



Presbyterian Church  
of Aotearoa New Zealand

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

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## Council of Assembly

<b>Convenor</b>	Rev Richard McLean
<b>Deputy Convenor</b>	Ms Anne Edgar
<b>Council Members</b>	Mr A J Harrex Ms Charissa DuRose Nicol Ms Diana Baird Rev Tukua Tuwairua Rev Wayne Ogden Mr Leilua Timaloa Rev P Stewart Jaco Reyneke Dr Deborah Bower

## Registered Office

Level 1, Core Logic House  
275 Cuba Street  
Wellington 6141

## Nature of Business

Making Jesus Christ known in the Community

## Charities Commission Registration Number

CC33597

**Presbyterian Church of Aotearoa New Zealand**  
**Consolidated Statement of Comprehensive Revenue and Expenses**  
For the year ended 30 June 2019

	Note	Group June 2019 \$	Group June 2018 \$	Parent June 2019 \$	Parent June 2018 \$
<b>Revenue</b>	<b>3.4</b>				
<b>Revenue from exchange transactions</b>					
Administration Fees		424,284	427,401	1,677	496
Assembly Assessment excl. Beneficiary Fund		2,013,963	2,011,663	2,013,963	2,011,663
Cooperating Parish Contributions		240,852	238,004	240,852	238,004
Intern Contribution Received		290,477	305,782	290,477	305,782
Investment Income		848,469	819,234	835,509	807,331
Mission Enterprise Fund		111,668	549,016	111,668	549,016
Property Income		116,000	116,000	116,000	116,000
Gain on revaluation of investment property		-	145,000	-	145,000
Registrations		272,323	107,086	272,323	107,086
Sundry Income		151,825	149,474	72,410	64,534
<b>Total Revenue from exchange transactions</b>		<b>4,469,861</b>	<b>4,868,660</b>	<b>3,954,879</b>	<b>4,344,912</b>
<b>Revenue from non-exchange transactions</b>					
Donations Received	5.1	952,642	196,223	952,642	196,223
Grants Received	5.2	652,871	517,696	652,871	517,696
<b>Total Revenue from non-exchange transactions</b>		<b>1,605,513</b>	<b>713,919</b>	<b>1,605,513</b>	<b>713,919</b>
<b>Total Revenue</b>		<b>6,075,374</b>	<b>5,582,579</b>	<b>5,560,392</b>	<b>5,058,831</b>
<b>Less Operating Expenses</b>					
Administration		746,015	677,881	609,748	571,485
Depreciation and amortisation		35,677	36,137	34,452	34,348
Donations Paid	6.2	162,819	123,727	162,819	123,727
Events		262,612	137,921	255,826	132,387
Grants Paid	6.1	398,636	546,274	398,636	546,274
Mission Enterprise Fund's Grants Paid		327,139	128,281	327,139	128,281
Mission Expenses		166,613	158,913	166,613	158,913
Property Costs		183,381	171,060	153,322	141,507
Publications		66,460	103,492	62,604	98,516
Salaries and Stipends		2,248,198	2,253,220	1,973,583	1,979,567
Staff Costs		12,154	22,115	10,683	21,732
Student Training		480,854	518,778	480,854	518,778
Travel and Accommodation		238,001	212,472	214,922	200,673
<b>Total Operating Expenses</b>		<b>5,328,561</b>	<b>5,090,271</b>	<b>4,851,201</b>	<b>4,656,188</b>
<b>Total surplus for the year</b>		<b>746,813</b>	<b>492,308</b>	<b>709,191</b>	<b>402,643</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>746,813</b>	<b>492,308</b>	<b>709,191</b>	<b>402,643</b>

These financial statements should be read in conjunction with the notes to the financial statements

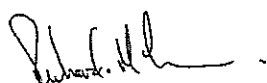
**Presbyterian Church of Aotearoa New Zealand**  
**Consolidated Statement of Changes in Net Assets**  
For the year ended 30 June 2019

Consolidated	Note	Retained Earnings \$	Capital Expenditure \$	General Funds \$	Capital Trusts \$	Total Equity \$
<b>June 2018</b>						
Balance 1 July 2017 (restated)	15	1,577,798	-	10,529,353	13,309,032	25,416,183
Total surplus for the year		492,308	-	-	-	492,308
Funds Transferred		(272,689)	-	(413,775)	686,464	-
<b>Balance 30 June 2018 (restated)</b>		<b>1,797,417</b>	<b>-</b>	<b>10,115,578</b>	<b>13,995,496</b>	<b>25,908,491</b>
<b>June 2019</b>						
Balance 1 July 2018 (restated)		1,797,417	-	10,115,578	13,995,496	25,908,491
Total surplus for the year		746,813	-	-	-	746,813
Funds Transferred		186,694	(8,579)	(12,020)	(166,095)	-
<b>Balance 30 June 2019</b>		<b>2,730,924</b>	<b>(8,579)</b>	<b>10,103,558</b>	<b>13,829,401</b>	<b>26,655,304</b>
<b>Parent</b>						
		Retained Earnings \$	Capital Expenditure \$	General Funds \$	Capital Trusts \$	Total Equity \$
<b>June 2018</b>						
Balance 1 July 2017 (restated)		1,563,404	-	10,224,470	13,309,032	25,096,906
Total surplus for the year		402,643	-	-	-	402,643
Funds Transferred		(191,306)	-	(495,158)	686,464	-
<b>Balance 30 June 2018 (restated)</b>		<b>1,774,741</b>	<b>-</b>	<b>9,729,312</b>	<b>13,995,496</b>	<b>25,499,549</b>
<b>June 2019</b>						
Balance 1 July 2018 (restated)		1,774,741	-	9,729,312	13,995,496	25,499,549
Total surplus for the year		709,191	-	-	-	709,191
Funds Transferred		92,853	(8,579)	81,821	(166,095)	-
<b>Balance 30 June 2019</b>		<b>2,576,785</b>	<b>(8,579)</b>	<b>9,811,133</b>	<b>13,829,401</b>	<b>26,208,740</b>

