

Presbyterian Church of Aotearoa New Zealand

General Assembly Funds

Financial Statements for the year ended 30 June 2008

This package comprises 11 pages including this cover sheet

Statement of Financial Performance

For the Year Ended 30 June 2008

	Note	June 2008 \$	June 2007 \$
Income			
Contributions from Parishes		3,850,138	4,351,271
Investment Income	2a	1,508,761	1,149,667
Property Income		257,739	190,323
Gifts & Donations		1,204,011	958,202
Gain on Sales of Fixed Assets		36,771	-
Other		318,320	679,155
Total Income		7,175,740	7,328,618
Expenditure			
Staff Costs		1,661,959	1,694,520
Beneficiary Fund		1,126,249	1,118,954
Seniority		-	368,582
Travel Costs		295,362	305,186
Property Costs		207,151	199,345
Depreciation	2b	146,446	199,528
Computer Costs		98,671	133,863
Communication Costs		257,844	393,705
Consultants		234,395	167,709
Audit & Accounting		26,733	45,000
Interest Paid		59,958	16,731
Grants & Donations		855,382	943,056
AA Provision		(66,686)	373,146
Student Training		279,764	305,033
Insurance Premiums Paid		32,879	37,685
Miscellaneous Costs		394,263	388,809
Total Expenditure		5,610,370	6,690,851
Operating Surplus for the Year		1,565,370	637,767
Revaluation of Investment Property	7c	4,000	379,000
Total Surplus for the Year		1,569,370	1,016,767

Statement of Movements in Equity

For the Year Ended 30 June 2008

	Note	June 2008 \$	June 2007 \$
Opening Equity at 1 July		22,779,153	21,762,386
Total Surplus for the Year		1,569,370	1,016,767
Revaluation of Fixed Assets	7a	(145,409)	-
Total Recognised Revenue and Expenses		1,423,961	1,016,767
Closing Equity at 30 June	5a	24,203,114	22,779,153

Statement of Financial Position

As at 30 June 2008

	Note	June 2008 \$	June 2007 \$
Equity	5a	24,203,114	22,779,153
Current Liabilities			
Accounts Payable and Accruals		752,716	510,296
Funds Payable	16	830,521	601,211
Unsecured Deposits		259,848	305,152
Total Current Liabilities		<u>1,843,085</u>	<u>1,416,659</u>
Non Current Liabilities			
Funds Payable	16	146,672	-
Total Equity and Liabilities		<u>26,192,871</u>	<u>24,195,812</u>
Non Current Assets			
Unsecured Advances	3	1,028,659	886,872
Land and Buildings	7a	1,765,000	4,953,299
Investment Property	7c	1,469,000	1,465,000
Office Furniture and Equipment	7b	106,645	163,183
Non-current Deposits Presbyterian Investment Fund	6	13,782,451	12,521,360
Total Non Current Assets		<u>18,151,755</u>	<u>19,989,714</u>
Current Assets			
Cash and Bank		228,116	125,993
Accounts Receivable	4	375,761	207,472
Unsecured Advances	3	661,465	621,330
Deposits Presbyterian Investment Fund	6	6,775,774	3,251,303
Total Current Assets		<u>8,041,116</u>	<u>4,206,098</u>
Total Assets		<u>26,192,871</u>	<u>24,195,812</u>

For and on behalf of the Council of Assembly who authorised the issue of these Financial Statements

Rhys Pearson - Convenor

Jane Prichard – Deputy Convenor

Statement of Cash Flows
For the Year Ended 30 June 2008

Cash Flows from Operating Activities	Note	31 June 2008	1 July 2007
Cash was provided from			
Receipts from Parishes		3,681,859	4,438,774
Interest Received		698,520	647,309
Property Income		261,739	190,323
Grants and Donations		1,204,011	958,202
Other income		355,091	679,155
		<u>6,201,220</u>	<u>6,913,763</u>
Cash was Disbursed for:			
Payments to Suppliers and Employees		(4,030,911)	(5,115,003)
Grants and Donations Paid		(855,382)	(943,056)
		<u>(4,886,293)</u>	<u>(6,058,059)</u>
Net Cash Inflow/(Outflow) from Operations	10	1,314,927	855,704
Cash Flows from Investing Activities			
Cash was Provided from			
Sale of Surplus Property		2,974,561	-
Decrease in Unsecured Advances		-	140,906
		<u>2,974,561</u>	<u>140,906</u>
Cash was Applied to:			
Purchase of Fixed Assets		(24,953)	(38,069)
Decrease in Unsecured Deposits		(45,304)	(16,339)
Increase in Unsecured Advances		(141,787)	-
Increase in PIF Deposits		(3,975,321)	(591,432)
		<u>(4,187,365)</u>	<u>(645,840)</u>
Net Cash Flows From Investing Activities		(1,212,804)	(504,934)
Cash Flows from Financing Activities			
Cash was Disbursed for:			
Payment of Loan		-	(269,080)
Net Cash Outflow from Financing Activities		-	(269,080)
Increase/(Decrease) in Bank		102,123	81,690
Bank Balance 1 July		125,993	44,303
Closing Bank Balance		<u>228,116</u>	<u>125,993</u>

