

Presbyterian Church of Aotearoa New Zealand

General Assembly Funds

Financial Statements for the year ended 30 June 2013

This package comprises 11 pages including this cover sheet

Statement of Financial Performance
For the Year Ended 30 June 2013

	Note	June 2013 \$	June 2012 \$
Income			
Contributions from Parishes		3,572,317	3,556,936
Investment Income		1,115,345	1,218,622
Property Income		131,004	131,004
Gifts & Donations		1,311,561	1,717,378
General Assembly Registrations		197,776	-
Other		412,580	504,230
Total Income		<u>6,740,583</u>	<u>7,128,170</u>
Expenditure			
AA Provision		67,255	190,000
Beneficiary Fund		1,295,000	1,224,594
Computer Costs		66,848	79,159
Consultants		191,394	123,396
Conference Events		103,417	107,946
Depreciation	2	74,892	67,169
General Assembly		202,710	-
Grants & Donations		1,459,256	1,975,077
Interest Paid		16,084	52,856
Legal Fees		144,874	55,322
Administration		202,401	203,037
Mission Projects		162,990	252,230
Property Costs		144,415	135,573
Publications		120,165	86,972
Staff Costs		1,966,336	1,643,172
Student Training		509,375	558,973
Travel Costs		222,293	226,915
Sundry Costs		44,756	36,669
Total Expenditure		<u>6,994,461</u>	<u>7,019,060</u>
Operating Surplus/(Deficit) for the Year		(253,878)	109,110
Transfer of Ministers Loans	3	(501,337)	-
Revaluation of Investment Property	7b	435,000	20,000
Total Surplus / (Deficit) for the Year		<u>(320,215)</u>	<u>129,110</u>

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 2013

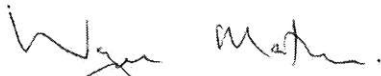
	June 2013	June 2012
	\$	\$
Opening Equity at 1 July	24,512,976	24,383,866
Total Surplus for the Year	(320,215)	129,110
Total Recognised Revenue and Expenses	(320,215)	129,110
Closing Equity at 30 June	5a <u>24,192,761</u>	<u>24,512,976</u>

Statement of Financial Position
As at 30 June 2013

	June 2013	June 2012
	\$	\$
Equity	5a 24,192,761	24,512,976
Current Liabilities		
Accounts Payable and Accruals	8 862,208	526,474
Funds Payable	16 653,069	972,667
Unsecured Deposits	-	348,510
Total Current Liabilities	<u>1,515,277</u>	<u>1,847,651</u>
Non Current Liabilities		
Funds Payable	16 -	26,672
Total Equity and Liabilities	<u>25,708,038</u>	<u>26,387,299</u>
Non Current Assets		
Unsecured Advances	3 262,992	772,917
Investment Property	7b 1,975,000	1,540,000
Computer and Office Equipment	7a 95,058	100,456
Non-current Deposits Presbyterian Investment Fu	6 12,920,608	14,145,691
Total Non Current Assets	<u>15,253,658</u>	<u>16,559,064</u>
Current Assets		
Cash and Bank	220,623	139,848
Accounts Receivable	4 372,730	227,141
Unsecured Advances	3 16,800	395,725
Deposits PSDS	1,200,000	-
Deposits Presbyterian Investment Fund	6 8,644,227	9,065,521
Total Current Assets	<u>10,454,380</u>	<u>9,828,235</u>
Total Assets	<u>25,708,038</u>	<u>26,387,299</u>

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


Wayne Matheson - Convenor



Colin Marshall – Deputy Convenor

Statement of Cash Flows
For the Year Ended 30 June 2013

	June 2013	June 2012
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from		
Receipts from Parishes	3,426,728	3,672,375
Interest Received	42,589	-
Property Income	131,004	131,004
Grants and Donations	1,311,561	1,717,378
Other income	610,356	504,230
	<u>5,522,238</u>	<u>6,024,987</u>
Cash was Disbursed for:		
Payments to Suppliers and Employees	(5,470,851)	(5,179,642)
Grants and Donations Paid	(1,459,256)	(1,975,077)
	<u>(6,930,107)</u>	<u>(7,154,719)</u>
Net Cash Outflow from Operations	10 (1,407,869)	(1,129,732)
Cash Flows from Investing Activities		
Cash was Provided from		
Increase in Investments	1,519,133	807,909
Increase/(Decrease) in Unsecured Deposits	(348,510)	62,644
Decrease in Unsecured Advances	387,513	228,350
	<u>1,558,136</u>	<u>1,098,903</u>
Cash was Applied to:		
Purchase of Fixed Assets	(69,492)	(7,830)
	<u>(69,492)</u>	<u>(7,830)</u>
Net Cash Inflow From Investing Activities	1,488,644	1,091,073
Increase/(Decrease) in Bank	80,775	(38,659)
Bank Balance 1 July	139,848	178,507
Closing Bank Balance	<u><u>220,623</u></u>	<u><u>139,848</u></u>

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 2013.

e) Prior Year Comparatives

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

2. Depreciation

	June 2013	June 2012
	\$	\$
Computer and Office Equipment	74,892	67,169
	<u>74,892</u>	<u>67,717</u>

3. Unsecured Advances

	June 2013	June 2012
	\$	\$
Loans to Ministers and Parishes		
Current Portion	16,800	395,725
Non-Current portion	262,992	772,917
Total Unsecured Advances	<u>279,792</u>	<u>1,168,642</u>
Loans to Parishes	274,518	742,666
Less Provision for Doubtful Debts	-	(100,000)
	<u>274,518</u>	<u>642,666</u>
Loans to Ministers		
Ministers Loan Fund Car Loans	5,274	525,976
Total Unsecured Advances	<u>279,792</u>	<u>1,168,642</u>

At the request of the Council of Assembly the minister loans asset was transferred to the administration of the Church Property Trustees in the year to 30 June 2013.