**Presbyterian Church of Aotearoa New Zealand**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2019**

	Note	Group June 2019 \$	Group June 2018 \$	Parent June 2019 \$	Parent June 2018 \$
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		86,943	103,433	73,708	94,987
Accounts Receivable from Exchange Transactions		68,690	131,185	22,711	103,013
Accrued Income and Prepayments		327,740	122,884	62,623	107,513
Christian Savings	8	3,300,000	7,296,783	3,300,000	7,296,783
Presbyterian Investment Fund	8	6,803,560	2,818,794	6,511,133	2,432,529
<b>Total Current Assets</b>		<b>10,586,933</b>	<b>10,473,079</b>	<b>9,970,175</b>	<b>10,034,825</b>
<b>Non Current Assets</b>					
Presbyterian Investment Fund	8	13,829,399	13,995,495	13,829,399	13,995,495
Investment Property	13	1,875,000	1,875,000	1,875,000	1,875,000
Shares held		650,000	-	650,000	-
Fixed Assets	11	61,182	54,744	55,086	47,423
Intangible Assets	12	34,151	48,296	34,151	48,296
Unsecured Advances		83,779	95,779	83,779	95,779
<b>Total Non Current Assets</b>		<b>16,533,511</b>	<b>16,069,314</b>	<b>16,527,415</b>	<b>16,061,993</b>
<b>Total Assets</b>		<b>27,120,444</b>	<b>26,542,393</b>	<b>26,497,590</b>	<b>26,096,818</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable		230,461	201,484	75,632	183,763
Accrued Expenses		216,541	181,767	195,080	162,855
Deferred Income (restated)	15	18,138	250,651	18,138	250,651
<b>Total Current Liabilities</b>		<b>465,140</b>	<b>633,902</b>	<b>288,850</b>	<b>597,269</b>
<b>Net Assets</b>		<b>26,655,304</b>	<b>25,908,491</b>	<b>26,208,740</b>	<b>25,499,549</b>
<b>Equity</b>					
<b>Reserves</b>					
Capital Trusts	8	13,829,401	13,995,496	13,829,401	13,995,496
General Funds		10,103,558	10,115,578	9,811,133	9,729,312
Capital Expenditure Reserve		(8,579)	-	(8,579)	-
<b>Total Reserves</b>		<b>23,924,380</b>	<b>24,111,074</b>	<b>23,631,955</b>	<b>23,724,808</b>
Retained Earnings (restated)	15	2,730,924	1,797,417	2,576,785	1,774,741
<b>Total Equity</b>		<b>26,655,304</b>	<b>25,908,491</b>	<b>26,208,740</b>	<b>25,499,549</b>

Signed for and on behalf of the Council of Assembly who authorised the issue of these financial statements.



Richard McLean - Convenor



Anne Edgar - Deputy Convenor

Date: 22 November 2019

Date: 22 November 2019

These financial statements should be read in conjunction with the notes to the financial statements

**Presbyterian Church of Aotearoa New Zealand**  
**Consolidated Cash Flow Statement**  
For the year ended 30 June 2019

Note	Group June 2019 \$	Group June 2018 \$	Parent June 2019 \$	Parent June 2018 \$
<b>Cash Flows from Operating Activities</b>				
<b>Cash was provided from:</b>				
Receipts from Parishes	2,719,455	3,048,600	2,737,262	3,066,486
Interest Received	192,760	410,412	179,800	398,509
Property Income	116,000	116,000	116,000	116,000
Grants and Donations	1,605,513	713,919	1,605,513	713,919
Other Income	760,110	683,961	258,087	172,116
	<u>5,393,838</u>	<u>4,972,892</u>	<u>4,896,662</u>	<u>4,467,030</u>
<b>Cash was Disbursed for:</b>				
Payments to Suppliers and Employees	(4,899,933)	(4,476,386)	(4,313,705)	(4,056,300)
Grants and Donations Paid	(561,455)	(670,001)	(561,455)	(670,001)
	<u>(5,461,388)</u>	<u>(5,146,387)</u>	<u>(4,875,160)</u>	<u>(4,726,301)</u>
<b>Net Cash inflow/(outflow) from operating activities</b>	<b>(67,550)</b>	<b>(173,495)</b>	<b>21,502</b>	<b>(259,271)</b>
<b>Cash Flows from Investing Activities</b>				
<b>Cash was Provided from:</b>				
Net Investments Proceeds	717,030	212,133	623,189	293,515
Unsecured Advances Proceeds	12,000	12,000	12,000	12,000
	<u>729,030</u>	<u>224,133</u>	<u>635,189</u>	<u>305,515</u>
<b>Cash was Applied to:</b>				
Purchase of Fixed Assets	(27,970)	(60,713)	(27,970)	(58,901)
Purchase of Shares	(650,000)	-	(650,000)	-
	<u>(677,970)</u>	<u>(60,713)</u>	<u>(677,970)</u>	<u>(58,901)</u>
<b>Net cash inflow/(outflow) from Investing Activities</b>	<b>51,060</b>	<b>163,420</b>	<b>(42,781)</b>	<b>246,614</b>
<b>Decrease in Bank</b>	<b>(16,490)</b>	<b>(10,075)</b>	<b>(21,279)</b>	<b>(12,657)</b>
Bank Balance 1 July 2018	103,433	113,508	94,987	107,644
<b>Cash and Bank 30 June</b>	<b><u>86,943</u></b>	<b><u>103,433</u></b>	<b><u>73,708</u></b>	<b><u>94,987</u></b>

# Presbyterian Church of Aotearoa New Zealand

## Consolidated Notes to the Financial Statements

### For the year ended 30 June 2019

#### 1. Reporting Entity

The reporting entity is the Presbyterian Church of Aotearoa New Zealand (the Church), consolidated with the operations of the Presbyterian Church Property Trustees (the Trustees). Reference to the "parent" in this report means reference to the Church and reference to the "Group" means reference to the Church consolidated with the Trustees. As part of its powers the church appoints Trustees who hold their property as Custodian on behalf of the individual member parishes, presbyteries and the church as a whole.

