



# **Presbyterian Investment Fund**

Annual Financial Report

For the year ended 30 June 2025

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**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND  
PRESBYTERIAN INVESTMENT FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

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**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND**  
**PRESBYTERIAN INVESTMENT FUND**  
**FUND INFORMATION**  
**AS AT 30 JUNE 2025**

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<b>Nature of Fund</b>	Amalgamated Investment Fund
<b>Trustee</b>	The Presbyterian Church Property Trustees
<b>Principal Place of Business</b>	Level 4, 94 Dixon Street, Wellington
<b>Fund Administrator</b>	Booster Financial Services Limited
<b>Fund Managers</b>	Harbour Asset Management Limited Mercer (N.Z.) Limited
<b>Custodian Trustee</b>	Apex Investment Administration (NZ) Limited
<b>Solicitors</b>	DLA Piper
<b>Bankers</b>	ANZ Bank BNZ Bank
<b>Auditors</b>	Ernst & Young

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND  
PRESBYTERIAN INVESTMENT FUND  
APPROVAL OF FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

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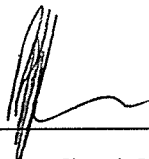
The Trustees are please to present the approved financial report including the historical financial statements of the Presbyterian Investment Fund for the year ended 30 June 2025

APPROVED



The Presbyterian Church Property Trustees

Date 30/10/25



The Presbyterian Church Property Trustees

Date 30/10/25

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND**  
**PRESBYTERIAN INVESTMENT FUND**  
**STATEMENT OF SERVICE PERFORMANCE**  
**AS AT 30 JUNE 2025**

**Why the PIF Exists**

The Presbyterian Investment Fund (PIF) was established by the Presbyterian Church Property Trustees Empowering Act 1957 ("Act") to amalgamate investments and money of trust funds and is governed by that Act. The purpose of the PIF is to enable the amalgamation of the various trusts administered by the Trustees and the aggregation of investment assets.

**What the PIF intends to achieve over the medium to long term**

The PIF allows the 'Presbyterian family', which includes parishes and other related church bodies within the Presbyterian Church, to benefit from economies of scale and shared access to investment expertise, and therefore, to achieve prudent risk management and a better rate of return on Church capital.

**How the PIF goes about this**

The Trustee of the Fund is The Presbyterian Church Property Trustees ("Trustee"). The Trustee is a body corporate established under the Presbyterian Church Property Act 1885. The Trustees have appointed an Investment Committee, made up of Trustees and industry experts, to oversee the management of the PIF on their behalf. The Committee members are all volunteers and are not paid for their services.

The Trustee sets the PIF's investment strategy and structure (as set out in the Statement of Investment Policy and Objectives), monitors the performance of the various service providers, approves loans, sets interest rates, and carries out certain administration functions. The Trustee has also delegated certain administration functions to Booster Financial Services Limited, fund management functions to Harbour Asset Management Limited and Mercer (N.Z.) Limited, and custodial and accounting services to Trustees Executors Limited. Mortgage security holding services has been delegated to Presbyterian Investment Fund Lending Limited.

The PIF offers two investment options:

1. An **On-Call Fund** that invests primarily in short duration cash, term deposits and fixed interest securities. This Fund may also invest in loans to entities forming part of or related to the Presbyterian Church of Aotearoa New Zealand. The On Call Fund pays interest, calculated on a daily basis, each quarter on the last day of the quarter based on a (crediting) interest rate set by the Investment Committee.
2. A **Long Term Fund** that invests into a diversified fund, with exposure to shares, fixed interest securities, cash, property, and other assets with a balanced risk profile. The Long Term Fund pays interest at the end of each quarter (calculated on a daily basis) in three components being: a) Regular interest – based on a (crediting) interest rate set by the Investment Committee; b) Inflation interest based on the CPI number (which could be positive or negative) generated by Statistics NZ; c) Reserve interest – based on a (crediting) interest rate (which could be positive or negative or nil depending on the investment performance of the underlying assets) set by the Investment Committee.

