

Resource Sub-committee

Report

This report covers the period between the 2008 and 2010 General Assemblies. The financial performance reports are for the two years ended 30 June 2009 and 2010.

1 Economic background

In 2007 the world saw the commencement of the current financial crisis. This crisis was triggered by a liquidity shortfall in the United States banking system caused by an overvaluation of assets. This downturn was then replicated to a greater or lesser degree throughout Europe, Asia, the balance of the Americas and Australasia. The New Zealand economy has been affected by , a decline in house prices and house construction, mortgagee house sales, a decline in interest rates, the collapse of a significant number of financial institutions, initially a significant fall in value of the New Zealand dollar against our major trading partners, a reduction in consumer demand, a decline in employment. The economy has suffered four quarters of recession.

The Church has not been immune from the affects of the economic recession. Directly we have seen a decline in our income from investments both for the Presbyterian Church, the parishes and the Beneficiary Fund caused by the significant reduction in interest rates. People, often the elderly, who are reliant for a significant part of their income from their interest bearing deposits and shares have also suffered. This may have a resultant effect on parish giving.

2 Effect of declining interest rates on Church income

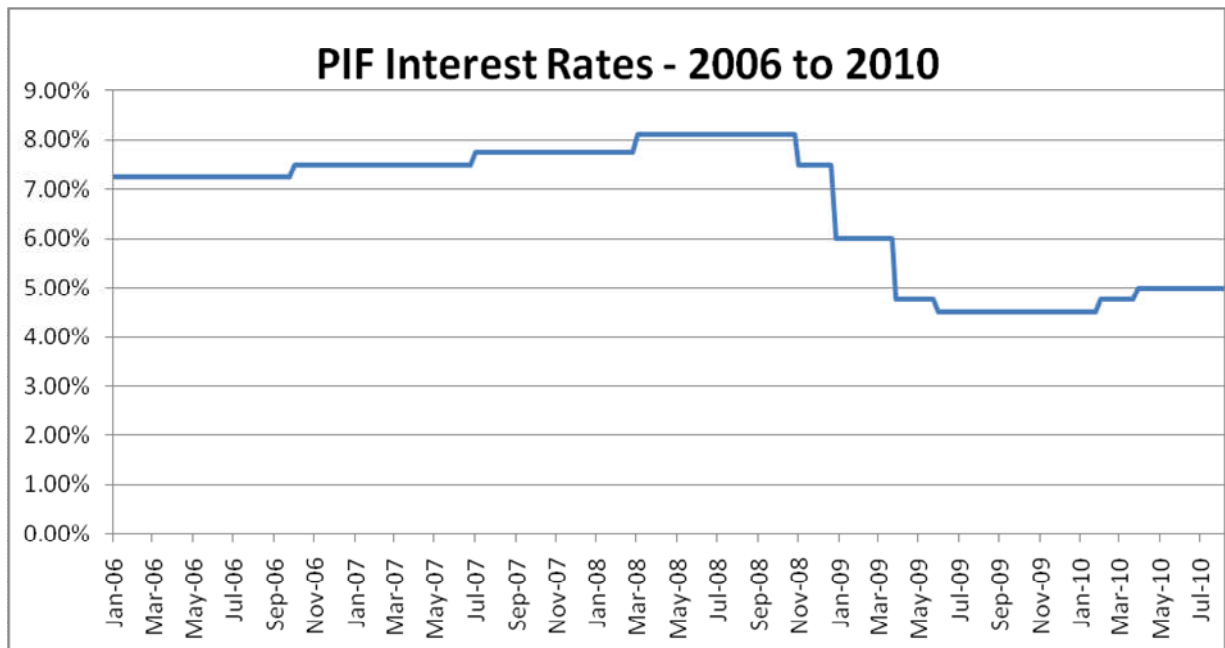
The international credit crisis and the response of the central banks to the crisis caused a dramatic reduction in interest rates and the Assembly's interest income. This has affected the investment income of the Church as a whole.

For Year Ended 30 June	Average Interest Rate %	Interest Income Actual \$'000	Interest Income Budget \$'000
2006 Actual	7.2%	1,021	
2007 Actual	7.4%	1,149	
2008 Actual	7.9%	1,438	
2009 Actual	6.6%	1,409	
2010 Actual	4.7%	1,044	896
2011 Budget	5%		1,145

Presbyterian Investment Fund (PIF) Interest rates peaked at 8.1 percent covering the period from March to October 2008. Since then interest rates have declined to a low of 4.5 percent for June 2009 to January 2010. The PIF rate is currently at 5 percent which is the interest rate we have used in the 2010-11 Budget (a 1 percentage point movement in the interest rate will reduce or increase the Presbyterian Church interest income by \$229,000.)

We do not anticipate any material increase in interest rates for the budget year as movements will tend to be related in movement in the Official Cash Rate as determined by the Reserve Bank.