The Group 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 Church. Any residual assets or liabilities arising from the exercise of this power are included in the results of the reporting entity.

The Church is a beneficiary of funds whose financial performance is reported separately by the Trustees to the General Assembly. The Funds 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 Funds are recognised as income as and when received. These commercial activities are not included in the Church accounts.

These Group financial statements and the accompanying notes summarise the financial results of activities carried out by the Group. The Group provides support for Presbyterian Churches and cooperating churches under Presbyterian oversight to enable the promotion and teachings of Jesus Christ in the New Zealand area. All entities within the Group are charitable organisations registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

The Church is domiciled in New Zealand and is a charitable organisation registered under the Charities Act 2005.

These consolidated financial statements have been approved and were authorised for issue by the Council of Assembly on 22 November 2019.

#### 2. Statement of Compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with PBE Standards Reduced Disclosure Regime ("PBE Standards RDR") and disclosure concessions have been applied. For the purposes of complying with NZ GAAP, the Group is a not-for-profit public benefit entity and is eligible to apply PBE Standards RDR on the basis that it does not have public accountability and it is not defined as large.

#### 3. Summary of Accounting Policies

##### 3.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost, except for non-derivative financial instruments and investment property, which are measured at fair value.



# Presbyterian Church of Aotearoa New Zealand

## Consolidated Notes to the Financial Statements

### For the year ended 30 June 2019

#### 3.2 Functional and presentational currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency.

#### 3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Presbyterian Church of Aotearoa New Zealand and its controlled entities (the Group) as at 30 June 2019. Controlled entities are all those entities over which the Council (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The Church has the power to appoint Trustees, but affirms the Trustees independence in governance, management and influence over financial and operating policies of the Church Property Trustees operations.

In preparing the consolidated financial statements, all inter entity balances and transactions, unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entities are consistent with the policies adopted by the Group.

#### 3.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

##### Revenue from non-exchange transactions

###### Donation Revenue

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific purposes or services or donations in-kind.

###### Grant Revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised as revenue when it is receipted, unless there are conditions, including a return obligation, attached to the grant. If such conditions exist, then the grant amount is recognised initially as a deferred revenue liability, and revenue is recognised as the conditions are fulfilled.

# Presbyterian Church of Aotearoa New Zealand

## Consolidated Notes to the Financial Statements

### For the year ended 30 June 2019

#### Revenue from exchange transactions

##### Receipts from parishes

Receipts from parishes includes levies charged to Presbyterian parishes, receipts from cooperating churches and receipts from churches hosting ministry interns. Levies are charged and recognised evenly throughout the accounting period. Contributions from cooperating churches and church contributions to ministry interns are recognised as received.

##### Investment income

Investment income relates to interest income and is recognised using the effective interest method and is accrued monthly. Interest is reinvested quarterly for funds held in the Presbyterian Investment Fund, and is received for investments held with Christian Savings.

#### 3.5 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Financial Assets held by the Group include shares in an unlisted financial institution.

##### Financial Assets

All financial assets are initially recognised at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset. The Group's financial assets include: cash and cash equivalents, investments, receivables from exchange transactions and unsecured advances.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less any allowance for impairment. Loan agreements are for repayment of capital only and are interest free. All financial assets fall into this category of financial instruments. The effective interest rate amortisation is included in finance income in the statement of financial performance.

##### Impairment of assets

Assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired.

# Presbyterian Church of Aotearoa New Zealand

## Consolidated Notes to the Financial Statements

### For the year ended 30 June 2019

#### Financial liabilities

The Group's financial liabilities include trade and other creditors (excluding GST). All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost.

#### **3.6 Cash and cash equivalents**

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **3.7 Investments**

##### Current Investments

Current investments comprise deposits in which capital and income is accessible, and the term of the deposit is less than one year.

##### Non Current Investments

Non current investments comprise deposits in which income only is accessible, or the use of capital is restricted to specific purposes under the terms of the Trust deed. These investments are not expected to be realised in the next 12 months.

##### Shares in Unlisted Financial Institutions

Carried at Fair Value through surplus or deficit. Fair Value is determined based on evidence of arms length transactions that occurred discounted in consideration of the lack of liquidity in the trading of the shares.

#### **3.8 Investment Property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met, and excludes the cost of day-to-day maintenance of an investment property.

Subsequent to initial recognition, investment properties are measured at fair value, which is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset at the reporting date. Gain or loss arising from changes in the fair values of investment properties are recognised in surplus or deficit in the year in which they arise.

#### **3.9 Plant and Equipment**

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Plant and equipment are measured at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is charged on a straight line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life.

#### **3.10 Intangible Assets**

Intangible assets are measured at cost and are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

# Presbyterian Church of Aotearoa New Zealand

## Consolidated Notes to the Financial Statements

### For the year ended 30 June 2019

#### 3.11 Employee benefits

Liabilities for wages and salaries, annual leave and study leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

#### 3.12 Income Tax

Due to its charitable status, the Group is exempt from income tax.

#### 3.13 Equity

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the Group accumulated comprehensive revenue and expense, adjusted for transfers to/from specific reserves. Equity is categorised as general funds, capital trusts and retained earnings adjusted for net operating surplus/(deficit) for the year (as defined in the Consolidated Statement of changes in Net Assets/Equity)

Equity is categorised into sections:

- Funds available for Knox Centre for Ministry and Leadership activities
- Funds available for Global Mission activities
- Funds available for General Assembly operations
- Funds available for Presbyterian Foundation grants
- Funds available for Press Go grants and expenses
- Funds available for Mission Enterprise grants
- Church Property Trustees working capital
- Retained earnings. Accumulated earnings retained by the group and not represented by Capital Trusts or General Funds.