**What the PIF has done in the reporting period in working towards its broader aims and objectives**

	2025	2024
<b>Deposits and Withdrawals</b>		
During the period the PIF processed capital withdrawals and deposits as shown:		
Net withdrawals over the year of just over \$6m were higher than the prior period, where just over \$1m was withdrawn.		
	\$	\$
Deposits	31,563,033	22,991,608
Withdrawals	37,847,603	24,123,981
<b>Net Movement</b>	(6,284,570)	(1,132,373)

**Breakdown of funds held**

At the end of the period, the PIF held funds on behalf of the Church as shown:

Total account holder balances grew over the year to 30 June 2025 from \$190m to \$194m. Given there were net withdrawals over the year, the growth in balances suggests that account holders spent less than they earned in interest.			
The mix of account holders changed somewhat, with Parish Property balances falling (congregations spending capital on projects) and Presbytery balances rising (the dissolution of congregations and the transfer to and subsequent sale of property by Presbyteries).			
Funds held for the General Assembly also rose, as did Reserves, as the Trustees looked to rebuild reserves after dipping into them to support account holders when interest rates were very low.			
		\$	\$
Parish Property Capital	65,037,894	68,896,235	
Parish Other	35,792,825	34,559,784	
Presbyteries	38,472,642	33,236,762	
General Assembly	27,791,456	26,175,427	
Other	3,384,742	3,996,634	
Trusts	23,762,004	23,072,003	
<b>Total Accounts</b>	194,241,563	189,936,845	
Reserves	9,349,126	6,874,595	
<b>Total Fund</b>	203,590,689	196,811,440	

**Number of accounts**

Funds were held in the following number of accounts:

	337	357
<b>Investment Options</b>		
The funds were invested in the two investment options as shown:		
While On Call account balances remained largely the same, Long Term account balances rose by around \$5m. This reflected the inflation-proofing that occurs in these accounts, along with the higher return, and ongoing transfers from the On Call Fund.		
	\$	\$
On Call - Accounts	140,838,077	140,514,107
On Call - Reserves	9,349,126	6,874,595
Long Term - Accounts	53,403,486	49,422,738
<b>Total Fund</b>	203,590,689	196,811,440

**Interest Paid to Accounts**

The PIF paid interest over the period as shown:

The PIF paid a total of over \$10.5m to account holders in the year to 30 June 2025, slightly less than the previous year. Interest paid to On Call account holders fell from \$7.2m to \$6.9m as interest rates fell. Total interest paid to Long Term account holders was also lower. While regular interest rose, inflation interest was a little lower, reflecting lower inflation over the last year. Reserve interest was also lower, although still positive, with Long Term account holders being rewarded for the extra risk taken in the portfolio.		2025	2024
		\$	\$
<b>On Call</b>	6,860,252	7,155,653	
<b>Long Term</b>			
Regular	1,509,113	1,395,280	
Inflation	1,468,718	1,755,750	
Reserve	734,914	1,223,236	
	3,712,745	4,374,266	
<b>Total Interest</b>	10,572,997	11,529,919	

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND  
PRESBYTERIAN INVESTMENT FUND  
STATEMENT OF SERVICE PERFORMANCE  
AS AT 30 JUNE 2025**

**Interest Rates**

Interest was paid based on the interest rates as shown:

Interest paid on the On Call Fund decreased from 5.5% p.a. as at 30 June 2024 to 3.5% p.a. as at the end of June 2025, as interest rates fell over the year. The Effective Rate shows the compound return.

The Long Term Fund generated another good return over the year to 30 June 2025, returning 7.1% to accounts. Good returns from investments, particularly global shares, and lower inflation over the period (although still running above the expected rate) meant that the Long Term Fund could once again provide extra income by way of Reserve Interest. The Fund returned an effective rate of 7.50%, reflecting the fact that inflation interest is provided on the capital base (which is typically higher than the total balance (after prior reserve losses).

	2025	2024
<b>On Call Fund</b>	%	%
Closing Interest Rate	3.50	5.50
Effective Annual Interest	4.81	5.44
<b>Long Term Fund</b>		
Closing Interest Rate	3.00	3.00
Effective Annual Interest	3.03	3.03
Inflation Interest Rate	2.65	3.33
Reserve Interest Rate	1.46	2.50
<b>Total Long Term Rate</b>	7.14	8.86
<b>Effective Annual Long Term Interest</b>	7.50	9.39

**Lending Activity**

During the period the PIF engaged in lending activity as shown:

In the year to 30 June 2025 the PIF made two new loans to congregations to support church building projects: one seismic strengthening project and one new build project. An existing loan to another borrower was extended to support the purchase of property during the year. One loan was fully repaid. Another borrower extended their loan, but repaid the same amount during the year. Interest is set (based on the 90 day bank bill rate) and paid quarterly. Most loans are interest-only at this point, with the interest being capitalised on one loan. Two of the loans require the quarterly repayment of interest and principal.

