

Presbyterian Church of Aotearoa New Zealand

General Assembly Funds

Financial Statements for the year ended 30 June 2014

This package comprises 11 pages including this cover sheet

Statement of Financial Performance

For the Year Ended 30 June 2014

	Note	June 2014 \$	June 2013 \$
Income			
Contributions from Parishes		3,607,250	3,572,317
Investment Income		1,131,640	1,115,345
Property Income		126,000	131,004
Gifts & Donations		811,197	1,311,561
General Assembly Registrations		-	197,776
Other		320,333	412,580
Total Income		5,996,420	6,740,583
Expenditure			
AA Provision		26,305	67,255
Beneficiary Fund		1,305,175	1,295,000
Computer Costs		82,944	66,848
Consultants		139,653	191,394
Conference Events		143,669	103,417
Depreciation	2	62,360	74,892
General Assembly		-	202,710
Grants & Donations		839,232	1,459,256
Insurance		31,143	33,499
Legal Fees		120,374	144,874
Administration		186,895	184,986
Mission Projects		202,357	162,990
Property Costs		137,242	144,415
Publications		102,599	120,165
Staff Costs		1,817,241	1,966,336
Student Training		562,588	509,375
Travel Costs		222,659	222,293
Sundry Costs		114,850	44,756
Total Expenditure		6,097,286	6,994,461
Operating Surplus/(Deficit) for the Year		(100,866)	(253,878)
Transfer of Ministers Loans	3	165,000	(501,337)
Revaluation of Investment Property	7b	(355,000)	435,000
Total Surplus / (Deficit) for the Year		(290,866)	(320,215)

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

Statement of Movements in Equity
For the Year Ended 30 June 2014

	June 2014	June 2013
	\$	\$
Opening Equity at 1 July	24,192,761	24,512,976
Total Surplus for the Year	(290,866)	(320,215)
Total Recognised Revenue and Expenses	(290,866)	(320,215)
Closing Equity at 30 June	23,901,895	24,192,761

5a



Statement of Financial Position

As at 30 June 2014

		June 2014 \$	June 2013 \$
Equity	5a	23,901,895	24,192,761
Current Liabilities			
Accounts Payable and Accruals	8	917,979	862,208
Funds Payable	16	177,457	653,069
Unsecured Deposits		-	-
Total Current Liabilities		1,095,436	1,515,277
Non Current Liabilities			
Funds Payable	16	122,206	-
Total Equity and Liabilities		25,119,537	25,708,038
Non Current Assets			
Unsecured Advances	3	155,585	262,992
Investment Property	7b	1,620,000	1,975,000
Computer and Office Equipment	7a	109,587	95,058
Non-current Deposits Presbyterian Investment Fu	6	13,271,858	12,920,608
Total Non Current Assets		15,157,030	15,253,658
Current Assets			
Cash and Bank		241,270	220,623
Accounts Receivable	4	232,237	372,730
Unsecured Advances	3	36,800	16,800
Deposits PSDS	6	1,200,000	1,200,000
Deposits Presbyterian Investment Fund	6	8,252,200	8,644,227
Total Current Assets		9,962,507	10,454,380
Total Assets		25,119,537	25,708,038

This statement is to be read in conjunction with the Notes to Financial Statements.
For and on behalf of the Council of Assembly who authorised the issue of these Financial Statements