The following graph shows the movement over the past five years in the Presbyterian Investment Fund Interest rates paid on deposits:



3 Assembly Assessment

An Assembly Assessment is levied on each parish for the purposes of funding the work of the General Assembly, providing the Church's contribution to the Beneficiary Fund, and supporting the Knox Centre for Learning and Ministry (KCML).

Successive General Assemblies have expressed a desire that the Assembly Assessment be less than 10 percent of the income of parishes. The following table shows that Assembly Assessment, as a percentage of Assessable Income, has been and is reducing. The Assembly Assessment for the current year is set at 8.3 percent of the total Assessable Income of all Presbyterian Parishes.

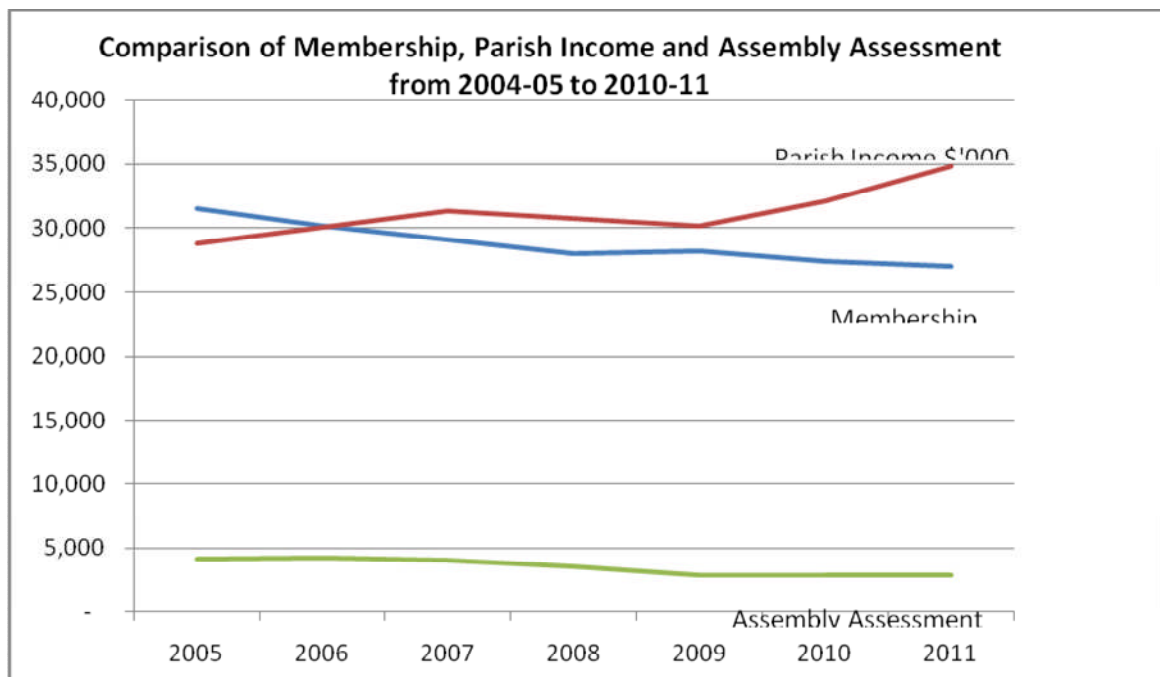
The following table shows the value of the assessment charged to parishes over the seven years (including the budget year 2010-11) from 2004-05:

For Presbyterian Parishes

Years ended 30 June	2011	2010	2009	2008	2007	2006	2005
(all dollar figure in \$'000)							
Assembly Assessment Charged							

for Assembly	1,642	1,667	1,706	2,402	2,968	3,227	3,108
for Beneficiary Fund	1,244	1,219	1,180	1,126	1,109	1,065	1,065
Total	2,886	2,886	2,886	3,528	4,077	4,292	4,173
Beneficiary as % of AA	43.1%	42.3%	40.9%	31.9%	27.2%	24.8%	25.6%
Parish Statistics							
Membership	27,042	27,454	28,192	28,051	29,094	30,164	31,493
Assessable Income	34,838	32,058	30,175	30,744	31,352	30,078	28,777
AA as % of Assessable Income	8.3%	9.0%	9.6%	11.5%	13.0%	14.3%	14.5%

The cooperating parishes also contribute to the costs of running the Church. This is paid by the Uniting Congregations of Aotearoa New Zealand Board (UCANZ) rather than a charge being made by the Presbyterian Church to individual cooperating venture parishes. Last year 2009-10 the CVs contributed \$376,000. We have budgeted \$373,000 for 2010-11.



Parish income is increasing despite a decline in membership numbers.

4 Financial Performance for General Assembly for the past two years

The aforementioned world financial crisis covered the Presbyterian Church's 2009 and 2010 reporting years.