	2025	2024
<b>Number of loans</b>		
New loans	2	2
Loans at close	6	5
<b>Value of loans</b>	\$	\$
New loans (principal)	3,659,621	2,050,000
Loans (principal) repaid	922,443	2,514,768
Loans (principal) at close	8,975,015	6,237,837
Interest owing at year end	115,361	113,061
<b>Loan interest rate</b>	%	%
Close	5.22	7.27

**Additional information (this year)**

During the year to 30 June 2025, the Trustees agreed to implement multi-factor authentication for all PIF users. Multi-factor authentication is a common cyber security mechanism designed to protect unlawful access to accounts. The Trustees believe this will help ensure the security of PIF balances. The project commenced with an audit of authorised PIF users, requiring all entities to confirm authorised users for their account. This has proven to be a useful exercise, particularly given the turnover of volunteers associated with many of the PIF accountholders. It is expected that multi-factor authentication will be live from October 2025.

**Additional information (prior year)**

During the year to 30 June 2024 the Trustees carried out a PIF user survey with the purpose of gauging user satisfaction. Some of the findings included: 90% of users are happy with the facility; around half are regular users of the PIF; 80% of users are happy with the On Call Fund returns and 70% are happy with the Long Term Fund returns; over 95% of users believe that responsible and sustainable investing is important; most of those who receive Trustees' communications find them helpful, but nearly half of On Call Fund users do not receive those communications; and most users would be happy to have multi-factor authentication introduced.

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND  
PRESBYTERIAN INVESTMENT FUND  
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE  
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 \$	2024 \$
<b>Revenue</b>			
Interest income	4	5,020,119	6,465,996
Net gains on financial instruments at fair value through surplus	6	8,606,988	6,997,282
Management fee rebate income		168,213	154,149
Brokerage income		5,956	5,413
Foreign exchange gains		8,800	5,515
<b>Total Revenue</b>		<b>13,810,076</b>	<b>13,628,355</b>
<b>Expenses</b>			
Administration expenses	5	762,548	748,236
On Call Fund interest expense	12	6,860,252	7,155,653
Long Term Fund interest expense	12	1,509,113	1,395,280
Long Term Fund inflation interest expense	12	1,468,718	1,755,750
Long Term Fund reserve interest expense	12	734,914	1,223,236.00
<b>Total Expenses</b>		<b>11,335,545</b>	<b>12,278,155</b>
<b>Surplus for the Year</b>		<b>2,474,531</b>	<b>1,350,200</b>
<b>Other Comprehensive Revenue and Expense</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>2,474,531</b>	<b>1,350,200</b>

The accompanying notes form an integral part of these financial statements.

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND  
PRESBYTERIAN INVESTMENT FUND  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2025**

	<b>Income \$</b>	<b>Reserve Fund \$</b>	<b>Total \$</b>
<b>As at 1 July 2024</b>	-	6,874,595	6,874,595
Total surplus for the year	2,474,531	-	2,474,531
Transferred (to)/from Reserve Fund	(2,474,531)	2,474,531	-
<b>As at 30 June 2025</b>	<u>-</u>	<u>9,349,126</u>	<u>9,349,126</u>

	<b>Income \$</b>	<b>Reserve Fund \$</b>	<b>Total \$</b>
<b>As at 1 July 2023</b>	-	5,524,395	5,524,395
Total surplus for the year	1,350,200	-	1,350,200
Transferred (to)/from Reserve Fund	(1,350,200)	1,350,200	-
<b>As at 30 June 2024</b>	<u>-</u>	<u>6,874,595</u>	<u>6,874,595</u>

The accompanying notes form an integral part of these financial statements.



**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND  
PRESBYTERIAN INVESTMENT FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2025**

	Note	2025 \$	2024 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	6,261,243	4,943,341
Trade and other receivables	8	1,140,784	1,042,162
Financial assets at fair value through surplus or deficit	10	81,815,724	69,602,902
Bank deposits		33,412,574	34,315,937
<b>Total Current Assets</b>		<b>122,630,325</b>	<b>109,904,342</b>
<b>Non-current Assets</b>			
Financial assets at fair value through surplus or deficit	10	73,762,190	81,477,587
Loans via mortgage	11	8,027,548	5,332,274
Loans via guarantee	11	1,013,563	1,018,624
<b>Total Non-current Assets</b>		<b>82,803,301</b>	<b>87,828,485</b>
<b>Total Assets</b>		<b>205,433,626</b>	<b>197,732,827</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	991,929	628,421
Financial liabilities at fair value through surplus or deficit	10	30,645	71,055
Trust account deposits			
- On Call	12	140,838,077	140,514,107
- Long Term	12	53,403,486	49,422,738
<b>Total Current Liabilities</b>		<b>195,264,137</b>	<b>190,636,321</b>
<b>Non-current Liabilities</b>			
Financial liabilities at fair value through surplus or deficit	10	820,363	221,911
<b>Total Non-current Liabilities</b>		<b>820,363</b>	<b>221,911</b>
<b>Total Liabilities</b>		<b>196,084,500</b>	<b>190,858,232</b>
<b>Equity</b>			
Reserve Fund		9,349,126	6,874,595
		9,349,126	6,874,595
<b>Total Equity and Liabilities</b>		<b>205,433,626</b>	<b>197,732,827</b>

The accompanying notes form an integral part of these financial statements.

