,000	2,606,000
Policy Liabilities – Tertiary Fund		17,000	17,000	-
Total Liabilities		**7,867,785**	**8,155,081**	**7,955,633**
Net Assets		**1,476,911**	**1,700,234**	**1,860,892**
Represented by:				
		$	**$**	**$**
Members Equity	2			
Assurance Fund	18	1,372,576	1,487,860	1,552,937
Funeral Fund	19	(69,578)	30,784	106,673
Retraining Fund	20	10,917	11,339	11,262
Tertiary Bursary Fund	21	(109)	3,965	25,844
Benevolent Fund	22	54,768	57,528	57,153
Medical Assistance Fund	23	49,987	50,408	48,674
Holiday Accommodation Fund	24	58,350	58,350	58,350
		1,476,911	**1,700,234**	**1,860,892**

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 2012

	31/3/12	31/3/11	31/3/10
	$	$	$
Balance as at 1 April	**1,700,234**	**1,860,892**	**1,637,149**
Prior Period Adjustment	-	-	(338,229)
Revised Opening Balance	1,700,234	1,860,892	1,298,920
Total Comprehensive Income (Loss) for the year	(223,324)	(160,658)	561,972
Other Comprehensive Income	-	-	-
Balance as at 31 March	**1,476,911**	**1,700,234**	**1,860,892**
Changes in Equity for the individual funds are as follows:			
Assurance Fund			
Opening Balance	1,487,860	1,552,937	1,276,900
Prior Period Adjustment	-	-	(248,437)
Comprehensive Income (Loss) for the year	(115,285)	(65,077)	524,473
Surplus Not Allocated to Policies	**1,372,576**	**1,487,860**	**1,552,937**
Funeral Fund			
Opening Balance	30,784	106,673	157,014
Prior Period Adjustment	-	-	(85,235)
Comprehensive Income (Loss) for the year	(100,361)	(75,889)	34,894
Surplus Not Allocated to Policies	**(69,578)**	**30,784**	**106,673**
Retraining Fund			
Opening Balance	11,339	11,262	11,143
Prior Period Adjustment	-	-	(346)
Comprehensive Income (Loss) for the year	(422)	77	465
Closing Balance	**10,917**	**11,339**	**11,262**
Tertiary Bursary Fund			
Opening Balance	3,965	25,844	26,633
Prior Period Adjustment	-	-	(861)
Comprehensive Income (Loss) for the year	(4,074)	(21,878)	72
Closing Balance	**(109)**	**3,965**	**25,844**
Benevolent Fund			
Opening Balance	57,528	57,153	59,373
Prior Period Adjustment	-	-	(1,910)
Comprehensive Income (Loss) for the year	(2,760)	375	(310)
Closing Balance	**54,768**	**57,528**	**57,153**
Medical Assistance Fund			
Opening Balance	50,408	48,674	47,736
Prior Period Adjustment	-	-	(1,441)
Comprehensive Income (Loss) for the year	(421)	1,734	2,378
Closing Balance	**49,987**	**50,408**	**48,674**
Holiday Accommodation Fund			
Opening Balance	58,350	58,350	58,350
Closing Balance	**58,350**	**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 2012

	Note	31/3/12	31/3/11	31/3/10
			$	$
Cash Flows from Operating Activities				
Cash was provided from:				
Investment and Loan Income		548,628	532,718	505,641
Other Income		72,662	74,586	95,450
Members Contributions to Benefit Funds		209,654	210,897	262,982
		830,944	**818,202**	**864,073**
Cash was applied to:				
Members Benefits Paid and related expenses		610,046	513,582	413,393
Payments to suppliers and employees		511,467	303,310	276,533
		1,121,513	**816,893**	**689,926**
Net Cash Inflow / (Outflow) from Operating Activities	8	**(290,569)**	**1,309**	**174,147**
Cash Flows from Investing Activities				
Cash was provided from:				
Decrease in Investments		361,955	465,110	1,475,222
Decrease in Loans		436,740	5,411	192,573
Sale of Equipment		-	2,207	
		798,695	**472,728**	**1,667,795**
Cash was applied to:				
Increase in Investments		165,543	137,800	1,356,599
Investment Expenses		750	1,800	8,261
Increase in Loans		73,666	488,147	253,000
Mis-appropriated Funds	25	-	64,000	185,000
Purchase of Property, Plant and Equipment		-	-	-
		239,959	**691,747**	**1,802,860**
Net Cash Inflow / (Outflow) from Investing Activities		**558,736**	**(219,019)**	**(135,065)**
Cash Flows from Financing Activities				
Cash was provided from:				
Hibernian Credit Union Current Account		5,976	-	17,824
		5,976	-	**17,824**
Cash was applied to:				
Hibernian Credit Union Current Account		-	2,629	-
		-	**2,629**	-
Net Cash Inflow / (Outflow) from Financing Activities		**5,976**	**(2,629)**	**17,824**
Net Increase / (Decrease) in Cash Held		274,143	(220,338)	56,906
Opening Cash Balance		1,594,272	1,814,610	1,757,704
Closing Cash Balance		**1,868,414**	**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 2012