In 2008 the Assembly made an operating surplus of \$1,565,000 compared to a budgeted breakeven. This was due to:

- higher investment income arising from higher than budgeted interest rates and interest earned on sale of Laughton House
- operating cost savings
- the budgeted provision for short-payment of the Assembly Assessment was not utilised due to parishes paying past amounts due

For 2009 the Assembly's operating surplus was \$204,000 – despite being below the previous year this was still a very satisfactory performance.

For the 2010 year the Council decided, in light of the financial crisis, not to increase the total Assembly Assessment to parishes. Council agreed to a deficit budget of \$1,032,000 and to fund this deficit from the retained earnings from the previous two years.

However, part of this deficit, was in effect quasi capital expenditure for the redevelopment and refurbishment of the Knox Centre. GA08 approved a proposal from the Knox Centre partners to redevelop and refurbish parts of the Archives, Hewittson Library and Knox College – see paragraph 5

We are pleased to report that the overall Operating Deficit was \$268,000, being \$764,000 less than the budget. This has arisen due in the main to:

- Higher Income from Investments 171,000 budget
- No Provision made for Doubtful Debts 231,000 saving
- Costs for Knox Centre Development 321,000 lower than budget

Please read these comments in conjunction with Audited Financial Statements shown from page D3-11 for the years ended 30 June 2009 and 2010.

Financial Performance (i.e. Income and Expenditure)	2010 Actual	2010 Budget	2009 Actual	2009 Budget
Key Numbers:				
Income - Parish Contributions	3,477	3,559	3,329	3,315
Investment Income	1,067	896	1,408	1,425
Gifts and Donations received	1,256	957	1,083	963
Total	6,179	6,109	6,395	6,334
Expenditure - Staff Costs	1,683	1,800	1,647	1,894
Beneficiary Fund	1,286	1,219	1,184	1,180
Grants and Donations Paid	1,085	848	1,051	738
Student Training	455	472	235	391
Provision for Doubtful Debts	0	231	0	276
Knox Centre Development	429	750	585	0
Total	6,446	6,818	6,190	6,334
Operating Surplus / (Deficit) for Year	(268)	(1,032)	204	0
Revaluation of Investment Property	(45)		82	

Surplus / (Deficit) for Year	(313)	(1,032)	286	0

5 Knox Centre development and refurbishment

GA08 approved a proposal to redevelop and refurbish the Archives, Hewitson Library and Knox Centre for Ministry and Leadership (KCML). The cost of this project was estimated to be \$1,433,000. This was to be funded from a variety of sources including grants from the Otago Southland Synod, KCML from the sale of school of ministry surplus houses, from Knox College (as opposed to the KCML) and contributions from the Otago Trusts. The Assembly agreed to make a contribution from Assembly retained earnings of up to \$756,000. This contribution would be called upon over two years. Normally one would consider such development expenditure to be capital expenditure. However, the land and buildings are not owned by the Presbyterian Church but by the Synod of Otago and Southland. This means that the quasi capital expenditure has been classified as a Grant and is included as operating expenditure.

(all figures \$'000)	Planning	Stage 1	Stage 2	Stage 3	Total
Costs of					
Budget Cost	16	748	475	210	1,433
Anticipated Cost	16	684	456	122	1,278 *
Funded by:					
PCANZ Assembly					603
KCML					462
Knox College					40
Otago Southland Synod					158
Local Trusts					15

* Includes Capital Costs on shelving owned by the Archives (Presbyterian Church) of \$91,000

6 2010-11 Budget

The Council of Assembly has approved a deficit Budget of \$73,000. The council was mindful of the decision of GA08 to reform presbyteries. Two large presbyteries (Kaimai and Southern) have been established and other presbyteries are in discussion. The global financial situation continues. Accordingly, council agreed not to change the overall Assembly Assessment. However, individual parish assessments will change from the previous years as the apportionment is calculated on membership and assessable income.

	2010-11 Budget		2009-10 Actual
Operating Income			
Assembly Assessment	2,886		

CV Contributions	373		
Parish Intern	412		
		3,671	3,478
Grants and Donations Received		711	1,255
Investment Income		1,145	1,067
Property Income		147	164
General Assembly		209	0
Other		175	206
Total Income		6,058	6,178
Operating Expenditure			
Staff Expenses		1,778	1,682
Beneficiary Fund		1,244	1,286
Travel and Administration		1,259	1,313
Property		164	197
Knox Centre Development		0	429
Grants and Donations		816	1,084
Student Training		594	455
Provision for Doubtful Debts		173	0
General Assembly		188	0
Total Expenditure		6,131	6,446
Operating Surplus / (Deficit)		(73)	(267)

Grants are reduced from last year due to:

- Otago Southland Synod has reduced its Grants toward the Assembly's operational expenses due to a decline in their interest income
- The Grants received in 2009-10 for the Knox development do not apply in the budget year

We have allowed for a Provision for Doubtful Debts which was not applied in the 2009-10 actual.

