

**The Presbyterian Insurance Group Fund**

**Financial Statements**

**For the Year ended 30 June 2013**

**This package comprises 7 pages including this cover sheet**

**The Presbyterian Insurance Group Fund**  
**Statement of Financial Performance**  
**For the Year Ended 30 June 2013**

	Note	June 2013 \$	June 2012 \$
<b>Income</b>			
Insurance Premiums		6,492,862	6,489,858
Less Discounts		<u>(265,679)</u>	<u>(533,678)</u>
<b>Net Insurance Premiums</b>		<b>6,227,183</b>	<b>5,956,180</b>
Valuation Fees Charged		323,752	200,826
Administration Fees Charged		972,139	898,014
Interest Earned		<u>127,266</u>	<u>89,584</u>
<b>Total Income</b>		<b>7,650,340</b>	<b>7,144,604</b>
<b>Expenditure</b>			
Insurance Premiums		6,404,097	5,002,782
Provision for Doubtful Debt		-	150,000
Property Valuations		349,181	235,808
Administration Fees	2	340,366	417,674
Insurance Claims - Current Year		78,163	244,226
Insurance Claims - Prior Years		(175,467)	-
Miscellaneous Costs		<u>162,286</u>	<u>49,534</u>
<b>Total Expenditure</b>		<b>7,158,626</b>	<b>6,100,024</b>
<b>Net Surplus</b>	5	<u><b>491,714</b></u>	<u><b>1,044,580</b></u>

This statement is to be read in conjunction with the Notes to Financial Statements.

**The Presbyterian Insurance Group Fund**  
**Statement of Financial Position**  
**As at 30 June 2013**

	Note	June 2013	June 2012
<b>Current Assets and Deposits</b>		\$	\$
Cash at Bank		25,428	89,831
Prepayments		2,138,155	1,816,040
Accounts Receivable	3	107,696	292,865
Presbyterian Investment Fund	4	1,632,998	1,929,429
<b>Total Current Assets</b>		<b>3,904,277</b>	<b>4,128,165</b>
<b>Current Liabilities</b>			
Creditors and Accruals		119,279	93,163
Deferred Income		1,945,696	2,423,460
Insurance Claims Payable		140,891	404,844
<b>Total Current Liabilities</b>		<b>2,205,866</b>	<b>2,921,467</b>
<b>Net Assets</b>		<b>1,698,411</b>	<b>1,206,698</b>
Opening Equity		1,206,698	162,118
Current Year Surplus		491,714	1,044,580
<b>Closing Equity</b>		<b>1,698,411</b>	<b>1,206,698</b>

**Statement of Movements in Equity**  
**For the Year Ended 30 June 2013**

	June 2013	June 2012
	\$	\$
Opening Equity	1,206,698	162,118
Current Year Surplus	491,714	1,044,580
<b>Closing Equity</b>	<b>1,698,411</b>	<b>1,206,698</b>

For and on behalf of the Presbyterian Insurance Group who authorised the issue of these Financial Statements

Cunny Atchison - Convenor

Douglas Langford – Secretary

This statement is to be read in conjunction with the Notes to Financial Statements.

**The Presbyterian Insurance Group Fund**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2013**

Net Cash Flows from Operating Activities	Note	June 2013 \$	July 2012 \$
<b>Cash was provided from</b>			
Receipts from Parishes		7,250,177	8,963,565
<b>Cash was Disbursed for:</b>			
Insurance Premiums		(6,726,212)	(6,409,841)
Administration Fees		(825,717)	(826,253)
Insurance Claims		(166,649)	(232,947)
		<u>(7,718,579)</u>	<u>(7,469,041)</u>
<b>Net Cash Inflow/(Outflow) from Operations</b>	<b>5</b>	<b>(468,402)</b>	<b>1,494,524</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash was Provided from</b>			
Decrease/(increase) in PIF Deposit		404,000	(1,429,983)
<b>Increase/(Decrease) in Cash</b>		<u>(64,402)</u>	<u>64,541</u>
Bank Balance 1 July		89,831	25,290
<b>Closing Bank Balance</b>		<u>25,429</u>	<u>89,831</u>

This statement is to be read in conjunction with the Notes to Financial Statements.