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 whole-of-life and endowment insurance. All operations are based in New Zealand.

The Society has a provisional insurance license from the Reserve Bank of New Zealand (refer Note 15).

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.

To ensure consistency with the current period, comparative figures have been restated where appropriate.

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.

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

The Board anticipates 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 22 June 2012.

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, over the period earned, 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. Surpluses have arisen from a number of factors, mainly improved mortality.

(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.

(iii) Profit Carriers:

Because the Society is a mutual, there is no 'profit carrier' (as defined in IFRS-4) used in the determination of the policy liabilities. The methodology for calculating the policy liabilities for the Assurance and Funeral Funds is a roll-up of the policy-related income and outgoings. The surplus in the Funds over and above the actuary's best estimates of the liabilities at each valuation is considered an allowance for future bonuses and benefit increases and all of the surplus belongs to the members of the Funds.

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. 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 statement of comprehensive income.

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 statement of comprehensive income.

(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 statement of comprehensive income.

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.

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 statement of comprehensive income. 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 statement of comprehensive income 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 previous balance date (refer Note 4b). There were no other 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 Benge 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 investment income as either realised or unrealised movement.

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

	31/3/12	31/3/11	31/3/10
		$	$
Cash at bank	68,913	82,808	206,623
Call Deposits	616,013	780,414	607,987
Term Deposits	1,183,488	731,050	1,000,000
	1,868,414	**1,594,272**	**1,814,610**

Interest rates earned on cash and cash equivalents ranged from 0.25% to 4.5% pa for the period to 31 March 2012 (31 March 2011: 0.25% - 8.35%; 31 March 2010: 0.25% - 8.35%). 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

	31/3/12	31/3/11	31/3/10
		$	$
Financial assets at fair value through profit or loss			
Equities:			
New Zealand	454,391	496,498	466,855
Australia	1,252,015	1,420,564	1,381,128
United Kingdom	191,801	211,047	231,470
Other International	296,878	323,062	311,765
Property (New Zealand & Australia)	599,330	576,339	576,789
	2,794,415	3,027,510	2,968,007
Fixed Interest Securities:			
NZ Government Stock	-	258,306	103,493
Auckland City Council	265,073	102,101	199,491
Bank Bonds	1,047,753	1,009,517	1,024,925
Corporate Bonds	1,710,521	1,865,331	2,173,935
	3,023,347	3,235,255	3,501,843
Total Financial Assets	**5,817,762**	**6,262,765**	**6,469,850**
Loans and Receivables			
Loans to Members – secured by mortgage over real estate	1,274,443	1,645,380	1,228,257
Loans to Members – life policy and other loans	194,029	186,165	132,578
	1,468,472	**1,831,546**	**1,360,834**
	7,286,234	**8,094,311**	**7,830,684**

Maturity analysis is as follows:

	Total	0-6 months	6-12 months	12-18 months	18-24 months	24 + months
	$	$	$	$	$	$
Investments	5,817,762	-	-	463,788	158,313	5,195,661
Loans to Members	1,468,472	60,896	58,203	54,950	55,619	1,238,804
	7,286,234	**60,896**	**58,203**	**518,738**	**213,932**	**6,434,465**

Effective return on financial assets is as follows:

	31/3/12	31/3/11	31/3/10
Investments	1.99%	7.74%	15.64%
Loans to Members	9.24%	7.40%	5.63%

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 2011 balance sheet date (nil at 2012), this was a debenture with a face value of $100,000 in Dominion Finance Group Limited (In Receivership) for which an impairment expense in accordance with the Receivers' estimate was made 31 March 2009. As at 31 March 2012 there were no Past Due Assets (loans in arrears) (31 March 2011: Nil; 31 March 2010: Nil).