1. Statement of Accounting Policies

a) Reporting Entity

The reporting entity is the General Assembly Funds of The Presbyterian Church of Aotearoa New Zealand (The Assembly). The Assembly is the governing body of the individual parishes and presbyteries that have pledged allegiance to the principles and teachings of The Presbyterian Church of Aotearoa New Zealand. The Presbyterian Church and the Assembly are unincorporated bodies.

The reporting entity records the exercise of the power of the Assembly to raise money from, receive money on behalf of or spend money on account of the individual parishes that comprise the body of The Presbyterian Church of Aotearoa New Zealand. Any residual assets or liabilities arising from the exercise of this power are included in the results of the reporting entity.

As part of its powers the Assembly appoints the Presbyterian Church Property Trustees (The Trustees) who hold on behalf of the individual member parishes, presbyteries and the church as a whole their property. Only where the Assembly or its appointed Trustees have the power to either determine: a) the nature of the trust, b) the class of beneficiary, c) the disposition of the trust or where the Assembly is the beneficiary of the trust will the reporting entity include the assets, liabilities and income of the trust. The Trustees separately report the financial performance of certain trusts under their jurisdiction.

The Church is a beneficiary of trusts whose financial performance is reported separately by the Trustees to the General Assembly. The trusts are for commercial activities gifted to the Church for the purpose of providing financial and material assistance to the Church and its Ministers. Payments to the Church from these trusts are recognised as income as and when received. To include these commercial activities within the body of the Church accounts would give a misleading picture of the financial activities of the General Assembly.

The Financial Statements of The Presbyterian Church of Aotearoa New Zealand General Assembly Funds 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 with the exception that certain assets as specified below are recorded at a value other than their historical cost.

c) Specific Accounting Policies

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

(i) Unsecured Advances

Advances are recorded at face value.

(ii) Accounts Receivable

Accounts Receivable are stated at their estimated realisable value.

(iii) Fixed Assets

Legal ownership of all the property of The Presbyterian Church of Aotearoa New Zealand ("the Church") is vested in The Presbyterian Church Property Trustees in accordance with the requirements of The Presbyterian Church Property Act 1885. The property is held in trust by the Trustees for the benefit of parishes, presbyteries and the General Assembly. In the absence of a specific trust, property is held in trust on terms specified in The Presbyterian Church Property Act 1885.

The property of The Presbyterian Church of Aotearoa New Zealand includes real and personal property in each Parish together with real and personal property held for the general operation of the Church. Fixed assets included in these Financial Statements comprise only the assets held by the Trustees for the benefit of the General Assembly and trusts where the General Assembly can exercise one or more of the rights described in Note 1(a) above.

Assets in the beneficial ownership of a Parish or Presbytery are not included in these Financial Statements.

The Fixed Assets of the General Assembly fall into the following categories:

- Freehold land
- Freehold buildings
- Computer & Office equipment

Fixed assets are initially recorded at cost, or fair value as determined by the Council of Assembly. Freehold Land and Buildings are valued at least every 3 years. The difference between the valuation and the book value is transferred to a Revaluation Reserve. The difference between the valuation amount and the book value of Investment Properties is transferred to the Statement of Financial Performance. Prior to 30 June 2008, freehold land and buildings were last revalued as at 30 June 2006.

Depreciation is provided on a straight-line basis on all fixed assets other than freehold land and investment properties, at depreciation rates calculated to allocate the assets' cost less estimated residual value over their estimated useful lives. If an asset has not been valued, cost is deemed to be its valuation.

Major depreciation periods are:

- | | |
|-----------------------------|----------|
| Buildings | 50 years |
| Computer & Office equipment | 4 years |

When computer and office equipment is sold, any gain or loss is recognised in the Statement of Financial Performance and is calculated as the difference between the sale price and the book value of the fixed asset.