Colin Marshall - Convenor



Jenny Flett - Deputy Convenor

Statement of Cash Flows
For the Year Ended 30 June 2014

	June 2014 \$	June 2013 \$	
Cash Flows from Operating Activities			
Cash was provided from			
Receipts from Parishes	3,747,743	3,426,728	
Interest Received	32,838	42,589	
Property Income	126,000	131,004	
Grants and Donations	811,197	1,311,561	
Other income	320,333	610,356	
	5,038,111	5,522,238	
Cash was Disbursed for:			
Payments to Suppliers and Employees	(5,493,329)	(5,470,851)	
Grants and Donations Paid	(839,232)	(1,459,256)	
	(6,332,561)	(6,930,107)	
Net Cash Outflow from Operations	10 (1,294,450)	(1,407,869)	
Cash Flows from Investing Activities			
Cash was Provided from			
Decrease in Investments	1,139,579	1,519,133	
Increase in Unsecured Deposits	-	(348,510)	
Recovery of Ministers Loans	165,000		
Decrease in Unsecured Advances	87,407	387,513	
	1,391,986	1,558,136	
Cash was Applied to:			
Purchase of Fixed Assets	(76,889)	(69,492)	
	(76,889)	(69,492)	
Net Cash Inflow From Investing Activities	1,315,097	1,488,644	
Increase/(Decrease) in Bank	20,647	80,775	
Bank Balance 1 July	220,623	139,848	
Closing Bank Balance	241,270	220,623	

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

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 their property on behalf of the individual member parishes, presbyteries and the church as a whole. 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 in New Zealand.

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 their estimated realisable 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 consist of computer and office equipment. Fixed assets are initially recorded at cost. Depreciation is provided on a straight-line basis on all fixed assets 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: 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, and is calculated as the difference between the valuation amount and the book value.

(v) Taxes

Income Tax

The General Assembly Fund has charitable status and being a Religious Organisation, is exempt from income tax.

Goods and Services Tax

The Financial Statements have been prepared on a GST exclusive basis, with the exception of receivables and payables which are stated inclusive of GST.

(vi) Grants

Grants for general purposes are recorded as income when received. Grants for specific purposes are recorded as liabilities up until the grant is spent for the specified purpose, at which point it is transferred to income.

d) Changes In Accounting Policies

There have been no changes in accounting policy in the year to 30 June 2014.

e) Prior Year Comparatives

Where necessary, prior year comparative numbers have been reclassified to reflect current year presentation. As Insurance expense was presented separately in the current year Statement of Financial Performance, the prior year amount was presented separately as well, which resulted in a reduction in the administration amount reported.

2. Depreciation

	June 2014	June 2013
	\$	\$
Computer and Office Equipment	62,360	74,892
	<u>62,360</u>	<u>74,892</u>

3. Unsecured Advances

	June 2014	June 2013
	\$	\$
Loans to Ministers and Parishes		
Current Portion	36,800	16,800
Non-Current portion	155,585	262,992
Total Unsecured Advances	<u>192,385</u>	<u>279,792</u>
Loans to Parishes	187,109	274,518
Loans to Ministers		
Ministers Loan Fund Car Loans	5,276	5,274
Total Unsecured Advances	<u>192,385</u>	<u>279,792</u>

4. Accounts Receivable

	June 2014	June 2013
	\$	\$
Accounts Receivable	343,939	352,280
Less Provision for Doubtful Debts	(235,814)	(238,121)
	<u>108,125</u>	<u>114,159</u>
Prepayments and Accrued Income	124,112	258,571
Net Accounts Receivable	<u>232,237</u>	<u>372,730</u>

5. Equity

a) Summary of Equity

	General Funds	Capital Trusts	Presbyterian Foundation	Total Equity
June 2014	\$	\$	\$	\$
Balance 1 July 2013	11,272,152	9,951,503	2,969,106	24,192,761
Net Surplus for the Year	(290,866)	-	-	(290,866)
Funds Transferred	(351,248)	318,666	32,582	-
Balance 30 June 2014	10,630,038	10,270,169	3,001,688	23,901,895

	General Funds	Capital Trusts	Presbyterian Foundation	Total Equity
June 2013	\$	\$	\$	\$
Balance 1 July 2012	10,367,284	11,205,861	2,939,831	24,512,976
Net Surplus for the Year	(320,215)	-	-	(320,215)
Funds Transferred	1,225,083	(1,254,358)	29,275	-
Balance 30 June 2013	11,272,152	9,951,503	2,969,106	24,192,761