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND  
PRESBYTERIAN INVESTMENT FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 \$	2024 \$
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Interest income		4,853,678	5,511,130
Sale of investments		115,600,747	114,104,887
Other income		174,169	159,562
Mortgages repaid		818,149	2,510,757
Cash was applied to:			
Payment of management costs		(763,067)	(748,949)
Purchase of investments		(113,049,460)	(119,416,506)
Mortgages advanced		(3,555,327)	(2,050,000)
Net settlement of derivatives		3,524,530	1,530,620
<b>Net cash inflows from operating activities</b>		<b>7,603,419</b>	<b>1,601,501</b>
<b>Cash flows from financing activities</b>			
Received from trust account deposits		31,563,033	22,991,608
Applied to trust account deposits repaid		(37,847,603)	(24,123,981)
<b>Net cash (outflows) from financing activities</b>		<b>(6,284,570)</b>	<b>(1,132,373)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,318,849</b>	<b>469,128</b>
Opening cash brought forward		4,943,341	4,474,338
Effect of exchange rate fluctuations		(947)	(125)
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>6,261,243</b>	<b>4,943,341</b>

The accompanying notes form an integral part of these financial statements.

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND**  
**PRESBYTERIAN INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**1. General information**

These financial statements are for the Presbyterian Church of Aotearoa New Zealand Presbyterian Investment Fund ("Fund") for the year ended 30 June 2025 ("balance date").

The Fund was established by the Presbyterian Church Property Trustees Empowering Act 1957 ("Act") to amalgamate investments and money of trust funds and is governed by that Act.

The Trustee of the Fund is The Presbyterian Church Property Trustees ("Trustee"). The Trustee is a body corporate established under the Presbyterian Church Property Act 1885. The Trustee has delegated certain administration functions to Booster Financial Services Limited, fund management functions to Harbour Asset Management Limited as well as Mercer (N.Z.) Limited, and custodial and accounting services to Trustees Executors Limited. Mortgage security holding services has been delegated to Presbyterian Investment Fund Lending Limited.

The financial statements of the Fund cover the year ended 30 June 2025 and comparatives for the year ended 30 June 2024.

**2. Summary of accounting policies**

**i Basis of preparation**

The financial statements of the Fund have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). The financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime "PBE Standards RDR" and authoritative notices that are applicable to entities that apply PBE standards.

The Fund is eligible and has elected to report in accordance with Tier 2 not-for-profit public benefit entities accounting standards on the basis that the Fund has no public accountability and is not a large for-profit public sector entity.

In applying Tier 2 Not-for-profit PBE Accounting Standards, the Fund has applied a number of Reduced Disclosure Regime (RDR) disclosure concessions.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial instruments at fair value through surplus or deficit. The methods used to measure fair values are discussed further below. The accrual basis of accounting has been applied, as has the going concern assumption.

All accounting policies have been applied consistently with prior periods. New standards, amendments to standards and interpretations that came into effect during the reporting period do not have a material impact on the financial statements. The same applies for any new standards, amendments to standards and interpretations that have been issued but are not yet effective.

**ii Functional and presentation currency**

These financial statements are presented in New Zealand dollars (\$), which is the Fund's functional currency. All financial information presented has been rounded to the nearest dollar.

**iii Financial instruments**

**(a) Classification**

**Assets**

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost.

**(i) Financial assets at fair value through surplus or deficit**

Financial assets at fair value through surplus or deficit can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with PBE IPSAS 41. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focussed on fair value information and uses that information to assess the assets' performance and to make decisions.

**(ii) Financial assets at amortised cost**

**Cash and cash equivalents** include cash in hand, deposits held at call with banks and overdrawn balances with brokers in New Zealand dollars and foreign currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Funds' main income generating activity.

**Bank deposits** are debt instruments where the business model is held for collection only; the contractual terms only give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further the "hold to collect" model will be applied for these financial assets due to the following: collection of contractual cash flows is not incidental, there's no intention to sell these assets and they are used to effectively manage cash reserves. On this basis, the fair value option will not be applied and are classified as financial assets at amortised cost.