4. Accounts Receivable

	June 2013	June 2012
	\$	\$
Accounts Receivable	352,280	480,798
Less Provision for Doubtful Debts	(238,121)	(355,368)
	<u>114,159</u>	<u>125,430</u>
Prepayments and Accrued Income	258,571	217,116
Net Accounts Receivable	<u>372,730</u>	<u>342,546</u>

5. Equity

a) Summary of Equity

June 2013	General Funds \$	Capital Trusts \$	Presbyterian Foundation \$	Total Equity \$
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	<u>11,272,152</u>	<u>9,951,503</u>	<u>2,969,106</u>	<u>24,192,761</u>

June 2012	General Funds \$	Capital Trusts \$	Presbyterian Foundation \$	Total Equity \$
Balance 1 July 2011	10,127,937	11,370,023	2,885,906	24,383,866
Net Surplus for the Year	129,110	-	-	129,110
Funds Transferred	110,237	(164,162)	53,925	0
Balance 30 June 2012	<u>10,367,284</u>	<u>11,205,861</u>	<u>2,939,831</u>	<u>24,512,976</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 2013 \$	June 2012 \$
General Funds	1,659,221	2,577,191
Trusts and Deposits - Income and Capital Available	6,985,005	6,488,330
Trusts and Deposits - Income Only Available	9,951,502	11,205,860
Presbyterian Foundation	2,969,106	2,939,831
Total Presbyterian Investment Fund	<u>21,564,835</u>	<u>23,211,212</u>
Presbyterian Savings and Development vSociety	1,200,000	-
	<u>22,764,835</u>	<u>23,211,212</u>

	June 2013 \$	June 2012 \$
Current	9,844,227	9,065,521
Non-Current	12,920,608	14,145,691
	<u>22,764,835</u>	<u>23,211,212</u>

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 \$2,736,661 and undistributed income of \$232,445 (2012: \$2,715,829 and \$224,001).

7 Fixed Assets and Investment Property

a) Computer and Office Equipment

	June 2013	June 2012
	\$	\$
Cost	532,556	467,822
Accumulated Depreciation	<u>(437,498)</u>	<u>(367,366)</u>
	<u>95,058</u>	<u>100,456</u>

b) Investment Property

This property is subject to a long-term lease to Christchurch Cool Stores Limited. The property was valued on 30th June 2013 by Lance Collings, independent registered valuer of the firm Jones Lang LaSalle Ltd at \$1,975,000 (2012: \$1,540,000). 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 2013	June 2012
	\$	\$
Accrued Annual Leave	97,251	86,298
Accrued Study Leave	<u>80,696</u>	<u>82,973</u>
	<u>177,947</u>	<u>151,874</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 2013	June 2012
	\$	\$
Reported Net Surplus (Deficit) for the Year to date	(320,215)	129,110
Adjustments for Non Cash Items		
Depreciation	74,892	67,169
Revaluation of investment property	(435,000)	(20,000)
Transfer of ministers loans	501,337	-
Compounded Interest	(1,072,756)	(1,218,588)
Adjustments for Movement in Working Capital		
Decrease in Payables and Accruals	(10,538)	(202,828)
Decrease/(Increase) in Accounts Receivable	(145,589)	115,405
	<u>(1,087,654)</u>	<u>(1,258,842)</u>
Net Cash Outflow From Operating Activities	<u>(1,407,869)</u>	<u>(1,129,732)</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 2013	June 2012
	\$	\$
Cash and Bank	220,623	139,848
Accounts Receivable	352,280	480,798
Unsecured advances	279,792	1,168,642
Presbyterian Investment Fund	21,564,835	23,211,212
Presbyterian Savings and Development Society	1,200,000	-
	<u>23,617,530</u>	<u>25,000,500</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. 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 2013. (2012 – nil).

b) Contingent Liabilities

The General Assembly Funds had no contingent liabilities as at 30 June 2013 (2012 – 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 Terralink House was renewed in March 2010 for a period of four years. Lease commitments are:

	June 2013	June 2012
	\$	\$
Lease of Terralink House, Including Carparks		
Up to one year	58,500	78,000
One to two years	-	58,500
Two to five years	-	-
	<u>58,500</u>	<u>136,500</u>

16 Funds Payable

	June 2013	June 2012
	\$	\$
Council of World Mission Funds	374,507	607,850
Press Go Funds	-	63,732
Global Mission Donations Payable	86,484	120,542
Connect Registrations	-	22,124
GA12 Registrations	-	11,616
Presbyterian Savings Development Society	40,000	15,009
Christchurch Earthquake appeal donations	88,586	121,098
Unearned CRSO Fees Received	-	37,368
CWM Mission in Training	63,492	-
	<u>653,069</u>	<u>999,339</u>

	June 2013	June 2012
	\$	\$
Current	653,069	972,667
Non-Current	-	26,672
	<u>653,069</u>	<u>999,339</u>