Each section of equity has funds reserved for Working Capital (capital and income available for use in that section), and funds reserved for specific purposes as defined by Trust deeds or bequest requirements. When specific purpose funds are accessed the terms of the Trust Deeds or bequests (the purpose of funds and where applicable the access of income only) must be met.

Please refer to note 8 for an explanation of how the above sections are split between "general funds" and "capital trusts" reserves.

#### Capital Expenditure Reserve

The Capital Expenditure Reserve is a specific reserve established to manage the expenditure on capital items.

#### 4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

# Presbyterian Church of Aotearoa New Zealand

## Consolidated Notes to the Financial Statements

### For the year ended 30 June 2019

#### 4. Significant accounting judgements, estimates and assumptions cont.

##### Grants and donation expenditure

Grants and Donation expense decisions are at the discretion of the appropriate functional manager (or Board in the case of Press Go, Mission Enterprise and Presbyterian Foundation grants). Grants and donations are within appropriate budget parameters and where necessary, comply with appropriate trust deed specifications.

##### Investment Property

Assumptions for valuation of investment property include

- Movement in market indicators
- That the property is free from further caveats and financial liens
- That there are no restrictions or impediments that may affect the valuation
- A discount rate of 6.5% has been allowed for (2018: 6.5%)

##### Shares in unlisted financial institutions

A 10% discount on recent transactions has been applied.

##### Study Leave

A provision of 30% of study leave owing has been provided for in the accounts. This is based on the percentage of study leave taken over the previous 3 years.

#### 5 Revenue from non exchange transactions

Revenue from non-exchange transactions received during each reporting period:

5.1 Donations Received	Group	Group	Parent	Parent
	June 2019	June 2018	June 2019	June 2018
	\$	\$	\$	\$
Church Schools Resource Office	137	-	137	-
Presbyterian Development Society	650,000	-	650,000	-
Global Mission	138,488	167,364	138,488	167,364
Press Go	4,916	8,159	4,916	8,159
Kids Friendly	225	850	225	850
Knox Centre - Music Ministry	3,160	10,724	3,160	10,724
KCML	107,100	-	107,100	-
Youth Ministry	10,000	6,000	10,000	6,000
Local Mission	21,616	1,126	21,616	1,126
Research Centre	-	2,000	-	2,000
Untagged	17,000	-	17,000	-
	<b>952,642</b>	<b>196,223</b>	<b>952,642</b>	<b>196,223</b>

**Presbyterian Church of Aotearoa New Zealand**  
**Consolidated Notes to the Financial Statements**  
For the year ended 30 June 2019

<b>5.2 Grants Received</b>	<b>Group June 2019 \$</b>	<b>Group June 2018 \$</b>	<b>Parent June 2019 \$</b>	<b>Parent June 2018 \$</b>
Synod Otago and Southland - Knox Centre	223,333	134,997	223,333	134,997
Synod Otago and Southland - Research Centre	125,450	90,170	125,450	90,170
Synod of Otago and Southland - Youth Ministry	8,000	5,000	8,000	5,000
Clarke Estate	150,000	100,000	150,000	100,000
PDS Grant - Lighthouse	65,117	23,000	65,117	23,000
PDS Grant - Missions	-	7,100	-	7,100
PDS Grant - Transformers	3,530	3,130	3,530	3,130
Peter Crothall - Book Collection Grant	10,000	-	10,000	-
Thornton Blair Research Grant	2,000	-	2,000	-
Ministry of Social Development - Salary Grant	6,145	1,722	6,145	1,722
Press Go	2,500	-	2,500	-
Laidlaw College	2,500	-	2,500	-
Love Reaches Out	1,800	-	1,800	-
Crombie Lockwood	5,000	-	5,000	-
Bible Society	500	4,000	500	4,000
Christian World Service	500	-	500	-
Lotteries Grants Board	36,116	-	36,116	-
NZ Chinese Trust	9,880	-	9,880	-
Scripture Union	500	-	500	-
Council for World Mission (CWM) - Salaries grant for Asian Mission	-	5,063	-	5,063
CWM Grant towards Connect	-	7,000	-	7,000
CWM - Press Go Grant	-	84,014	-	84,014
CWM - AES Travel Grant	-	-	-	-
Dunedin Foundation Charitable Trust	-	7,500	-	7,500
Glenfield Bethel Trust	-	45,000	-	45,000
	<b>652,871</b>	<b>517,696</b>	<b>652,871</b>	<b>517,696</b>

**Presbyterian Church of Aotearoa New Zealand**  
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**6 Grants and Donations Paid**

<b>6.1 Grants Paid</b>	<b>Group June 2019 \$</b>	<b>Group June 2018 \$</b>	<b>Parent June 2019 \$</b>	<b>Parent June 2018 \$</b>
Bill Best Travel Grants	-	3,365	-	3,365
Alpine Presbytery New Mission Seeding Grant	18,900	-	18,900	-
Global Mission Grants	11,338	22,574	11,338	22,574
Knox Centre Minister Study Grants	45,874	25,921	45,874	25,921
Mangere Presbyterian Church	300		300	-
Moderator's Parish	79,620	79,000	79,620	79,000
Presbyterian Foundations Grants	51,040	115,500	51,040	115,500
Press Go (Excluding Mission Enterprise Fund)	13,017	16,298	13,017	16,298
Pacific Island Synod	38,547	134,616	38,547	134,616
Northern Presbytery - Asian Ministry Coordinator	-	9,000	-	9,000
Te Aka Puaho Partnership Grant	140,000	140,000	140,000	140,000
	<u>398,636</u>	<u>546,274</u>	<u>398,636</u>	<u>546,274</u>
<b>6.2 Donations Paid</b>	<b>Group June 2019 \$</b>	<b>Group June 2018 \$</b>	<b>Parent June 2019 \$</b>	<b>Parent June 2018 \$</b>
Global Mission	161,593	120,080	161,593	120,080
Moderator Appeal for Earthquake Relief	-	-	-	-
Other donations paid	1,226	3,647	1,226	3,647
	<u>162,819</u>	<u>123,727</u>	<u>162,819</u>	<u>123,727</u>