# **Presbyterian Insurance Group Fund**

## **Notes to the Financial Statements**

### **1. Statement of Accounting Policies**

#### **a) Reporting Entity**

The reporting entity is The Presbyterian Insurance Group Fund ("The Fund"). The Presbyterian Insurance Group Committee is the governing body of the Fund and is responsible for the administration and management of insurance arrangements on behalf of its members. The members of the Fund are primarily the Parishes of The Presbyterian Church of Aotearoa New Zealand, Presbyterian Schools and Colleges and those regional divisions of Presbyterian Support that have elected to participate in the Fund.

The reporting entity arranges the insurance requirements of its members, levies the premiums required from those members and accounts for the payment of premiums required by the broker to effect such insurance cover. In the exercise of these arrangements the Fund retains an agreed portion of the premiums and holds these as a first loss fund from which to meet admitted insurance claims. Costs of administration and brokerage are deducted from the amounts charged to the insured entities to provide the Fund with liquidity.

The Financial Statements of the Fund have been prepared in accordance with generally accepted accounting practice.

#### **b) Measurement Base**

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed.

#### **c) Specific Accounting Policies**

The following specific accounting policies, which materially effect the measurement of financial performance and the financial position, have been applied.

##### **(i) Accounts Receivable**

Accounts Receivable are stated at their estimated realisable value.

##### **(ii) Taxes**

###### **Income Tax**

The Fund, being a service operation for the benefit of organisations that are themselves exempt from income tax, has no liability for taxation.

###### **Goods and Services Tax**

The Financial Statements have been prepared on a GST inclusive basis.

##### **(iii) Financial Instruments**

Financial instruments recognised in the statement of financial position include cash balances, receivables and payables, and investments.

##### **(iv) Revenue recognition**

Insurance premium income is recognised when invoiced to members. Interest income is recognised when earned.

#### **d) Changes In Accounting Policies**

There have been no changes in accounting policy in the year to 30 June 2013.

#### **e) Prior Year Comparatives**

Where necessary, prior year comparative numbers have been reclassified to reflect current year presentation.

## 2. Administration Fees Paid

	June 2013	June 2012
	\$	\$
Presbyterian Church	132,327	123,520
AON	189,750	202,684
AON Claims Handling Fees	6,789	30,016
Church Property Trustees	11,500	11,964
Administration Secretary	-	49,490
	<u>340,366</u>	<u>417,674</u>

## 3. Accounts Receivable

	June 2013	June 2012
	\$	\$
Accounts Receivable	262,684	448,272
Less Provision for Doubtful Debts	(154,988)	(155,407)
Net Receivables	<u>107,696</u>	<u>292,865</u>

## 4. Related Party Transactions

	June 2013	June 2012
	\$	\$
Presbyterian Investment Fund Deposit	1,632,998	1,929,429
Interest Income on PIF Deposit	107,569	89,584

## 5. Reconciliation of Net Surplus with the Net Cash Flow from Operating Activities

	June 2013	July 2012
	\$	\$
Net Surplus for the Year	491,714	1,044,580
<b>Adjustments for Non Cash Items</b>		
Interest Accrued	(107,569)	(89,584)
<b>Adjustments for Movements in Working Capital</b>		
Decrease/(Increase) in Accounts Receivable	185,169	(213,959)
Increase in Prepayments	(322,115)	(1,399,725)
Increase in Accounts Payable	26,116	26,763
Increase/(Decrease) in Claims Payable	(263,953)	11,279
Increase/(Decrease) in Deferred Income	(477,764)	2,115,170
	<u>(852,547)</u>	<u>539,528</u>
Net Cash Outflow From Operating Activities	<u>(468,402)</u>	<u>1,494,524</u>

## **6. Financial Instruments**

### **a) Credit Risk**

Financial Instruments, which potentially subject the Fund to credit risk principally consist of Accounts Receivable, cash at bank and Presbyterian Investment Fund Deposits. Maximum exposures to credit risk at balance date are:

	<b>June 2013</b>	<b>June 2012</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank	25,428	89,831
Accounts Receivable	107,696	292,865
Presbyterian Investment Fund	1,632,998	1,929,429
	<u><b>1,766,122</b></u>	<u><b>2,312,125</b></u>

### **b) Interest Rate Risk**

Interest rate risk is the risk that the value of financial securities will fluctuate due to changes in market interest rates. The funds invested in Presbyterian Investment Fund are subject to interest rate risk.

### **c) Fair Values**

The carrying value is equivalent to the fair value for all financial instruments.

## **7. Audit Fees**

30 June 2013 audit fee is \$5,625 (2012: \$5,625). Fees paid to auditors for other services provided is nil (2012: nil)