5 Income on Investments and Loans

	31/3/12	31/3/11	31/3/10
	$	$	$
Interest on Bank Deposits	57,791	64,132	65,829
Dividends on New Zealand Equities	21,074	15,290	21,628
Dividends on Australian Equities	65,105	57,359	48,198
Dividends on UK Equities	9,383	8,207	11,347
Dividends on Property Equities	36,860	39,038	36,062
Interest on Fixed Interest Securities	236,081	252,340	251,113
Interest on Loans to Members	152,417	93,533	72,108
	578,711	**529,899**	**506,285**

6 Gain / (Loss) on Investments

	31/3/12	31/3/11	31/3/10
	$	$	$
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	(163)	-	(11,245)
	(163)	**9,360**	**60,532**
Unrealised Gain / (Loss) New Zealand Equities	(45,859)	29,643	57,154
Unrealised Gain / (Loss) Australian Equities	(168,549)	72,214	282,730
Unrealised Gain / (Loss) UK Equities	(19,246)	(20,424)	14,158
Unrealised Gain / (Loss) International Equities	(26,184)	11,298	50,400
Unrealised Gain / (Loss) Property Equities	22,991	(450)	39,943
Unrealised Gain / (Loss) Fixed Interest Securities	(11,582)	18,585	100,363
	(248,429)	**110,866**	**544,748**
	(248,592)	**120,226**	**605,280**
Total Investment and Loan Income	**330,119**	**650,125**	**1,111,565**

7 Property, Plant and Equipment Depreciation Schedule as at 31 March 2012

	Cost	Opening Book Value 1/4/11	Additions/ Disposals	Loss on Disposal	Depreciation Current Year	Depreciation Period (yrs)	Accumulated Depreciation	Closing Book Value 31/3/12
	$	$	$	$	$		$	$
104 The Terrace								
Furniture	5,953	2,325	-	-	597	10	4,225	1,728
Computer	5,018	2,542	-	-	1,004	5	3,480	1,538
Timeshare	61,032	61,032	-	-	-	-	-	61,032
	72,003	**65,898**	-	-	1,601		7,705	64,298

	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**

8 Reconciliation of Net Operating Cash Flows to Surplus

	31/3/12	31/3/11	31/3/10
	$	$	$
Reported Surplus / (Deficit)	**(223,324)**	**(160,658)**	**561,972**
add / (less) Items Classified as Investing Activity:			
Realised Gain / (Loss) on Investments	(163)	9,360	60,532
Unrealised Gain / (Loss) on Investments	(248,429)	110,866	544,748
Investment Expenses	(750)	(1,800)	(8,261)
Increase / (Decrease) in Interest Receivable	30,083	9,206	23,812
	219,259	**(127,632)**	**(620,831)**
add Non Cash Items:			
Depreciation	1,601	1,601	8,091
Loss on Disposal Property, Plant & Equipment	-	12,524	-
Increase / (Decrease) in Policy Liabilities	(348,000)	214,000	15,000
	(346,399)	**228,125**	**23,091**
add / (less) Movements in Working Capital:			
Mis-appropriated Funds		76,026	208,168
(Increase) / Decrease in Trade Receivables	(814)	-	-
Increase / (Decrease) in Members Advance Contributions	(351)	218	(488)
Increase / (Decrease) in Trade Payables	61,057	2,547	1,454
Increase / (Decrease) in Employee Entitlements	-	(17,317)	781
	59,892	**61,474**	**209,915**
Net Operating Cash Flows	**(290,568)**	**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 2012 there were no commitments for capital expenditure, and no undrawn first mortgage loans (31 March 2011: Nil; 31 March 2010: Nil). There were no undrawn loans on life policy (31 March 2011: Nil; 31 March 2010: Nil).