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<b>7 Reserves</b>	<b>Balance 1 July 18</b>	<b>Transactions In</b>	<b>Transactions Out</b>	<b>Balance 30 June 19</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>General Assembly Reserves</b>				
<b>General Purpose Reserves</b>				
Presbyterian Investment Fund	755,111	5,107,318	(2,112,000)	3,750,429
Christian Savings	3,496,783	-	(2,996,783)	500,000
	<u>4,251,894</u>	<u>5,107,318</u>	<u>(5,108,783)</u>	<u>4,250,429</u>
<b>Specific Purpose Reserves</b>				
Kid's Friendly	30,859	1,094	-	31,953
Presbyterian Archives Reserve	116,837	173,437	(95,668)	194,606
Council for World Mission	547	-	(547)	-
Margaret and Bill Best Memorial Fund	275,412	9,767	-	285,179
Estate of Mary McLeish	5,714	203	-	5,917
Home Mission Trust	309,898	10,288	(19,878)	300,308
F J Borrie Trust	37	1	-	38
MA Borrie Trust	24,232	859	-	25,091
JE Long Memorial Trust	53,546	1,899	-	55,445
Outfields Mission	59,235	2,101	-	61,336
TW Pairman Trust	9,170	325	-	9,495
M&E Thompson Bequest	30,500	1,203	-	31,703
A Cowie Estate.	207,371	7,354	-	214,725
	<u>1,123,358</u>	<u>208,531</u>	<u>(116,093)</u>	<u>1,215,796</u>
<b>Total General Assembly Reserves</b>	<b>5,375,252</b>	<b>5,315,849</b>	<b>(5,224,876)</b>	<b>5,466,225</b>
<b>Knox Centre for Ministry and Leadership Reserves</b>	<b>Balance 1 July 18</b>	<b>Transactions In</b>	<b>Transactions Out</b>	<b>Balance 30 June 19</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>General Purpose Reserves</b>				
Presbyterian Investment Fund	210,131	1,812,692	(813,311)	1,209,512
Christian Savings	3,000,000	-	(1,000,000)	2,000,000
	<u>3,210,131</u>	<u>1,812,692</u>	<u>(1,813,311)</u>	<u>3,209,512</u>



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	Balance 1 July 18	Transactions In	Transactions Out	Balance 30 June 19
	\$	\$	\$	\$
<b>Knox Centre for Ministry and Leadership Reserves cont.</b>				
<b>Specific Purpose Reserves</b>				
Knox Centre Property #1	1,500,748	51,923	(57,698)	1,494,973
Knox Centre Property #2	2,053,058	71,032	(78,933)	2,045,157
Knox Centre Property #3	1,324,749	45,834	(50,932)	1,319,651
Thornton-Blair Scholarship	144,190	3,275	(147,465)	-
Frustrated Trust	26,298	933	-	27,231
Lay & Recognised Ministry Training Post Graduate Scholarships - Distribution Account	368,136	176,325	(167,010)	377,451
CPE Scholarships	118,254	4,194	-	122,448
Book Prizes Account	95,469	41,840	(38,710)	98,599
Ministers Study Grants	509,801	270,932	(264,426)	516,307
Hewitson Library	14,746	523	-	15,269
Pastoral Contingencies Fund	151,663	5,377	(50)	156,990
Begg Dickie Scholarship Fund	248,001	108,791	(99,996)	256,796
Vanuatu Training	19,354	2,413	(1,726)	20,041
Cumming Travel Scholarship	20,014	8,839	(8,130)	20,723
Sanderson Stewart McKay Trust	76,062	17,278	(14,581)	78,759
DM Phillips Gift	13,319	472	-	13,791
Knox Centre Intern Reserve	182,910	6,438	(1,695)	187,653
Carrick Crombie Scholarship	173,716	5,655	(31,967)	147,404
Harrison Bequest	291,614	27,177	(16,836)	301,955
McMullen Trust - Ordained Ministry Trainee Book Fund	-	100,853	-	100,853
	<u>7,409,755</u>	<u>957,130</u>	<u>(984,436)</u>	<u>7,382,449</u>
<b>Total Knox Centre Reserves</b>	<b>10,619,886</b>	<b>2,769,822</b>	<b>(2,797,747)</b>	<b>10,591,961</b>
<b>Global Mission Reserves</b>				
<b>General Purpose Reserves</b>				
Presbyterian Investment Fund	1,467,287	183,431	(99,526)	1,551,192
	<u>1,467,287</u>	<u>183,431</u>	<u>(99,526)</u>	<u>1,551,192</u>