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 2014	June 2013
	\$	\$
General Funds	1,396,486	1,659,222
Trusts and Deposits - Income and Capital Available	6,855,716	6,985,005
Trusts and Deposits - Income Only Available	10,270,168	9,951,502
Presbyterian Foundation	3,001,688	2,969,106
Total Presbyterian Investment Fund	21,524,058	21,564,835
Presbyterian Savings and Development Society	1,200,000	1,200,000
	22,724,058	22,764,835
	June 2014	June 2013
	\$	\$
Current	9,452,200	9,844,227
Non-Current	13,271,858	12,920,608
	22,724,058	22,764,835

Funds held 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 \$2,757,620 and undistributed income of \$244,068 (2013: \$2,736,661 and \$232,445).

7 Fixed Assets and Investment Property

a) Computer and Office Equipment

	June 2014	June 2013
	\$	\$
Cost	527,488	532,556
Accumulated Depreciation	(417,901)	(437,498)
	<u>109,587</u>	<u>95,058</u>

b) Investment Property

This property is subject to a long-term lease to Cold Storage Nelson Limited. The property was valued on 30th June 2014 by Lance Collings, independent registered valuer of the firm Jones Lang LaSalle Ltd at \$1,620,000 (2013: \$1,975,000). 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

The following employee entitlements are included as part of accounts payable and accruals.

	June 2014	June 2013
	\$	\$
Accrued Annual Leave	92,072	97,251
Accrued Study Leave	70,841	80,696
	<u>162,913</u>	<u>177,947</u>

9 Related Party Transactions

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 2014	June 2013
	\$	\$
Reported Net Surplus (Deficit) for the Year to date	(290,866)	(320,215)
Adjustment to reconcile profit to net cash flow		
Depreciation	62,360	74,892
Revaluation of investment property	355,000	(435,000)
Transfer of ministers loans	(165,000)	501,337
Compounded Interest	(1,098,802)	(1,072,756)
Adjustments for Movement in Working Capital		
Decrease in Payables and Accruals	(297,599)	(10,538)
Decrease/(Increase) in Accounts Receivable	140,493	(145,589)
	<u>(1,003,548)</u>	<u>(1,087,654)</u>
Net Cash Outflow From Operating Activities	<u>(1,294,414)</u>	<u>(1,407,869)</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 2014	June 2013
	\$	\$
Cash and Bank	241,270	220,623
Accounts Receivable	343,939	352,280
Unsecured advances	192,385	279,792
Presbyterian Investment Fund	21,524,058	21,564,835
Presbyterian Savings and Development Society	1,200,000	1,200,000
	<u>23,501,652</u>	<u>23,617,530</u>

The above maximum exposures are net of any recognised provision for losses on these financial instruments, except for Accounts Receivable, which are shown gross (please see note 4). 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. The Presbyterian Investment Fund manages its own concentration of credit risk by investing in a wide range of interest bearing investments in accordance with its Statement of Investment Policies and Objectives.

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.

d) 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 2014. (2013 – nil).

b) Contingent Liabilities

The General Assembly Funds had no contingent liabilities as at 30 June 2014 (2013 – 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 Fund's 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 Core Logic House was renewed in March 2014 for a period of three years. Lease commitments are:

	June 2014	June 2013
	\$	\$
Lease of Terralink House, Including Carparks		
Up to one year	73,387	58,500
One to two years	73,387	-
Two to five years	55,040	-
	<u>201,814</u>	<u>58,500</u>

16 Funds Payable

	June 2014	June 2013
	\$	\$
Council of World Mission Funds	198,368	374,507
Global Mission Donations Payable	47,682	86,484
Connect Registrations	24,665	-
CWM Mission in Training	13,098	63,492
Presbyterian Savings Development Society	11,500	40,000
Moderator Grant	3,000	
Prescare	1,350	-
Christchurch Earthquake Appeal	-	88,586
	<u>299,663</u>	<u>653,069</u>
	-	
	June 2014	June 2013
	\$	\$
Current	177,457	653,069
Non-Current	122,206	-
	<u>299,663</u>	<u>653,069</u>