The increase in Student Training costs are reflected by a corresponding rise in contributions for Parish Interns

7 Sources of Assembly Income and Assembly Costs

Using the 2010-11 Budget, the following three tables, show graphically the sources of Assembly Income and the assembly's expenditure.

Operating Income:

The Assembly derives its income from a variety of sources.

Parish Levies are primarily source being either;

- directly by individual Presbyterian parishes and
- from UCANZ for the cooperating venture parishes.

Interest earned on PIF Reserves is the second source of income providing 20 percent of the budgeted income. Interest income is subject to movements in interest rates and by the level of investments held. As good stewards we need

to maintain our reserves and retained earnings to provide ongoing income sources. Should we fail to produce operating surpluses or spend our reserves then income will reduce. In order to satisfy the operating expenditure requirements of the Church we believe it is essential to maintain the level of investments. If this is not achieved the most obvious alternative would be to increase parish levies. The Resource Sub-committee is mindful of these issues and the need to maintain balance. In particular we are very aware of the parishes' views that levies continue to remain less than 10 percent.

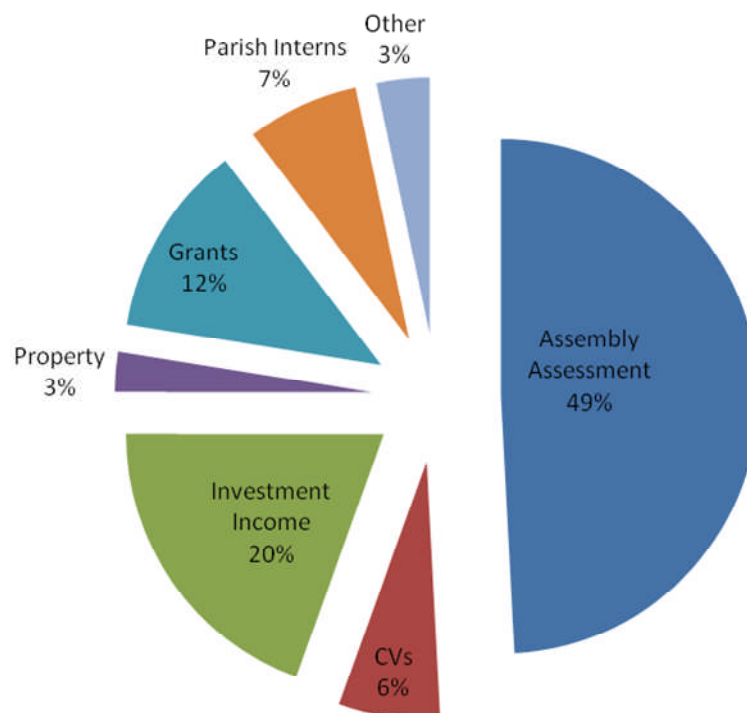
Grants and Donations come from four main sources

- Synod of Otago and Southland; for National Mission Enabler, KCML, Archives
- Council for World Mission; for National Mission, Global Mission, Te Aka Puaho, the Pacific Island Synod
- Clark Estate Dividends (the Clark Estate has donated two farms to the Presbyterian Church from which income is received and distributed annually) for Global Mission and National Mission
- Donations; in the main toward Global Mission, KCML and Archives

Parish Interns

A ministry intern scheme has been established whereby ordination students combine study with practical parish or other ministry work. The student is paid a bursary, the cost of which is shared between KCML and the parish where the student is located. The Presbyterian Savings and Development Society (PSDS) and the Synod of Otago and Southland offer grants to parishes hosting interns.

Income Sources - 2010-11 Budget



Operating Expenditure

We have shown the expenditure breakdown in two ways:

- One by the type of expenditure, e.g. remuneration which encompasses all the employment costs of staff employed by the assembly,
- We have also disclosed expenditure by department, activity or cost centre

Remuneration, being 30 percent of expenditure, covers the following positions:

Assembly Office Service Team

- AES and secretary	2
- Finance	3
- Communications	2
- Personnel	<u>2</u>
	9

Mission and Education

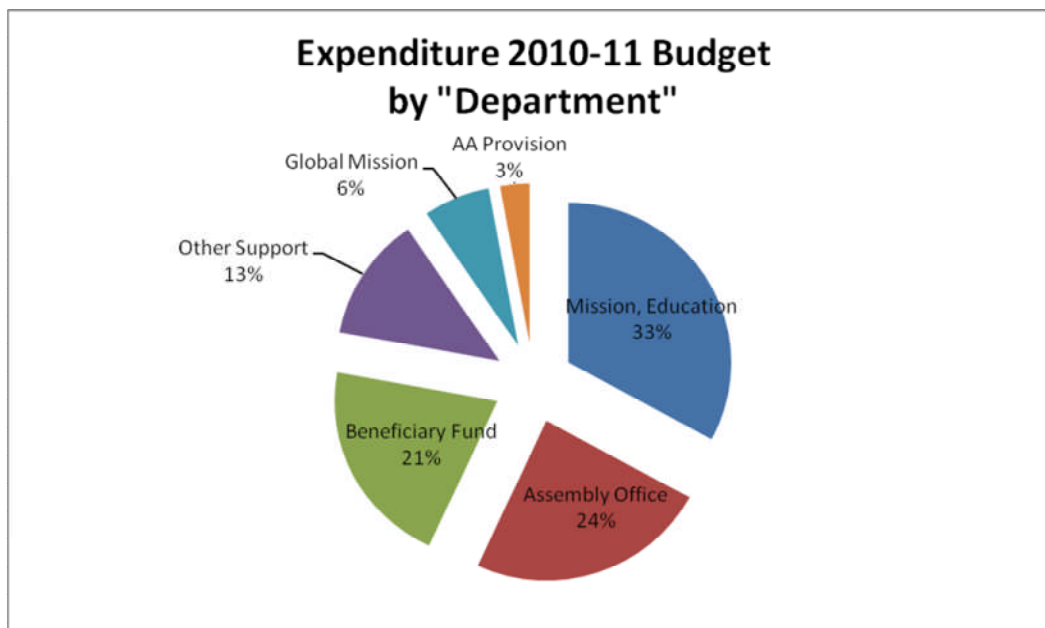
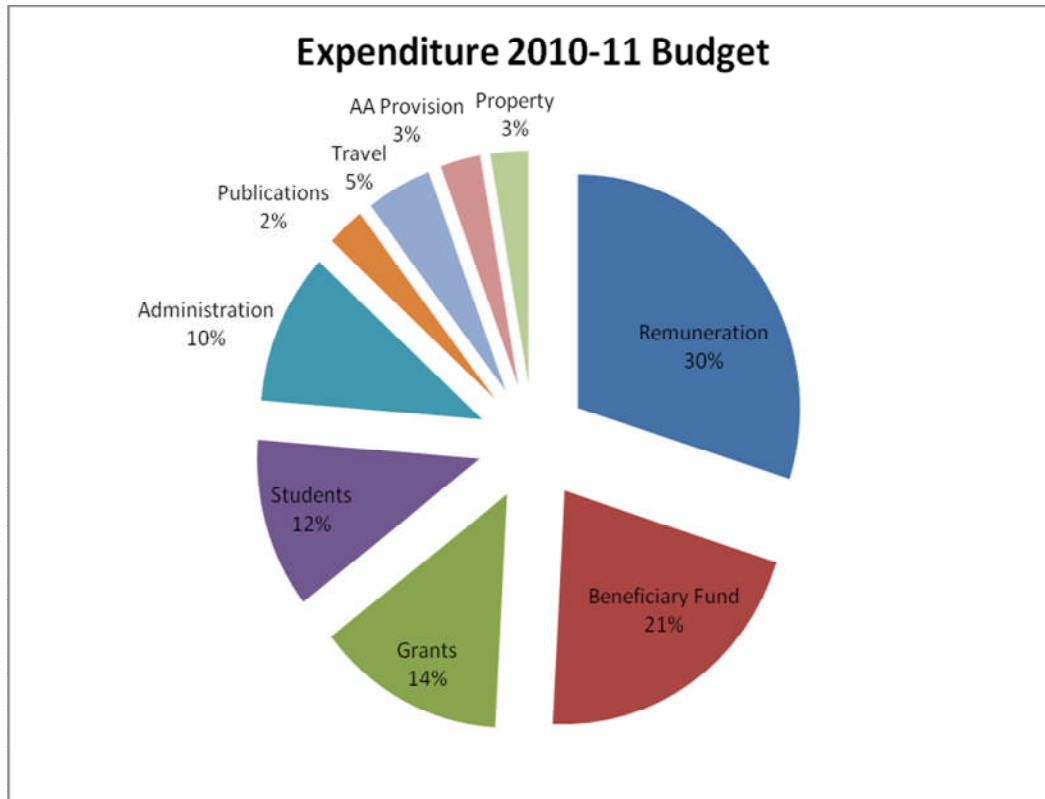
- KCML	5
- National Mission Enabler	2.5
- Youth Ministry development	2
- Kids Friendly	<u>2</u>
	11.5

Global Mission	1
Archives	4

Total Assembly Staff**25.5**

Beneficiary Fund Contributions 21 percent

This represents the "Employer" contribution to the Beneficiary Fund that parishes make.