11 Contingent Liabilities and Assets

The Society had no contingent liabilities as at 31 March 2012 (31 March 2011: Nil; 31 March 2010: Nil).

The Society is negotiating with Vero, its fidelity insurers in respect of the fraud discovered in May 2011. Vero have made a without prejudice offer of $150,000. Negotiations continue.

12 Related Party Transactions

a) Hibernian Credit Union Current Account:

The Society undertook the administration expenditure for the Hibernian Credit Union. The Credit Union had 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 administered the Credit Union for little or no reward.

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

The Credit Union was not a subsidiary and had 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 2011 year its administration was outsourced to Munro Benge Chartered Accountants Limited of Wellington. Amounts paid to that

firm are shown in Note 17. A director of that firm, Philip O'Brien, is a member of the Society and its Secretary.
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 whole of life and endowment insurance members' funds. All operations are based in New Zealand.

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 be 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 15% with maturities spread over periods of up to 25 years, apart from home equity loans introduced in October 2000 (total exposure 31 March 2012: $328,427; 31 March 2011: $788,557; 31 March 2010: $687,686) 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:

	31/3/12		Sensitivity Analysis			
	Carrying Value $	**Actual Return 3.27%**	**Return 2.27%**	**Impact on Surplus**	**Return 4.27%**	**Impact on Surplus**
Bank Deposits	1,868,413	57,791	40,106	(17,685)	75,476	17,685
	Carrying Value $	**Actual Return 7.12%**	**Return 6.12%**	**Impact on Surplus**	**Return 8.12%**	**Impact on Surplus**
Fixed Interest Securities	3,023,347	224,336	192,838	(31,498)	255,835	31,498
	Carrying Value $	**Actual Return 9.9%**	**Return 8.9%**	**Impact on Surplus**	**Return 10.9%**	**Impact on Surplus**
Loans to Members	1,468,471	152,417	137,029	(15,388)	167,805	15,388

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 Society is a small life insurer, having relatively few policies on issue. Therefore the benefit totals in any year cannot be predicted within a narrow range. To manage this inherent uncertainty, the Society keeps ample cash and short term bank deposits.

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	1,885,089	1,681,339	203,750	-	-	-
Financial Assets	3,512,220	113,797	113,797	407,797	396,297	2,480,532
Loans to Members	1,764,506	106,481	101,896	96,836	95,799	1,363,494
Interest Receivable	124,942	124,942	-	-	-	-
	7,286,757	**2,026,559**	**419,443**	**504,633**	**492,096**	**3,844,026**
Monetary Liabilities Payable						
Branch Dues Payable	18,722	18,722	-	-	-	-
Trade Payables	83,064	83,064	-	-	-	-
	101,786	**101,786**	-	-	-	-

Loan terms vary but all loans are on demand.

	31/3/12	31/3/11	31/3/10
The monthly repayments on loans for the period represent an average loan term of	89 months	108 months	134 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	33%	50%	35%

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 $5,817,762 invested in instruments quoted on public securities exchanges. These financial instruments are subject to price fluctuations.

Sensitivity analysis is as follows:

	31/3/12		Sensitivity Analysis			
	Carrying Value $	Unrealised Gain / (Loss)	10% Price Decrease	Impact on Equity	10% Price Increase	Impact on Equity
Equities	2,794,415	(236,847)	2,514,973	(279,442)	3,073,857	279,442
Fixed Interest Securities	3,023,348	(11,582)	2,721,013	(302,335)	3,325,683	302,335
	5,817,762	**(248,429)**	**5,235,986**	**(581,777)**	**6,399,540**	**581,777**

15 **Solvency Statement and Reserve Bank Conditions for Licence**

The Society has determined that the surplus of $1,372,576 in the Assurance Fund and the deficit of ($69,578) in the Funeral Fund, as at 31 March 2012, should be retained in the respective funds. The Society does not meet the Reserve Bank's criteria for adequate margin of solvency in excess of best estimate liabilities to members.