**Loans secured via mortgages** are debt instruments secured by the underlying physical assets and **Loans secured via guarantee** are secured either against first mortgages on Church property or by a guarantee from a Presbytery. The business model for these assets is held for collection only; the contractual terms only give rise to cash flows that are solely interest on the principal amount outstanding. Further the "hold to collect" model will be applied for these financial assets due to the following: loan terms will be up to 15 years, collection of contractual cash flows is not incidental, there's no intention to sell these assets and they are used to effectively manage cash reserves. On this basis, the fair value option will not be applied and are classified as financial assets at amortised cost.

**Unsettled investment sales** included in trade and other receivables, are receivable for securities sold but not yet settled at balance sheet date. The unsettled trade receivable balance is held for collection.

**Trade and other receivables** include margin accounts, accrued interest and contributions receivable.

**Margin accounts** represents deposits held in respect of open trades in financial instruments and not included as a component of cash and cash equivalents.

## 2. Summary of accounting policies (continued)

### Financial instruments (continued)

#### Liabilities

##### (i) Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with PBE IPSAS 41. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. Consequently, all financial liabilities are measured at fair value through surplus or deficit. All financial liabilities previously classified as financial liabilities at fair value through surplus or deficit under the category held for trading, are now classified as mandatorily measured at fair value through surplus or deficit. Derivative contracts that have a negative fair value are presented as liabilities at fair value through surplus or deficit.

##### (ii) Financial liabilities at amortised cost

Trade and other payables include unsettled investment purchases which are amounts representing liabilities and accrued expenses owing by the Fund at year end. These amounts include related party fees payable, distributions payable and withdrawals payable. Trust account deposits are held and all are repayable on demand, subject to the depositor complying with regulations of the Presbyterian Church of Aotearoa New Zealand and the Act concerning the use of funds.

**Unsettled investment purchases** included in trade and other payables, are payables for securities purchased but not yet settled at balance sheet date.

### (b) Recognition, Derecognition and Measurement

#### Financial assets and liabilities at fair value through surplus or deficit

The Fund recognises financial assets and liabilities at fair value through the surplus or deficit on the date it becomes party to the contractual agreement. Financial assets and liabilities at fair value through surplus or deficit are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Revenue and Expense. Financial assets at fair value through surplus or deficit are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. This occurs upon maturity or disposal of the asset. Financial liabilities at fair value through surplus or deficit are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at fair value through the surplus or deficit are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Comprehensive Revenue and Expense when they arise. Any gain or loss arising on derecognition of the financial asset or financial liability at fair value through profit or loss is included in the Statement of Comprehensive Revenue and Expense in the period the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item. Interest and dividend income are separately recognised in the Statement of Comprehensive Revenue and Expense. Purchases and sales of investments are recognised on the trade date, the date on which the Fund commits to purchase or sell the investment.

#### Financial assets and liabilities at amortised cost

The Fund recognises financial assets and liabilities at amortised cost on the date it becomes party to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value. Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have been expired or the Fund has transferred all of the risks and rewards of ownership. This occurs upon maturity or disposal of the asset. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance of the financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12 months' of expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired. There is a risk of non-recovery.

### iv Fair value hierarchy

Fair value measurements and fair value disclosures for financial assets and liabilities can be categorised into a three level hierarchy based on the use of market observable and unobservable inputs:

#### Level one - fair value in an active market

The fair value of financial assets traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. Generally, a level one category asset will have the most independent, reliable basis for measurement.

#### Level two - fair value in an inactive or unquoted market using valuation techniques and observable market data.

The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

#### Level three - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND**  
**PRESBYTERIAN INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**2. Summary of accounting policies (continued)**

**v Revenue recognition**

- (a) Interest income is recognised as the interest accrues using the effective interest rate method. Interest income is earned on short term deposits, loans granted, cash held at the bank and on bonds and swaps.
- (b) Gains or losses on financial assets and liabilities at fair value through surplus or deficit are recognised in the Statement of Comprehensive Revenue and Expense disclosed in note 2(iii) above.
- (c) Foreign exchange gains and losses on cash are recognised in the Statement of Comprehensive Revenue and Expense as they arise. Foreign exchange gains and losses on financial instruments at fair value through surplus or deficit are recognised in the Statement of Comprehensive Revenue and Expense.
- (d) Other income is recognised in the Statement of Comprehensive Revenue and Expense when the Fund's right to receive payment is established.

**vi Expenses**

Expenses comprise management fees, trustee fees, custody and accounting fees, registry fees, audit fees, legal fees and other administration fees. Management, trustee, custody and accounting, audit and registry fees are accrued for on a monthly basis. All other expenses are recognised when incurred.

**vii Interest expense, Attribution of capital loss adjustment and Inflation allocations to the Long Term Fund**

The Interest expense, Attribution of capital loss adjustments and Inflation allocations to the Long Term Fund are all rates determined by the Investment Committee of the Trustee and are expensed when incurred.