(iv) Investment Properties

Investment Properties are valued annually on balance date and are reported at their current net realisable value. Depreciation is not charged on investment properties. Revaluation gains and losses on such properties have been recorded in the Statement of Financial Performance.

(v) Taxes

Income Tax

The General Assembly Fund, being a Religious Organisation, is exempt from income tax.

Goods and Services Tax

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

(vi) Grants

Grants given to the Church for the purpose of financing a particular activity are recognised as income where it is likely that the Church will comply with the terms of the grant. With respect to Council of World Mission Funds, the grant is recognised as income in the year of expenditure. Grants not recognised as income are held in Accounts Payable and Accruals.

d) Changes In Accounting Policies

There have been no changes in accounting policy in the year to 30 June 2008.

e) Prior Year Comparatives

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

2. Income and Expenditure

a) Investment Income

	June 2008	June 2007
	\$	\$
Interest	1,438,261	1,149,667
Dividends - Clark Estate	70,500	-
	<u>1,508,761</u>	<u>1,149,667</u>

b) Depreciation

	June 2008	June 2007
	\$	\$
Depreciation - Buildings	73,895	63,761
Computer and Office Equipment	72,551	135,767
	<u>146,446</u>	<u>199,528</u>

3. Unsecured Advances

	June 2008	June 2007
	\$	\$
Loans to Ministers and Parishes		
Current Portion	661,465	621,330
Non-Current portion	1,028,659	886,872
Total Unsecured Advances	<u>1,690,124</u>	<u>1,508,202</u>
Loans to Parishes		
MRB Property Loans	579,976	259,684
Centenary Loan Fund Advances	448,683	627,188
Loans to Ministers		
Ministers Loan Fund Car Loans	661,465	621,330
Total Unsecured Advances	<u>1,690,124</u>	<u>1,508,202</u>

4. Accounts Receivable

	June 2008	June 2007
	\$	\$
Accounts Receivable	1,045,566	1,401,507
Less Provision for Doubtful Debts	<u>(819,786)</u>	<u>(1,185,409)</u>
	225,780	216,098
Related Party Receivable/Payable	-	(90,258)
Prepayments and Accrued Income	149,981	81,632
Net Accounts Receivable	<u>375,761</u>	<u>207,472</u>

5. Equity

a) Summary of Equity

	General Funds	Capital Trusts	Presbyterian Foundation	Total Equity
June 2008	\$	\$	\$	\$
Balance 1 July 2007	10,257,793	9,616,710	2,904,650	22,779,153
Less Net Surplus (Deficit) for the Year	308,279	1,325,681	(64,590)	1,569,370
Revaluation Reserve - Land and Buildings	<u>(145,409)</u>	<u>-</u>	<u>-</u>	<u>(145,409)</u>
Balance 30 June 2008	<u>10,420,663</u>	<u>10,942,391</u>	<u>2,840,060</u>	<u>24,203,114</u>

	General Funds	Capital Trusts	Presbyterian Foundation	Total Equity
June 2007	\$	\$	\$	\$
Balance 1 July 2006	7,083,372	11,792,850	2,886,097	21,762,319
Less Net Surplus (Deficit) for the Year	3,174,421	(2,176,140)	18,553	1,016,834
Revaluation Reserve - Land and Buildings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance 30 June 2007	<u>10,257,793</u>	<u>9,616,710</u>	<u>2,904,650</u>	<u>22,779,153</u>

b) Inclusion of Trusts in Equity

The Church periodically receives bequests or donations that are subject to strict conditions on their use including the provision that no distributions may be made from the capital of the trust. Such gifts are in the nature of an equity contribution to the Church and are accordingly incorporated in the reserves of the Church.

A number of these small gifts have been amalgamated and provide the funding for the Presbyterian Foundation. The Foundation disperses the income it earns from investing the gifts on the mission work of the Church. The Foundation is included in the equity of the Church and identified in Note 6.

6 Presbyterian Investment Fund Deposits and Other Advances

	June 2008	June 2007
	\$	\$
Trusts - Income and Capital Available	6,775,774	3,251,303
Trusts Income Only Available	10,942,391	9,616,710
Presbyterian Foundation	2,840,060	2,904,650
	<u>20,558,225</u>	<u>15,772,663</u>

Funds held in trust are required by the terms of their trust to be used for specified activities of the General Assembly. The Assembly organises its activities so as to take advantage of these trusts. Income of the Presbyterian Foundation is distributed to parishes so as to provide financial assistance to specific parish projects. The Foundation balance comprises capital of \$2,600,080 and undistributed income of \$239,980 (2007: \$2,767,165 and \$137,485).