Nearly 75 percent of the Assembly Budget goes toward mission, training of ministers and support of ministers in their retirement. Mission and education 33 percent comprises KCML, National Mission Enabler, Youth development and Kids Friendly. Other support – 13 percent comprises grants paid to Te Aka Puaho, the Pacific Island Synod, Presbyterian Foundation, UCANZ and Archives.

Only 24 percent of the expenditure is for the Assembly Office support function. However, the communications department, which publishes Spanz, has a responsibility to communicate the mission of the Church and the personnel department is an integral support for ministry. By taking these functions out of the Office Support grouping and placing them in mission, training and ministry the percentages become mission, training, ministry support 84 percent and Assembly Office support cost reduces to 15 percent.

8 Statistics forms

These are important documents and we note that most parishes are now completing these forms. With the establishment of the Charities Commission it is essential that all parishes complete these statistics at the end of each financial year. The Church's financial year is 1 July to 30 June.

In 2009 we revised the Financial Statistics form that parishes submit annually. The new forms better specify and define the classifications of income and expenditure. We have also included a Statement of Financial Position or Balance Sheet. We request that all parishes include the value of their Fixed Assets (i.e. Land, Buildings and Equipment) in this statement.

9 Presbyterian Foundation

Some years ago a sum of money held in general reserves was assigned to the "Presbyterian Foundation". The capital value of the fund is now \$2,877,000. The interest earned on the fund is available for distribution to parishes and other qualifying beneficiaries. Each year parishes are invited to make application to the fund to support parish based mission work. Grants of \$114,000 were made in the 2009-10 year.

A Presbyterian Foundation committee for reviews the applications and decides which projects will receive grants. Thanks to John Daniel (convenor), Chris Archer, Jenny Flett, John Jones, Lisa Wells, and Amanda Guy (secretary) for carrying out this important work.

10 Press Go

GA08 agreed to the formation of the Press Go scheme whereby \$2,000,000 from the sale proceeds of Laughton House was transferred from general reserves for Press Go. A committee of Ray Coster (convenor), Neville Guy, John Kernohan, Andrew Norton and Lisa Wells review the applications from parishes and determine amounts to be made by way of a grant or a loan.

11 Compensation to parish of convenor of the Council of Assembly

The Council decided that for the 2010-11 year a payment of \$10,000 (excluding GST) will be made to the parish of the Council of Assembly convenor to defray costs the parish incurs in supporting her in the role.

12 Financial Services Team

The Resource Sub-committee extends its thanks to Finance Team of Brendan Sweeney, Katrina Graham and Margaret Fawcett for the work they do for the Church. We are now able to place reliance on the information and reports which are received in a timely manner. This contrasts greatly to the situation some years ago.

13 The Committee and retirements

The Rev Murray Talbot (six years' service) and Mr Reg West (four years) are both retiring at this Assembly. I wish to formally thank them for their fine service to the national Church.

Mrs Catherine Goldsmith, with the exception of 2008-10, has been an associate member of the Committee representing Te Aka Puaho. She wishes to revert to this status, meaning that her appointment is made by Te Aka Puaho.

I wish to thank the other Committee members for their service and in particular the deputy convenor Mrs Jenny Flett who oversaw the budget process when I was on holiday.

Cunningham Atchison

Convenor Resource Sub-committee

Appendix: General Assembly Funds – financial statements for the year ended 30 June 2010

Statement of Financial Performance for the Year Ended 30 June 2010

	Note	June 2010 \$	June 2009 \$
Income			
Contributions from Parishes		3,477,826	3,329,744
Investment Income		1,067,418	1,408,915
Property Income		164,109	156,657
Gifts & Donations		1,255,562	1,083,007
Gain on Sales of Fixed Assets		7,392	-
General Assembly Registrations		-	189,204
Other		206,291	227,217
Total Income		6,178,598	6,394,744
Expenditure			
Staff Costs		1,682,689	1,647,358
Beneficiary Fund		1,286,804	1,184,198
Travel Costs		283,489	234,996
Property Costs		197,028	196,738
Knox Centre Development		428,731	584,801
Depreciation	2	89,059	80,620
Computer Costs		66,254	68,046
Communication Costs		122,574	141,816
Consultants		202,646	99,912
Audit & Accounting		28,800	26,000
Interest Paid		53,692	76,585
Grants & Donations		1,084,590	1,051,101
AA Provision		-	(61,936)
Student Training		455,405	234,681
Insurance Premiums Paid		13,684	12,843
General Assembly		-	212,940
Loss on Sale of Fixed Assets		-	57,535
Miscellaneous Costs		450,729	342,426
Total Expenditure		6,446,174	6,190,660
Operating Surplus for the Year		(267,576)	204,084
Revaluation of Investment Property	7c	(45,000)	82,000
Total Surplus for the Year		(312,576)	286,084