**viii Income tax**

The Fund is a registered charity under the Charities Act 2005 and pursuant to Section CW of the Income Tax Act 2007 is exempt from income tax.

**ix Goods and services tax ("GST")**

The Fund is not registered for GST and all components of the financial statements are stated inclusive of GST where applicable.

**x Statement of cash flows**

Definitions of the terms used in the statement of cash flows are:

- (a) Operating activities comprise all transactions and other events that are not financing activities and includes purchases and sales of investments.
- (b) Financing activities are those activities that result in changes in the size and composition of deposit holders' funds. This includes elements of deposit holders' funds not falling within the definition of cash. Distributions paid in relation to deposit holders' funds are included in financing activities.

**xi Equity**

Pursuant to the Act, the Fund provides for an Income Account and a Reserve Fund. These have the following purposes:

*Income Account*

The Income Account receives all investment income after the deduction of administration expenses. The remainder, after any transfers required to maintain the Reserve Fund, is available to be credited to the deposit holders' accounts. The balance of the Income Account is transferred to or from the Reserve Fund at the end of the year.

*Reserve Fund*

The Reserve Fund receives investment income on its funds and the balance of the Income Account at the end of the year is transferred to or from the Reserve Fund. The Fund is used to stabilise or increase the income of the Fund, to reinstate any capital losses and to hold unrealised gains or losses on fixed interest investments until maturity. The Reserve Fund is backed by the same investments that back On Call accounts.

**3. Accounting estimates and judgements**

The preparation of financial statements in conformity with PBE Accounting Standards Tier 2 requires the use of certain critical accounting estimates. It also requires the Trustee to exercise its judgement in the process of applying the Fund's accounting policies. The Trustee has applied its judgement in selecting the accounting policy to designate financial assets at fair value through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements.

**4. Interest income**

	2025	2024
	\$	\$
Interest on financial assets held at amortised cost	2,907,181	2,171,731
Interest on investment assets at fair value through surplus or deficit	2,112,938	4,294,265
<b>Total interest income</b>	<b>5,020,119</b>	<b>6,465,996</b>

**5. Administration expenses**

Trustee fees	324,129	308,004
Registry fees	138,000	138,000
Management fees	171,960	173,193
Custody fees	62,522	56,613
Audit fees	30,188	30,188
Accounting fees	27,724	29,074
Regulatory fees	57	114
Consultancy Fees	-	5,865
Legal fees	6,968	6,185
Insurance	1,000	1,000
<b>Total administration expenses</b>	<b>762,548</b>	<b>748,236</b>

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND**  
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	2025	2024
	\$	\$
<b>6. Net gains/(losses) on financial instruments at fair value through surplus or deficit</b>		
New Zealand corporate bonds	1,002,585	1,105,337
New Zealand local authority bonds	461,149	325,011
New Zealand government bonds	132,000	66,301
Mercer Socially Responsible Investment Balanced Fund	3,870,511	4,050,483
New Zealand swaps, futures and options	3,089,243	1,016,919
International swaps	(46,936)	(15,875)
International bonds	(190,808)	443,126
Forward foreign exchange contracts	289,244	5,980
<b>Net gains on financial instruments at fair value through surplus or deficit</b>	<b>8,606,988</b>	<b>6,997,282</b>
<b>7. Cash and cash equivalents</b>		
Cash at bank	6,261,243	4,943,341
<b>Total cash and cash equivalents</b>	<b>6,261,243</b>	<b>4,943,341</b>
Cash and cash equivalents include cash balances and are classified as financial assets at amortised cost under PBE IPSAS 41.		
<b>8. Trade and other receivables</b>		
Outstanding settlements	183,006	654,254
Margin accounts	952,538	386,090
Interest receivable	5,240	1,818
<b>Total trade and other receivables</b>	<b>1,140,784</b>	<b>1,042,162</b>
All trade and other receivable balances are classified as financial assets at amortised cost under PBE IPSAS 41.		
<b>9. Trade and other payables</b>		
Audit fees payable	31,093	30,188
Management fees payable	43,062	43,059
Sundry expenses payable	32,885	34,313
Outstanding settlements	-	-
Trust account withdrawals payable	102,757	119,053
Margin accounts	782,132	401,808
<b>Total trade and other payables</b>	<b>991,929</b>	<b>628,421</b>
All trade and other payables are current liabilities and are classified as financial liabilities at amortised cost under PBE IPSAS 41.		
<b>10. Financial assets and liabilities at fair value through surplus</b>		
	2025	2024
	\$	\$
<i>Financial assets at fair value through surplus</i>		
<b>Current Assets</b>		
New Zealand corporate bonds	6,497,799	10,423,799
New Zealand local authority bonds	853,202	3,687,987
Mercer Socially Responsible Investment Balanced Fund	53,732,614	49,421,944
International bonds	15,151,974	551,747
New Zealand discounted securities	4,963,192	5,062,839
New Zealand interest rate swaps	602,803	404,478
International swaps	14,140	-
Forward foreign exchange contracts	-	50,108
<b>Total Current Assets</b>	<b>81,815,724</b>	<b>69,602,902</b>
<b>Non-current Assets</b>		
New Zealand corporate bonds	44,884,424	46,607,722
New Zealand local authority bonds	10,683,964	11,626,936
New Zealand government bonds	10,305,911	-
International bonds	7,474,999	22,831,210
New Zealand interest rate swaps	412,892	348,287
International swaps	-	63,432
<b>Total non-current Assets</b>	<b>73,762,190</b>	<b>81,477,587</b>
<b>Total financial assets at fair value through surplus</b>	<b>155,577,914</b>	<b>151,080,489</b>
<i>Financial liabilities at fair value through surplus</i>		
<b>Current Liabilities</b>		
New Zealand interest rate swaps	-	(71,055)
Forward foreign exchange contracts	(30,645)	-
<b>Total Current Liabilities</b>	<b>(30,645)</b>	<b>(71,055)</b>
<b>Total Non-current Liabilities</b>		
New Zealand interest rate swaps	(820,363)	(221,911)
<b>Total Non-current Liabilities</b>	<b>(820,363)</b>	<b>(221,911)</b>
<b>Total financial liabilities at fair value through surplus</b>	<b>(851,008)</b>	<b>(292,966)</b>