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	Balance 1 July 18	Transactions In	Transactions Out	Balance 30 June 19
	\$	\$	\$	\$
<b>Global Mission Reserves cont.</b>				
<b>Specific Purpose Reserves</b>				
D I Langmuir Estate	658,775	23,362	-	682,137
Estate AJM Campbell	8,511	302	-	8,813
W & B Pullar Vanuatu Fund	99,480	3,528	-	103,008
Onesua Presbyterian College	45,079	1,501	-	46,580
Shirley Gray Memorial scholarship Vanuatu	20,333	721	(10,691)	10,363
Doreen Riddell - Scholarship Fund	58,933	2,090	-	61,023
Friends of Jagadhri	50,270	1,606	(6,123)	45,753
Ricebowl Mission	94,602	7,104	(16,813)	84,893
	9,172	27,348	(15,677)	20,843
<b>Total Specific Reserves</b>	<b>1,045,155</b>	<b>67,562</b>	<b>(49,304)</b>	<b>1,063,413</b>
<b>Total Global Mission Reserves</b>	<b>2,512,442</b>	<b>250,993</b>	<b>(148,830)</b>	<b>2,614,605</b>
	<b>Balance 1 July 18</b>	<b>Transactions In</b>	<b>Transactions Out</b>	<b>Balance 30 June 19</b>
	\$	\$	\$	\$
<b>Press Go Reserves</b>				
<b>General Purpose Reserves</b>				
Christian Savings	800,000	-	-	800,000
	800,000	-	-	800,000
<b>Specific Purpose Reserves</b>				
Press Go	324,390	303,930	(498,070)	130,250
<b>Total Specific Reserves</b>	<b>324,390</b>	<b>303,930</b>	<b>(498,070)</b>	<b>130,250</b>
<b>Total Press Go Reserves</b>	<b>1,124,390</b>	<b>303,930</b>	<b>(498,070)</b>	<b>930,250</b>
	<b>Balance 1 July 18</b>	<b>Transactions In</b>	<b>Transactions Out</b>	<b>Balance 30 June 19</b>
	\$	\$	\$	\$
<b>Presbyterian Foundation</b>				
<b>Specific Purpose Reserves</b>				
Presbyterian Investment Fund	2,936,874	240,756	(188,489)	2,989,141
<b>Total Specific Reserves</b>	<b>2,936,874</b>	<b>240,756</b>	<b>(188,489)</b>	<b>2,989,141</b>
<b>Total Presbyterian Foundation Reserves</b>	<b>2,936,874</b>	<b>240,756</b>	<b>(188,489)</b>	<b>2,989,141</b>

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	Balance 1 July 18	Transactions In	Transactions Out	Balance 30 June 19
	\$	\$	\$	\$
<b>Mission Enterprise Fund</b>				
Specific Purpose Reserve				
Presbyterian Investment Fund	1,155,964	185,020	(292,632)	1,048,352
Total specific Reserves	1,155,964	185,020	(292,632)	1,048,352
<b>Total Mission Enterprise Reserves</b>	<b>1,155,964</b>	<b>185,020</b>	<b>(292,632)</b>	<b>1,048,352</b>

	Balance 1 July 18	Transactions In	Transactions Out	Balance 30 June 19
	\$	\$	\$	\$
<b>Church Property Trustees Reserves</b>				
General Purpose Reserves				
Presbyterian Investment Fund	386,266	207,959	(301,800)	292,425
	386,266	207,959	(301,800)	292,425

**8 Summary of Group Reserves**

	Balance 1 July 18	Transactions In	Transactions Out	Balance 30 June 19
	\$	\$	\$	\$
<b>Reserves by Function</b>				
Global Mision	2,512,442	250,993	(148,830)	2,614,605
Knox Centre	10,619,886	2,769,822	(2,797,747)	10,591,961
General Assembly	5,375,252	5,315,849	(5,224,876)	5,466,225
Press Go	1,124,390	303,930	(498,070)	930,250
Presbyterian Foundation	2,936,874	240,756	(188,489)	2,989,141
Mission Enterprise Fund	1,155,964	185,020	(292,632)	1,048,352
Capital Expenditure Reserve	-	21,000	(29,579)	(8,579)
Church Property Trustees	386,266	207,959	(301,800)	292,425
	<b>24,111,074</b>	<b>9,295,329</b>	<b>(9,482,023)</b>	<b>23,924,380</b>

**Reserves by Investment Partner**

Presbyterian Investment Fund	16,814,291	9,274,329	(5,455,661)	20,632,959
Christian Savings	7,296,783	-	(3,996,783)	3,300,000
Capital Expenditure Reserve	-	21,000	(29,579)	(8,579)
	<b>24,111,074</b>	<b>9,295,329</b>	<b>(9,482,023)</b>	<b>23,924,380</b>

**Reserves by Type**

Capital Trusts	13,995,496	1,962,929	(2,129,024)	13,829,401
General Funds	10,115,578	7,311,400	(7,323,420)	10,103,558
Capital Expenditure Reserve	-	21,000	(29,579)	(8,579)
	<b>24,111,074</b>	<b>9,295,329</b>	<b>(9,482,023)</b>	<b>23,924,380</b>

**Presbyterian Church of Aotearoa New Zealand**  
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**8 Summary of Group Reserves continued**

	Balance 1 July 18 \$	Transactions In \$	Transactions Out \$	Balance 30 June 19 \$
<b>Reserves by Parent / Group</b>				
The Church	23,724,808	9,087,370	(9,180,223)	23,631,955
The Trustees	386,266	207,959	(301,800)	292,425
Group	<u>24,111,074</u>	<u>9,295,329</u>	<u>(9,482,023)</u>	<u>23,924,380</u>

Unless stated otherwise, funds held in Specific Reserves are held in the Presbyterian Investment Fund.

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**9 Changes in Assets and Equity**