Statement of Movements in Equity for the Year Ended 30 June 2010

		June 2009	June 2009
		\$	\$
Opening Equity at 1 July		24,558,698	24,203,114
Total Surplus for the Year		(312,576)	286,084
Revaluation of Fixed Assets		(16,900)	69,500
Total Recognised Revenue and Expenses		<u>(329,476)</u>	<u>355,584</u>
Closing Equity at 30 June	5a	<u>24,229,222</u>	<u>24,558,698</u>

Statement of Financial Position as at 30 June 2010

		June 2010	June 2009
		\$	\$
Equity	5a	24,229,222	24,558,698
Current Liabilities			
Accounts Payable and Accruals	8	715,694	669,975
Funds Payable	16	1,224,026	1,129,597
Unsecured Deposits		<u>313,340</u>	<u>257,294</u>
Total Current Liabilities		<u>2,253,060</u>	<u>2,056,866</u>
Non Current Liabilities			
Funds Payable	16	66,672	106,672
Total Equity and Liabilities		<u>26,548,954</u>	<u>26,722,236</u>
Non Current Assets			
Unsecured Advances	3	1,159,389	890,002
Land and Buildings	7a	285,000	1,025,000
Investment Property	7c	1,506,000	1,551,000
Office Furniture and Equipment	7b	171,487	78,115
Non-current Deposits Presbyterian Investment Fund	6	<u>14,516,390</u>	<u>13,975,094</u>
Total Non Current Assets		<u>17,638,266</u>	<u>17,519,211</u>
Current Assets			
Cash and Bank		172,700	280,568
Accounts Receivable	4	295,827	389,817
Unsecured Advances	3	332,616	620,427
Deposits Presbyterian Investment Fund	6	7,647,045	7,912,213
Buildings Intended for Sale	7a	462,500	-
Total Current Assets		<u>8,910,688</u>	<u>9,203,025</u>
Total Assets		<u>26,548,954</u>	<u>26,722,236</u>

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

Emma Keown – Convenor

Lisa Wells – Deputy Convenor

Statement of Cash Flows for the Year Ended 30 June 2010

		June 2010 \$	June 2009 \$
Cash Flows from Operating Activities			
Cash was provided from			
Receipts from Parishes		3,522,120	3,377,624
Interest Received		-	-
Property Income		164,109	156,657
Grants and Donations		1,255,562	1,083,007
Other Income		206,291	416,421
		5,148,082	5,033,709
Cash was Disbursed for:			
Payments to Suppliers and Employees		(5,122,681)	(4,898,233)
Grants and Donations Paid		(1,084,590)	(1,051,101)
		(6,207,271)	(5,949,334)
Net Cash Inflow/(Outflow) from Operating Activities	10	(1,059,189)	(915,625)
Cash Flows from Investing Activities			
Cash was Provided from			
Sale of Surplus Property		252,392	723,859
Increase in PIF Deposits		791,290	91,062
Increase in Unsecured Deposits		56,046	-
Decrease in Unsecured Advances		18,424	179,695
		1,118,152	994,616
Cash was Applied to:			
Purchase of Fixed Assets		(166,831)	(23,985)
Decrease in Unsecured Deposits		-	(2,554)
		(166,831)	(26,539)
Net Cash (Outflows)/Inflows from Investing Activities		951,321	968,077
Increase/(Decrease) in Bank		(107,868)	52,452
Bank Balance 1 July		280,568	228,116
Deposited with Bank at 30 June		172,700	280,568

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 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.

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,

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 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 Funds Payable.

d) Changes In Accounting Policies

There have been no changes in accounting policy in the year to 30 June 2010.

e) Prior Year Comparatives

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

2. Depreciation

	June 2010	June 2009
	\$	\$
Depreciation - Buildings	15,600	28,105
Computer and Office Equipment	73,459	52,515
	<u>89,059</u>	<u>80,620</u>

3. Unsecured Advances

	June 2010	June 2009
	\$	\$
Loans to Ministers and Parishes		
Current Portion	332,616	129,250
Non-Current portion	1,159,389	1,381,179
Total Unsecured Advances	1,492,005	1,510,429
Loans to Parishes	827,256	890,002
Loans to Ministers		
Ministers Loan Fund Car Loans	664,749	620,427
Total Unsecured Advances	1,492,005	1,510,429

4. Accounts Receivable

	June 2010	June 2009
	\$	\$
Accounts Receivable	445,999	591,348
Less Provision for Doubtful Debts	(313,423)	(414,478)
	132,576	176,870
Prepayments and Accrued Income	163,251	212,947
Net Accounts Receivable	295,827	389,817