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**11. Related parties**

The Trustee of the Fund is The Presbyterian Church Property Trustees. The Presbyterian Investment Fund provides both On-Call deposit and Long-Term investment facilities for the General Assembly, Presbyteries, Parishes, Church Trusts (including those administered by the Trustees) and other entities within the Presbyterian Church of Aotearoa New Zealand family. Funds are held in the name of the Trustee on behalf of these entities.

Loans to the same group of entities were introduced during June 2020 as part of the Fund's investment strategy within the On-Call portfolio. Loans are secured either against first mortgages on property or, from June 2022, by a guarantee from a Presbytery (secured via a claim over the Presbytery's holding in the PIF). Mortgages are in the name of the Trustee and held by Presbyterian Investment Fund Lending Limited, a wholly owned subsidiary of The Presbyterian Church Property Trustees, on behalf of the Trustee. The Trustees usually act as Trustee for the Borrower (typically a parish), and always act as Trustee for the Lender (PIF), and the Guarantor (Presbytery). Loans have terms of up to 15 years, no fixed repayments, with floating interest rates determined by the Investment Committee of the Trustee and secured by the physical underlying assets.

For the year ended 30 June 2025, the Fund has not recorded any impairment of receivables relating to amounts owed by related parties (2024: nil).

The following table provides the total amount of transactions including trustee fees paid that have been entered into with related parties for the relevant financial year.

		2025	2024
		\$	\$
The Presbyterian Church Property Trustees:	Trustee fees paid <sup>(1)</sup>	324,129	308,004
The Presbyterian Church Property Trustees:	Interest on loans	533,591	501,035
	Loans secured via mortgage	8,027,548	5,332,274
	Loans secured via guarantee	1,013,563	1,018,624

<sup>(1)</sup> The Trustees serve in a voluntary capacity and do not receive compensation for their services to the fund.

There were 2 loans (2024: 2 loans) issued during the year. Principal repayments of \$818,149 were received or due on the mortgages for the year ended 30 June 2025 (2024: \$2,514,602). 1 loan (2024: 2 loans) was repaid in full during the year.

**12. Trust account deposits**

The Fund amalgamates investments and money held by the Trustee on behalf of Presbyterian Church of Aotearoa New Zealand parishes, Presbyteries, General Assembly, and other related trusts and entities ("Presbyterian Entities"). The Fund provides two types of Trust accounts for Presbyterian Entities: On-Call and Long-Term.

On-Call accounts are backed by investments into highly-rated NZ cash, term deposits and short-term fixed interest securities managed by Harbour Asset Management and loans to Presbyterian Entities secured by a first mortgage or guarantee. Long-Term accounts are backed by investment in the Mercer Socially Responsible Investment Balanced Fund ("Mercer Fund"). The Mercer Fund is comprised of a diversified mix of NZ and global equity, real asset, infrastructure, fixed interest and cash securities.