In order to continue to insure, the Society's provisional licence will have to be upgraded to a full licence by 7 September 2013. There are two significant issues to be resolved. The Society is to meet the solvency margin as calculated according to a Reserve Bank formula; and its Board Members and Secretary to be judged "fit and proper". The handicap to fitness and propriety is having been on the Committee of an insolvent financial institution, the Hibernian Credit Union (in liquidation). The Society is in the process of implementing changes proposed by its appointed actuary so as to attain the required solvency margin, and has made representations to the Reserve Bank as to the fitness and propriety of Board Members who were on the Committee of the Hibernian Credit Union.

16 **Investment Revenue Account**

	Note	31/3/12	31/3/11 $	31/3/10 $
Income				
Income on Investments and Loans	5	578,711	529,898	506,285
Realised Gain / (Loss) on Investments	6	(163)	9,360	60,532
Unrealised Gain / (Loss) on Investments	6	(248,429)	110,866	544,748
		330,119	**650,124**	**1,111,565**
Expenses				
Investment Consultancy Charges		750	1,800	1,884
Investment Brokerage Fees		-	-	6,377
Investment Impairment Expense		-	-	-
Management Charge	17	107,962	58,195	55,187
		108,712	**59,995**	**63,448**
Net Investment Revenue for the year		**221,406**	**590,129**	**1,048,117**
Transfer to Assurance Fund	18	10,493	359,573	696,109
Transfer to Funeral Fund	19	3,995	142,458	285,313
Transfer to Retraining Fund	20	18	591	1,174
Transfer to Tertiary Bursary Fund	21	33	1,357	2,801
Transfer to Benevolent Fund	22	90	3,001	6,246
Transfer to Medical Assistance Fund	23	79	2,557	5,032
Transfer to Management Fund	17	206,699	80,592	51,442
		221,406	**590,129**	**1,048,117**

17 Management Fund

		31/3/12 $	31/3/11 $	31/3/10 $
Administration Expenses				
Staff Salaries and Related Expenses (prior to outsourcing)		-	51,151	122,831
Rent and Related Occupancy		-	21,706	47,102
Equipment and Software Support		950	4,351	6,383
Depreciation		1,601	1,601	8,091
Operating -	Munro Benge Admin Services Fee	143,187	95,360	-
	Fees and Subscriptions	1,634	915	1,299
	Filing Fees	2,327	4,071	2,320
	Insurance	1,708	14,175	15,125
	Miscellaneous Administration	734	4,437	8,653
	Postage and Distribution	8,597	8,523	7,209
	Printing and Stationery	5,940	5,791	10,473
	Telephones	1,614	3,395	3,612
Professional -	Actuary	24,369	5,967	1,119
	Accounting (NZ IFRS)		-	-
	Audit	8,050	10,350	11,813
	Systems & Procedures Review	8,188	-	-
	Legal	-	7,470	-
Board of Management		20,317	12,669	19,353
Annual Meeting		8,339	7,306	10,054
Marketing		16,147	955	500
		253,702	**260,194**	**275,937**
Non Routine Expenses				
Loss on Disposal of Property, Plant & Equipment		-	12,524	-
Admin Services – Munro Benge		131,709	5,715	-
Office Relocation		-	12,542	-
Postage & Distribution		1,500	-	-
Legal		149,058	-	-
Board of Management		3,843	-	-
		286,110	**30,781**	**-**
Timeshare Holiday Accommodation		**11,455**	**11,691**	**10,922**
		551,267	**302,666**	**286,859**
Income and Transfers				
Branch Management Charge		49,473	50,819	54,210
Loan Management Fees		-	1,850	1,700
Commissions Received		10,248	11,112	10,083
Other Income		196	315	150
Management Charges -	Assurance Fund	107,962	58,195	55,187
	Funeral Fund	53,981	29,097	27,593
	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
	Investments	107,962	58,195	55,187
Timeshare -	Rents Received	10,325	8,690	12,260
	Management Charge	2,420	1,800	1,500
Transfer from Investment Revenue		206,699	80,592	51,442
		551,267	**302,666**	**286,859**

