

**Presbyterian Church of Aotearoa New Zealand**

**General Assembly Funds**

**Financial Statements for the year ended 30 June 2010**

**This package comprises 11 pages including this cover sheet**

## Statement of Financial Performance

For the Year Ended 30 June 2010

	Note	June 2010	June 2009
		\$	\$
<b>Income</b>			
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
<b>Total Income</b>		<b>6,178,598</b>	<b>6,394,744</b>
<b>Expenditure</b>			
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
<b>Total Expenditure</b>		<b>6,446,174</b>	<b>6,190,660</b>
<b>Operating Surplus for the Year</b>		<b>(267,576)</b>	<b>204,084</b>
Revaluation of Investment Property	7c	(45,000)	82,000
<b>Total Surplus for the Year</b>		<b>(312,576)</b>	<b>286,084</b>

## Statement of Movements in Equity

For the Year Ended 30 June 2010

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

## Statement of Financial Position

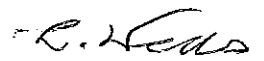
As at 30 June 2010

		June 2010	June 2009
		\$	\$
<b>Equity</b>	5a	24,229,222	24,558,698
<b>Current Liabilities</b>			
Accounts Payable and Accruals	8	715,694	669,975
Funds Payable	16	1,224,026	1,129,597
Unsecured Deposits		313,340	257,294
<b>Total Current Liabilities</b>		<b>2,253,060</b>	<b>2,056,866</b>
<b>Non Current Liabilities</b>			
Funds Payable	16	66,672	106,672
<b>Total Equity and Liabilities</b>		<b>26,548,954</b>	<b>26,722,236</b>
<b>Non Current Assets</b>			
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	14,516,390	13,975,094
<b>Total Non Current Assets</b>		<b>17,638,266</b>	<b>17,519,211</b>
<b>Current Assets</b>			
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	-
<b>Total Current Assets</b>		<b>8,910,688</b>	<b>9,203,025</b>
<b>Total Assets</b>		<b>26,548,954</b>	<b>26,722,236</b>

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
	\$	\$
<b>Cash Flows from Operating Activities</b>		
<b>Cash was provided from</b>		
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
	<u>5,148,082</u>	<u>5,033,709</u>
<b>Cash was Disbursed for:</b>		
Payments to Suppliers and Employees	(5,122,681)	(4,898,233)
Grants and Donations Paid	(1,084,590)	(1,051,101)
	<u>(6,207,271)</u>	<u>(5,949,334)</u>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	10 (1,059,189)	(915,625)
<b>Cash Flows from Investing Activities</b>		
<b>Cash was Provided from</b>		
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
	<u>1,118,152</u>	<u>994,616</u>
<b>Cash was Applied to:</b>		
Purchase of Fixed Assets	(166,831)	(23,985)
Decrease in Unsecured Deposits	-	(2,554)
	<u>(166,831)</u>	<u>(26,539)</u>
<b>Net Cash (Outflows)/Inflows from Investing Activities</b>	951,321	968,077
<b>Increase/(Decrease) in Bank</b>	(107,868)	52,452
Bank Balance 1 July	280,568	228,116
<b>Deposited with Bank at 30 June</b>	<u>172,700</u>	<u>280,568</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 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
<b>Total Unsecured Advances</b>	<u>1,492,005</u>	<u>1,510,429</u>
Loans to Parishes	827,256	890,002
Loans to Ministers		
Ministers Loan Fund Car Loans	664,749	620,427
<b>Total Unsecured Advances</b>	<u>1,492,005</u>	<u>1,510,429</u>

4. **Accounts Receivable**

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

## 5. Equity

### a) Summary of Equity

June 2010	General	Presbyterian		Total Equity
	Funds	Capital Trusts	Foundation	
	\$	\$	\$	\$
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	<u>9,712,832</u>	<u>11,639,337</u>	<u>2,877,053</u>	<u>24,229,222</u>

June 2009	General	Presbyterian		Total Equity
	Funds	Capital Trusts	Foundation	
	\$	\$	\$	\$
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	<u>10,583,604</u>	<u>11,114,793</u>	<u>2,860,301</u>	<u>24,558,698</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 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
Balance at 30 June	<u>462,500</u>	<u>-</u>

The Knox College Houses were valued as at 30<sup>th</sup> 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 30<sup>th</sup> 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
	\$	\$
<b>Reported Net Surplus (Deficit) for the Year</b>	(312,576)	286,084
<b>Adjustments for Non Cash Items</b>		
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)
<b>Adjustments for Movement in Working Capital</b>		
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>
<b>Net Cash Inflow/(Outflow) From Operating Activities</b>	<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>