	Knox Centre	General Assembly	Global Mission	Press Go	Presbyterian Foundation	Mission Enterprise Fund	Total Parent	Church Property Trustees	Total Group
<b>Capital Trusts</b>									
Balance 1 July 2018	7,409,755	1,123,358	1,045,155	324,390	2,936,874	1,155,964	13,995,496	-	13,995,496
Deposits and Income	957,130	208,531	67,562	303,930	240,756	185,020	1,962,929	-	1,962,929
Withdrawals and Transfers	(984,436)	(116,093)	(49,304)	(498,070)	(188,489)	(292,632)	(2,129,024)	-	(2,129,024)
Balance 30 June 2019	7,382,449	1,215,796	1,063,413	130,250	2,989,141	1,048,352	13,829,401	-	13,829,401
<b>General Funds</b>									
Balance 1 July 2018	3,210,131	4,251,894	1,467,287	800,000	-	-	9,729,312	386,266	10,115,578
Deposits and Income	1,812,692	5,107,318	183,431	-	-	-	7,103,441	207,959	7,311,400
Withdrawals and Transfers	(1,813,311)	(5,108,783)	(99,526)	-	-	-	(7,021,620)	(301,800)	(7,323,420)
Balance 30 June 2019	3,209,512	4,250,429	1,551,192	800,000	-	-	9,811,133	292,425	10,103,558
<b>Capital Expenditure Reserve</b>									
Balance 1 July 2018	-	-	-	-	-	-	-	-	-
Deposits and Income	-	-	-	-	-	-	-	-	-
Withdrawals and Transfers	-	-	-	-	-	-	(8,579)	-	(8,579)
Balance 30 June 2019	-	-	-	-	-	-	(8,579)	-	(8,579)
<b>Total Reserves</b>	<b>10,591,961</b>	<b>5,466,225</b>	<b>2,614,605</b>	<b>930,250</b>	<b>2,989,141</b>	<b>1,048,352</b>	<b>23,631,955</b>	<b>292,425</b>	<b>23,924,380</b>
<b>Retained Earnings</b>									
Balance 1 July 2018	-	-	-	-	-	-	1,774,741	22,676	1,797,417
Net Surplus	-	-	-	-	-	-	709,191	37,622	746,813
Transfers	-	-	-	-	-	-	92,853	93,841	186,694
Balance at 30 June 2019	-	-	-	-	-	-	2,576,785	154,139	2,730,924
<b>Total Equity</b>									
Balance at 1 July 2018	10,619,886	5,375,252	2,512,442	1,124,390	2,936,874	1,155,964	25,499,549	408,942	25,908,491
Net Movements	(27,925)	90,973	102,163	(194,140)	52,267	(107,612)	709,191	37,622	746,813
Balance at 30 June 2019	10,591,961	5,466,225	2,614,605	930,250	2,989,141	1,048,352	26,208,740	446,564	26,655,304

**Presbyterian Church of Aotearoa New Zealand**  
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**10 Auditors Remuneration**

Ernst and Young provide audit services to the Group. Total amount recognised as an audit expense is \$32,500 (2018: \$32,500). The total amount of non-audit services provided by Ernst and Young is \$3,990 (2018: nil)

**11 Fixed Assets**

	Group June 2019	Group June 2018	Parent June 2019	Parent June 2018
<b>Computer Equipment</b>				
<i>Cost</i>				
Opening Cost	138,723	183,413	126,167	170,857
Additions	28,545	9,484	28,545	9,484
Disposals	(13,059)	(54,174)	(13,059)	(54,174)
<b>Closing Cost</b>	<b>154,209</b>	<b>138,723</b>	<b>141,653</b>	<b>126,167</b>
<i>Depreciation and Impairment</i>				
Opening Accumulated Depreciation	92,949	125,108	81,169	114,104
Depreciation charge for year	19,062	18,883	18,850	18,107
Disposals	(11,452)	(51,042)	(11,452)	(51,042)
<b>Closing Accumulated Depreciation</b>	<b>100,559</b>	<b>92,949</b>	<b>88,567</b>	<b>81,169</b>
<b>Computer Equipment Net Book Value</b>	<b>53,650</b>	<b>45,774</b>	<b>53,086</b>	<b>44,998</b>
<b>Office Equipment</b>				
<i>Cost</i>				
Opening Cost	47,354	51,737	45,082	49,465
Additions	1,033	1,379	1,033	1,379
Disposals	(6,537)	(5,762)	(6,537)	(5,762)
<b>Closing Cost</b>	<b>41,850</b>	<b>47,354</b>	<b>39,578</b>	<b>45,082</b>
<i>Depreciation and Impairment</i>				
Opening Accumulated Depreciation	44,333	46,838	43,318	45,823
Depreciation charge for year	998	883	797	682
Disposals	(6,335)	(3,187)	(6,537)	(3,187)
<b>Closing Accumulated Depreciation</b>	<b>38,996</b>	<b>44,534</b>	<b>37,578</b>	<b>43,318</b>
<b>Office Equipment Net Book Value</b>	<b>2,854</b>	<b>2,820</b>	<b>2,000</b>	<b>1,764</b>
<b>Office Furniture</b>				
<i>Cost</i>				
Opening Cost	231,546	230,499	221,704	220,657
Additions	-	1,047	-	1,047
<b>Closing Cost</b>	<b>231,546</b>	<b>231,546</b>	<b>221,704</b>	<b>221,704</b>
<i>Depreciation and Impairment</i>				
Opening Accumulated Depreciation	225,396	220,935	221,043	217,396
Depreciation charge for year	1,472	4,446	661	3,632
Disposals	-	15	-	15
<b>Closing Accumulated Depreciation</b>	<b>226,868</b>	<b>225,396</b>	<b>221,704</b>	<b>221,043</b>
<b>Office Furniture Net Book Value</b>	<b>4,678</b>	<b>6,150</b>	<b>-</b>	<b>661</b>
<b>Total Net Book Value</b>	<b>61,182</b>	<b>54,744</b>	<b>55,086</b>	<b>47,423</b>

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12 Intangible Assets	Group June 2019	Group June 2018	Parent June 2019	Parent June 2018
<b>Computer Software</b>				
<i>Cost</i>				
Opening Cost	213,982	161,269	213,982	161,269
Additions	-	52,713	-	52,713
<i>Closing Cost</i>	<u>213,982</u>	<u>213,982</u>	<u>213,982</u>	<u>213,982</u>
<i>Depreciation and Impairment</i>				
Opening Accumulated Depreciation	165,686	153,760	165,686	153,760
Depreciation charge for year	14,145	11,926	14,145	11,926
<i>Closing Accumulated Depreciation</i>	<u>179,831</u>	<u>165,686</u>	<u>179,831</u>	<u>165,686</u>
<b>Net Book Value</b>	<u>34,151</u>	<u>48,296</u>	<u>34,151</u>	<u>48,296</u>

**13 Investment Property**

The investment property is subject to a long-term lease to Cold Storage Nelson Limited. The property was last valued on 30 June 2019 by Lance Collings, independent registered valuer of the firm Jones Lang LaSalle Ltd at \$1,875,000. 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 cost of disposal.