7 Fixed Assets

a) Land and Buildings

	June 2008	June 2007
	\$	\$
School of Ministry		
Buildings at Valuation	840,000	3,188,000
Accumulated Depreciation	-	(63,701)
Net Depreciated Value	<u>840,000</u>	<u>3,124,299</u>
Land at Valuation	925,000	1,829,000
Balance at 30 June	<u>1,765,000</u>	<u>4,953,299</u>

The Knox Centre for Ministry and Leadership were valued as at 30th June 2008 by Tim Dick, independent registered valuer of the firm MacPherson Valuation Ltd.

b) Computer, Office Equipment

	June 2008	June 2007
	\$	\$
Cost	445,369	830,528
Accumulated Depreciation	(338,724)	(667,345)
	<u>106,645</u>	<u>163,183</u>

c) Investment Property

This property is subject to a long-term lease to Christchurch Cool Stores Limited. The property was valued on 30th June 2008 by Lance Collings, independent registered valuer of the firm DTZ New Zealand Ltd. Lance Collings is a member of the New Zealand Institute of Valuers (Inc). The property is valued at net current value, being open market value less the estimated costs of disposal.

8 Employee Entitlements

At balance date the value of annual leave accrued and payable to employees of the General Assembly totalled \$75,431 (2007 - \$79,185).

9 Related Party Transactions

a) Knox Centre for Ministry and Leadership & Presbyterian Archives

The School of Ministry and the Presbyterian Archives are rent free tenants of Knox College.

10 Reconciliation of Net Surplus with the net Cash Flow from Operating Activities

	June 2008	June 2007
	\$	\$
Reported Net Surplus (Deficit) for the Year	1,569,370	1,016,767
Adjustments for Non Cash Items		
Plus: Depreciation	146,446	199,528
Less: Revaluation of investment property	(4,000)	(379,000)
Less: Gain on sale of surplus property	(36,771)	-
Less: Presbyterian Fund Interest	(810,241)	(502,357)
Increase/(Decrease) in Payables and Accruals	242,420	(414,867)
Decrease/(Increase) in Accounts Receivable	(168,279)	460,649
Increase/(Decrease) in Payables	375,982	474,984
	<u>(254,443)</u>	<u>(161,063)</u>
Net Cash Inflow From Operating Activities	<u><u>1,314,927</u></u>	<u><u>855,704</u></u>

11 Financial Instruments

a) Credit Risk

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

	June 2008	June 2007
	\$	\$
Cash and Bank	228,116	125,993
Accounts Receivable	375,761	216,098
Unsecured advances	1,690,124	1,508,202
Presbyterian Investment Fund	<u>20,558,225</u>	<u>15,772,663</u>
	<u><u>22,852,226</u></u>	<u><u>17,622,956</u></u>

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

b) Concentrations of Credit Risk

There is a concentration of credit risk in that the General Assembly uses the Presbyterian Investment Fund as banker for all surplus funds.

c) 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 deemed to be the fair value of all financial instruments.

12 Commitments and Contingent Liabilities

a) Capital Expenditure Commitments

The General Assembly Funds had no capital expenditure commitments at 30 June 2008. (2007 – nil).

b) Contingent Liabilities

The General Assembly Funds had no contingent liabilities as at 30 June 2008 (2007 – nil).

13 Subsequent Events

There have been no events subsequent to balance date requiring disclosure in the financial statements.

14 Segment Information

The General Assembly Funds financial statements represent the funds controlled by the General Assembly of the Church. The General Assembly is the governing body of the Church whose principal activity is “making Jesus Christ known” within New Zealand.

15 Lease Commitments

The General Assembly lease of Terralink House commenced 17 March 2006. Lease commitments are:

Lease of Terralink House, Including Carparks	June 2008	June 2007
	\$	\$
Up to one year	70,980	59,020
One to two years	70,980	59,020
Two to five years	-	44,265
	<u>141,960</u>	<u>162,305</u>

16 Funds Payable

	June 2008	June 2007
	\$	\$
Council of World Mission Funds	609,965	601,211
Funds payable by School of Ministry	180,559	-
Loan Payable to Presbyterian Savings Development Society	186,669	-
	<u>977,193</u>	<u>601,211</u>