On-Call accounts are credited with interest (calculated on daily balances) each quarter.

Long-Term accounts are credited with interest and inflation (calculated on daily balances) each quarter. The Inflation Interest is calculated using Statistics NZ Consumer Price Index figures. Long-Term accounts may also be debited/credited with Reserve Interest to reflect investment returns from the Mercer Fund that vary significantly from the regular Interest and Inflation amounts credited to accounts. All interest rates are determined by the Investment Committee of the Trustee.

Interest, Inflation Interest and Reserve Interest amounts debited/credited to Trust accounts are recorded as expenses of the Fund.

Interest, Inflation Interest and Reserve Interest on On-Call and Long-Term accounts were credited at the rates shown in the following table. The rates shown were those at the end of the quarter. In some cases, rates may have changed during the quarter.

Term	On-Call Interest		Long-Term Interest		Long-Term Inflation Interest		Long-Term Reserve Interest	
	2025	2024	2025	2024	2025	2024	2025	2024
1 July to 30 September	5.50%	5.25%	3.00%	3.00%	0.63%	1.79%	<sup>(1)</sup>	-5.00%
1 October to 31 December	5.00%	5.25%	3.00%	3.00%	0.55%	0.48%	2.00%	5.00%
1 January to 31 March	4.00%	5.50%	3.00%	3.00%	0.90%	0.64%	-2.00%	<sup>(1)</sup>
1 April to 30 June	3.50%	5.50%	3.00%	3.00%	0.54%	0.40%	1.50%	2.50%

<sup>(1)</sup> No Reserve Interest was paid for the quarters ended 31 March 2024 and 30 September 2024.

The following Trust account deposits are held and all are repayable on demand, subject to the depositor complying with regulations of the Presbyterian Church of Aotearoa New Zealand and the Act concerning the use of funds.

	2025	2024
	\$	\$
Parishes - Property	65,037,894	68,896,234
Parishes - Non-Property	35,792,825	34,559,785
Presbyteries	38,472,642	33,236,762
General Assembly	27,791,456	26,175,427
Other	3,384,742	3,996,634
Church Trusts	23,762,004	23,072,003
	<b>194,241,563</b>	<b>189,936,845</b>
The Trust account deposits in the On-Call and Long-Term accounts are as follows:		
On-Call	140,838,077	140,514,107
Long-Term	53,403,486	49,422,738
	<b>194,241,563</b>	<b>189,936,845</b>

**PRESBYTERIAN CHURCH OF AOTEAROA NEW ZEALAND  
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**13. Capital commitments and contingent liabilities**

There were no capital commitments or contingent liabilities as at 30 June 2025 (30 June 2024: Nil).

**14. Subsequent events**

There were no subsequent events which require adjustment to or disclosure in these financial statements.





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## **Independent auditor's report to the Members of the Presbyterian Church of Aotearoa New Zealand Presbyterian Investment Fund**

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report (the "financial report") of the Presbyterian Church of Aotearoa New Zealand Presbyterian Investment Fund (the "Fund"), which comprises the financial statements on pages 7 to 16, and the service performance information on pages 5 to 6. The complete set of financial statements comprise the statement of financial position of the Fund as at 30 June 2025, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended of the Fund and the notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial report presents fairly, in all material respects:

- the financial position of the Fund as at 30 June 2025 and its financial performance and cash flows for the year then ended
- the service performance for the year ended 30 June 2025, in that the service performance information is appropriate and meaningful and prepared in accordance with the Fund's measurement bases or evaluation methods

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

This report is made solely to the Fund's members, as a body. Our audit has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Basis for opinion**

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) and the audit of the service performance information in accordance with NZ AS 1 (Revised) *The Audit of Service Performance Information* ("NZ AS 1"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the Fund in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Fund. Partners and employees of our firm may deal with the Fund on normal terms within the ordinary course of trading activities of the business of the Fund.



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#### **Information other than the financial statements and auditor's report**

Those charged with governance are responsible for the other information. The other information comprises the annual report, but does not include the financial statements, service performance information and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Those charged with governance's responsibilities for the financial report**

Those charged with governance are responsible, on behalf of the Fund, for;

- the preparation and fair presentation of the financial report in accordance Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.
- the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- the preparation and fair presentation of service performance information in accordance with the Fund's measurement bases or evaluation methods, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- the overall presentation, structure and content of the service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board; and
- such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, those charged with governance are responsible for assessing on behalf of the Fund the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Fund or cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an



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audit conducted in accordance with International Standards on Auditing (New Zealand) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14-1/>. This description forms part of our auditor's report.

*Ernst + Young*

Chartered Accountants  
Wellington  
20 November 2025