**14 Lease Commitments**

The General Assembly lease of Core Logic House was renewed in June 2019 for a period of two years from March 2019 to March 2021. The expiry date of the lease is February 2023.

The lease of the office of the Church Property Trustees was renewed in June 2018 for a term of 3 years to March 2021.

	Group June 2019 \$	Group June 2018 \$	Parent June 2019 \$	Parent June 2018 \$
<b>Lease of Corelogic House, Including Carparks</b>				
Up to one year	104,727	81,501	83,537	60,311
One to two years	69,818	35,317	55,691	-
Two to five years	-	-	-	-
<b>Sharp Corporation of NZ (Photocopier Lease)</b>				
Up to one year	2,307	2,307	-	-
One to two years	4,614	4,614	-	-
Two to five years	-	2,307	-	-

# Presbyterian Church of Aotearoa New Zealand

## Consolidated Notes to the Financial Statements

### For the year ended 30 June 2019

#### 15 Prior Period Adjustment - Thornton Blair Scholarship

An adjustment of \$144,190 has been made to the 2018 financial accounts to reflect the reclassification of funds held for the Thornton Blair Scholarship. The ownership of these funds did not sit with the General Assembly. They are now included within the 2018 accounts as Funds Payable. In November 2018 these funds were returned to the Presbyterian Church Property Trustees. The effect of the adjustment is summarised below.

	1 July 2017 as reported	1 July 2017 restated	As at 30 June 2018 as reported	As at 30 June 2018 restated
<b>Group</b>				
Retained Earnings	\$ 1,721,987	\$ 1,577,798	\$ 1,941,606	\$ 1,797,417
Deferred Income	\$ 70,817	\$ 215,007	\$ 106,461	\$ 250,651
<b>Parent</b>				
Retained Earnings	\$ 1,707,594	\$ 1,563,404	\$ 1,918,931	\$ 1,774,741
Deferred Income	\$ 70,817	\$ 215,007	\$ 106,461	\$ 250,651

#### 16 Capital Commitments

There are no capital commitments at reporting date. (2018: nil)

#### 17 Contingent assets and liabilities

On 19 August 2019 the CPT were advised by their solicitors that an entity had filed a Statement of Claim with the High Court in respect of a cancelled contract for the sale and purchase of land and buildings on behalf of a parish. The extent of any potential liability is unquantifiable at this time. (2018: nil)

#### 18 Related Party Transactions

##### Grants to Presbyterian Churches

The key management personnel, as defined in PBE IPSAS 20 Related Party Disclosures, are the members of the Presbyterian Church of Aotearoa New Zealand Council of Assembly and the Resource and Leadership subcommittees. Remuneration is paid to some members of these groups, either personally or to their churches in recognition of their contribution to church management:

	Group June 2019 \$	Group June 2018 \$	Parent June 2019 \$	Parent June 2018 \$
Payments to Council of Assembly Convenors or their parish	12,410	13,000	12,410	13,000
Convenor of KCML Review Taskgroup	5,350	-	5,350	-
Payments to Convenors of the Leadership Sub Committee and Resource Sub Committee	32,640	-	32,640	-
Payments to the Moderator's parish	79,621	79,000	79,621	79,000
	<u>130,021</u>	<u>92,000</u>	<u>130,021</u>	<u>92,000</u>

##### Presbyterian Investment Fund

Investments held in the Presbyterian Investment Fund are under the management of the Presbyterian Church Property Trustees.



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For the year ended 30 June 2019

**19 Events after balance date**

The Council of Assembly and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the General Assembly.



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

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

#### **Opinion**

We have audited the financial statements of the Presbyterian Church of Aotearoa New Zealand (the "Church") and its subsidiaries (together the "Group") on pages 2 to 23, which comprise the statements of financial position of the Church and Group as at 30 June 2019, and the statements of comprehensive revenue and expenses, statement of changes in net assets and cash flow statements for the year then ended of the Church and Group, and the notes to the financial statements including a summary of significant accounting policies.

This report is made solely to the Church's members, as a body. Our audit has been undertaken so that we might state to the Church'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 Church and the Church's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Opinion on the Church Financial Statements**

In our opinion, the financial statements on pages 2 to 23 present fairly, in all material respects, the financial position of the Church as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

#### **Adverse Opinion on the Group Financial Statements**

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on the Group, the financial statements on pages 2 to 23 do not present fairly, in all material respects, the financial position of the Group as at 30 June 2019 and its financial performance and cash flows for the year ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (revised) Code of Ethics for Assurance Practitioners 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 on the Church financial statements and our adverse opinion on the Group financial statements.

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

#### **Basis for Adverse Opinion on the Group Financial Statements**

The Group is required to apply the requirements of PBE IPSAS 6 (NFP) *Consolidated and Separate Financial Statements* to consolidate entities which, for financial reporting purposes, are controlled by the Church. Such entities include parishes and a variety of other trusts and operations.

Other than consolidating the operational activities of one controlled entity (the Church Property Trustees), the Group has not consolidated its controlled entities. Had these entities been consolidated, many elements in the accompanying financial statements of the Group would have been materially affected. The effects on the financial statements of not consolidating these entities have not been determined.

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

Those charged with governance are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.



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 on the other information, 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.

#### **Council of Assembly's responsibilities for the financial statements**

The Council of Assembly is responsible, on behalf of the Church, for the preparation and fair presentation of the financial statements in accordance Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing, on behalf of the Church, the Church and the Group'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 Church or Group or cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 audit conducted in accordance with International Standards on Auditing (New Zealand) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>. This description forms part of our auditor's report.

Chartered Accountants  
Wellington  
22 November 2019