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

Income	Note	31/3/12 $	31/3/11 $	31/3/10 $
Members Contributions		178,283	177,954	195,204
Interest on Contribution Arrears		7,314	99	21,351
Transfer from Investment Revenue	16	10,492	359,572	696,109
Decrease in Policy Liabilities		222,000	-	38,000
		418,089	**537,625**	**950,664**
Expenditure				
Matured Policies		21,767	28,764	29,535
Death Benefits		209,787	148,747	60,112
Surrendered Policies		158,088	155,327	93,947
Lapsed Policies		14,528	-	48,921
Actuarial Fees		20,510	8,826	8,189
Agents Commissions		731	5,675	14,197
Management Charge	17	107,962	58,195	55,187
Increase in Policy Liabilities		-	152,000	-
Mis-appropriated Funds		-	45,170	116,103
		533,375	**602,704**	**426,191**
Net Increase / (Decrease) for the year		**(115,285)**	**(65,077)**	**524,473**

Of the transfer from Investment Revenue for the year ended 31 March 2012, ($11,781) is unrealised income (31 March 2011 $67,755; 31 March 2010 366,766).
The Society's appointed actuary, Linda Caradus of Melville Jessup Weaver in her reports of 21 June 2012 on the Assurance Fund and the Funeral Fund recorded the Best Estimate Liabilities on policies for those financial statements. Best estimate liabilities for the Assurance Fund was $5,224,000 (2011: $5,446,000; 2010: $5,294,000) and for the Funeral fund was $2,525,000 (2011: $2,651,000; 2010: $2,606,000).

Actuarial Policies and Methods:
The effective date of the actuarial report on the policy liabilities and solvency reserves is 31 March 2012. 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 and the Reserve Bank of New Zealand.
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 (2011: 6.5%; 2010: 6.5%), 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 2013 were $135.13 per policy (2011: $141; 2010: $128) for the Assurance Fund and $38.21 per policy (2011: $39.56; 2010: $35) 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% (2011: 80%; 2010: 80%) and Funeral Fund 80%. (2011:80%; 2010: 90%).
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 between nil and 10% (2011: between nil and 10%; 2010: between 2% and 10%) and Funeral Fund between nil and 5% (2011: between nil and 5%; 2010: between nil and 5%).
The effect of the changes to these underlying assumptions was to increase surplus for 2012 in the Funeral Fund by $74,000, and in the Assurance Fund by $157,000.
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	31/3/12	31/3/11 $	31/3/10 $
Income				
Members Contributions		22,314	29,452	43,553
Transfer from Investment Revenue	16	3,995	142,458	285,313
Decrease in Policy Liabilities		126,000	-	-
		152,309	**171,910**	**328,866**
Expenditure				
Funeral Benefits		164,595	142,213	136,223
Surrendered Benefits		143	980	528
Actuarial Fees		33,741	12,542	10,716
Agents Commissions		210	80	510
Management Charge	17	53,981	29,097	27,593
Increase in Policy Liabilities		-	45,000	53,000
Mis-appropriated Funds		-	17,888	65,402
		252,671	**247,800**	**293,972**
Net Increase / (Decrease) for the year		**(100,361)**	**(75,889)**	**34,894**

Of the transfer from Investment Revenue for the year ended 31 March 2012, ($4,486) is unrealised income (31 March 2011: $26,844; 31 March 2010: $150,330).

a) Actuarial Policies and Methods:)
b) Assumptions:) As per Assurance Fund Note 18.

20 Retraining Fund

	Note	31/3/12	31/3/11 $	31/3/10 $
Income				
Members Contributions		60	60	60
Transfer from Investment Revenue	16	18	591	1,174
		78	**651**	**1,234**
Expenditure				
Management Charge	17	500	500	500
Mis-appropriated Funds		-	74	269
		500	**574**	**769**
Net Increase / (Decrease) for the year		**(422)**	**77**	**465**

Of the transfer from Investment Revenue for the year ended 31 March 2012, ($20) is unrealised income (31 March 2011 $111; 31 March 2010 $618).