5 Equity

a) Summary of Equity

	General Funds	Capital Trusts	Presbyterian Foundation	Total Equity
June 2010	\$	\$	\$	\$
Balance 1 July 2009	10,583,604	11,114,793	2,860,301	24,558,698
Less Net Surplus (Deficit) for the Year	(312,576)	-	-	(312,576)
Funds Transferred	(541,296)	524,544	16,752	-
Revaluation Reserve - Land and Buildings	(16,900)	-	-	(16,900)
Balance 30 June 2010	9,712,832	11,639,337	2,877,053	24,229,222

	General Funds	Capital Trusts	Presbyterian Foundation	Total Equity
June 2009	\$	\$	\$	\$
Balance 1 July 2008	10,420,663	10,942,391	2,840,060	24,203,114
Less Net Surplus (Deficit) for the Year	286,084	-	-	286,084
Funds Transferred	(192,643)	172,402	20,241	-
Revaluation Reserve - Land and Buildings	69,500	-	-	69,500
Balance 30 June 2009	10,583,604	11,114,793	2,860,301	24,558,698

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 2010	June 2009
	\$	\$
General Funds	1,695,893	1,877,560
Trusts and Deposits - Income and Capital Available	5,951,152	6,034,653
Trusts and Deposits - Income Only Available	11,639,337	11,114,793
Presbyterian Foundation	2,877,053	2,860,301
	<u>22,163,435</u>	<u>21,887,307</u>
	-	
	June 2010	June 2009
	\$	\$
Current	7,647,045	7,912,213
Non-Current	14,516,390	13,975,094
	<u>22,163,435</u>	<u>21,887,307</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 \$2,785,739 and undistributed income of \$91,314 (2009: \$2,657,103 and \$203,197).

7 Fixed Assets**a) Land and Buildings****Land and Buildings**

	June 2010	June 2009
	\$	\$
Buildings at Valuation	145,000	485,000
Land at Valuation	140,000	540,000
Balance at 30 June	<u>285,000</u>	<u>1,025,000</u>

Buildings Intended for Sale

	June 2010	June 2009
Assembly		
Balance at 30 June	<u>462,500</u>	<u>-</u>

The Knox College Houses were valued as at 30th June 2010 by Tim Dick, independent registered valuer of the firm MacPherson Valuation Ltd at \$285,000 (2009: \$1,025,000).

b) Computer and Office Equipment

	June 2010	June 2009
	\$	\$
Cost	501,911	340,578
Accumulated Depreciation	(330,424)	(262,463)
	<u>171,487</u>	<u>78,115</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 2010 by Lance Collings, independent registered valuer of the firm DTZ New Zealand Ltd at \$1,506,000 (2009: \$1,551,000). 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

	June 2010	June 2009
	\$	\$
Accrued Annual Leave	108,135	96,380
Accrued Study Leave	69,928	85,653
	<u>178,063</u>	<u>182,033</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 2010	June 2009
	\$	\$
Reported Net Surplus (Deficit) for the Year	(312,576)	286,084
Adjustments for Non Cash Items		
Depreciation	89,059	80,620
Revaluation of investment property	45,000	(82,000)
Loss/(Gain) on sale of surplus property	(7,392)	57,536
Presbyterian Fund Interest	(1,067,418)	(1,420,144)
Adjustments for Movement in Working Capital		
Increase/(Decrease) in Payables and Accruals	100,148	176,335
Decrease/(Increase) in Accounts Receivable	93,989	(14,056)
	<u>(746,614)</u>	<u>(1,201,709)</u>
Net Cash Inflow/(Outflow) From Operating Activities	<u>(1,059,189)</u>	<u>(915,625)</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 2010	June 2009
	\$	\$
Cash and Bank	172,700	280,568
Accounts Receivable	295,827	389,817
Unsecured advances	1,492,005	1,510,429
Presbyterian Investment Fund	22,163,435	21,887,307
	<u>24,123,967</u>	<u>24,068,121</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.

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 2010. (2009 – nil).

b) Contingent Liabilities

The General Assembly Funds had no contingent liabilities as at 30 June 2010 (2009 – 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 was renewed in March 2010 for a period of four years. Lease commitments are:

	June 2010 \$	June 2009 \$
Lease of Terralink House, Including Carparks		
Up to one year	78,000	53,235
One to two years	78,000	
Two to five years	136,500	-
	<u>292,500</u>	<u>53,235</u>

16 Funds Payable

	June 2010 \$	June 2009 \$
Council of World Mission Funds	665,312	591,675
Funds payable by Knox Centre	248,362	261,215
Press Go Funds	160,657	236,707
Global Mission Grants Payable	33,468	-
Connect Registrations	12,667	-
Est JA Cook	63,554	-
Loan Payable to Presbyterian Savings Development Society	106,678	146,672
	<u>1,290,698</u>	<u>1,236,269</u>

	June 2010 \$	June 2009 \$
Current	1,224,026	1,129,597
Non-Current	66,672	106,672
	<u>1,290,698</u>	<u>1,236,269</u>