21 Tertiary Bursary Fund

	Note	31/3/12	31/3/11 $	31/3/10 $
Income				
Members Contributions		1,935	3,115	3,302
Transfer from Investment Revenue	16	33	1,357	2,801
		1,968	**4,472**	**6,103**
Expenditure				
Bursaries Paid		2,674	2,860	4,890
Contributions Refunded to Member		2,868	5,819	-
Agents Commissions		-	-	-
Management Charge	17	500	500	500
Increase in Policy Liabilities		-	17,000	-
Mis-appropriated Funds		-	171	641
		6,042	**26,350**	**6,031**
Net Increase / (Decrease) for the year		**(4,074)**	**(21,878)**	**72**

Of the transfer from Investment Revenue for the year ended 31 March 2012, ($37) is unrealised income (31 March 2011: $256; 31 March 2010: $1,476).

22 Benevolent Fund

	Note	31/3/12	31/3/11 $	31/3/10 $
Income				
Credit Union donation		100	-	-
Transfer from Investment Revenue	16	90	3,001	6,246
		190	**3,001**	**6,246**
Expenditure				
Grants Paid		2,450	1,750	4,625
Management Charge	17	500	500	500
Mis-appropriated Funds		-	377	1,431
		2,950	**2,627**	**6,556**
Net Increase / (Decrease) for the year		**(2,760)**	**375**	**(310)**

Of the transfer from Investment Revenue for the year ended 31 March 2012, ($101) is unrealised income (31 March 2011: $566; 31 March 2010: $3,291).

23 Medical Assistance Fund

	Note	31/3/12	31/3/11 $	31/3/10 $
Income				
Transfer from Investment Revenue	16	79	2,556	5,032
		79	**2,556**	**5,032**
Expenditure				
Grants Paid		-	-	1,000
Management Charge	17	500	500	500
Mis-appropriated Funds		-	321	1,154
		500	**821**	**2,654**
Net Increase / (Decrease) for the year		**(421)**	**1,734**	**2,378**

Of the transfer from Investment Revenue for the year ended 31 March 2012, ($88) is unrealised income (31 March 2011: $482; 31 March 2010: $2,651).

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

There are no significant events subsequent to the balance date and up to the time of preparation of these financial statements, which materially affect the position as it existed at that date.

On 1 June 2012 the Society filed a Statement of Claim in the High Court at Wellington against Grant Thornton, Chartered Accountants, the former auditors of the Society for $574,000.

WHK

Level 6 Westfield Tower 45 Knights Road
Lower Hutt Wellington New Zealand

PO Box 30-568
Lower Hutt 5040

T 04 569 9069
F 04 566 6077

wellington@whk.co.nz
www.whk.co.nz

INDEPENDENT AUDITOR'S REPORT

To the Members of The Hibernian Catholic Benefit Society ("the Society")

Report on the Financial Statements

We have audited the financial statements of the Society on pages 1 to 21, which comprise the balance sheet as at 31 March 2012, 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's Responsibility for the Financial Statements

The Board of Management is responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 the financial statements 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 the Society.

Basis for Qualified Opinion on Opening Balances and Financial Performance

We were appointed auditors of the Society on 9 May 2012. As part of our requirements to obtain sufficient, appropriate audit evidence over the opening balances, we were unable to obtain full access to the previous auditor's working paper file. Accordingly, we were unable to obtain an understanding of the previous auditor's approach and therefore unable to satisfy ourselves whether the opening balances are free from material misstatement. We were also unable to satisfy ourselves by alternative means. Since the opening balances affect the financial performance of the Society, we were unable to determine whether adjustments to the financial performance and opening retained earnings might be necessary for 2011 and 2012. Our audit opinion on the current year's financial statements is also modified because of

the possible effect of this matter on the comparability of the current year's figures and the corresponding prior years' figures.

Qualified Opinion on Opening Balances and Financial Performance

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements on pages 1 to 3 and 5 to 21 present fairly, in all material respects, the financial position of the Hibernian Catholic Benefit Society as at 31 March 2012, and its financial performance and changes in equity for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Opinion on Cash Flows

In our opinion, the statement of cash flows on page 4 presents fairly, in all material respects, the cash flows of the Hibernian Catholic Benefit Society for the year ended 31 March 2012.

Other Matter

The financial statements of the Hibernian Catholic Benefit Society for the year ended 31 March 2011, were audited by another auditor who expressed an unmodified opinion on those statements on 24 June 2011.

WHK

WHK Wellington Partnership
CHARTERED ACCOUNTANTS

29 June 2012