

Presbyterian Church of Aotearoa New Zealand

General Assembly Funds

Financial Statements for the year ended 30 June 2011

This package comprises 11 pages including this cover sheet

Statement of Financial Performance

For the Year Ended 30 June 2011

	Note	June 2011 \$	June 2010 \$
Income			
Contributions from Parishes		3,607,852	3,477,826
Investment Income		1,195,032	1,067,418
Property Income		144,441	164,109
Gifts & Donations		1,413,361	1,255,562
Gain on Sales of Fixed Assets		9,000	7,392
General Assembly Registrations		188,535	-
Other		308,253	206,291
Total Income		6,866,474	6,178,598
Expenditure			
AA Provision		84,167	-
Beneficiary Fund		1,207,515	1,286,804
Computer Costs		61,495	66,254
Consultants		169,222	202,646
Depreciation	2	67,717	89,059
General Assembly		163,709	-
Grants & Donations		1,383,235	1,084,590
Interest Paid		93,820	53,692
Knox Centre Development		-	428,731
Legal Fees		176,598	68,291
Miscellaneous Costs		420,211	424,922
Property Costs		151,547	197,028
Publications		133,413	122,574
Staff Costs		1,694,907	1,682,689
Student Training		649,291	455,405
Travel Costs		255,983	283,489
Total Expenditure		6,712,830	6,446,174
Operating Surplus/(Deficit) for the Year		153,644	(267,576)
Revaluation of Investment Property	7c	14,000	(45,000)
Total Surplus/(Deficit) for the Year		167,644	(312,576)

Statement of Movements in Equity

For the Year Ended 30 June 2011

		June 2011 \$	June 2010 \$
Opening Equity at 1 July		24,229,222	24,558,698
Total Surplus/(Deficit) for the Year		167,644	(312,576)
Revaluation of Fixed Assets		(13,000)	(16,900)
Total Recognised Revenue and Expenses		154,644	(329,476)
Closing Equity at 30 June	5a	24,383,866	24,229,222

This statement is to be read in conjunction with the Notes to Financial Statements.

Statement of Financial Position

As at 30 June 2011

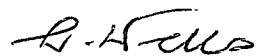
		June 2011	June 2010
		\$	\$
Equity	5a	24,383,866	24,229,222
Current Liabilities			
Accounts Payable and Accruals	8	487,473	715,694
Funds Payable	16	1,214,462	1,224,026
Unsecured Deposits		285,866	313,340
Total Current Liabilities		1,987,801	2,253,060
Non Current Liabilities			
Funds Payable	16	26,672	66,672
Total Equity and Liabilities		26,398,339	26,548,954
Non Current Assets			
Unsecured Advances	3	1,059,591	1,159,389
Land and Buildings	7a	-	285,000
Investment Property	7c	1,520,000	1,506,000
Office Furniture and Equipment	7b	159,795	171,487
Non-current Deposits Presbyterian Investment Fund	6	14,255,929	14,516,390
Total Non Current Assets		16,995,315	17,638,266
Current Assets			
Cash and Bank		178,507	172,700
Accounts Receivable	4	342,546	295,827
Unsecured Advances	3	300,874	332,616
Deposits Presbyterian Investment Fund	6	8,581,097	7,647,045
Buildings Intended for Sale	7a	-	462,500
Total Current Assets		9,403,024	8,910,688
Total Assets		26,398,339	26,548,954

This statement is to be read in conjunction with the Notes to Financial Statements.

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



Emma Keown - Convenor



Lisa Wells – Deputy Convenor

7/10/11

12/10/11

Statement of Cash Flows
For the Year Ended 30 June 2011

	June 2011	June 2010
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from		
Receipts from Parishes	3,561,133	3,522,120
Property Income	144,441	164,109
Grants and Donations	1,413,361	1,255,562
Other income	491,788	206,291
	5,610,723	5,148,082
Cash was Disbursed for:		
Payments to Suppliers and Employees	(5,525,663)	(5,122,681)
Grants and Donations Paid	(1,383,235)	(1,084,590)
	(6,908,898)	(6,207,271)
Net Cash Outflow from Operations	(1,298,175)	(1,059,189)
Cash Flows from Investing Activities		
Cash was Provided from		
Sale of Surplus Property	732,500	252,392
Increase in PIF Deposits	473,347	791,290
Increase in Unsecured Deposits	20,620	56,046
Decrease in Unsecured Advances	131,540	18,424
	1,358,007	1,118,152
Cash was Applied to:		
Purchase of Fixed Assets	(54,025)	(166,831)
	(54,025)	(166,831)
Net Cash Inflow From Investing Activities	1,303,982	951,321
Increase/(Decrease) in Bank	5,807	(107,868)
Bank Balance 1 July	172,700	280,568
Closing Bank Balance	178,507	172,700

This statement is to be read in conjunction with the Notes to Financial Statements

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1. Statement of Accounting Policies

a) Reporting Entity

The reporting entity is the General Assembly Funds of The Presbyterian Church of Aotearoa New Zealand (The Assembly). The Assembly is the governing body of the individual parishes and presbyteries that have pledged allegiance to the principles and teachings of The Presbyterian Church of Aotearoa New Zealand. The Presbyterian Church and the Assembly are unincorporated bodies.

The reporting entity records the exercise of the power of the Assembly to raise money from, receive money on behalf of or spend money on account of the individual parishes that comprise the body of The Presbyterian Church of Aotearoa New Zealand. Any residual assets or liabilities arising from the exercise of this power are included in the results of the reporting entity.

As part of its powers the Assembly appoints the Presbyterian Church Property Trustees (The Trustees) who hold their property on behalf of the individual member parishes, presbyteries and the church as a whole. Only where the Assembly or its appointed Trustees have the power to either determine: a) the nature of the trust, b) the class of beneficiary, c) the disposition of the trust or where the Assembly is the beneficiary of the trust will the reporting entity include the assets, liabilities and income of the trust. The Trustees separately report the financial performance of certain trusts under their jurisdiction.

The Church is a beneficiary of trusts whose financial performance is reported separately by the Trustees to the General Assembly. The trusts are for commercial activities gifted to the Church for the purpose of providing financial and material assistance to the Church and its Ministers. Payments to the Church from these trusts are recognised as income as and when received. To include these commercial activities within the body of the Church accounts would give a misleading picture of the financial activities of the General Assembly.

The Financial Statements of The Presbyterian Church of Aotearoa New Zealand General Assembly Funds have been prepared in accordance with generally accepted accounting practice in New Zealand.

b) Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed with the exception that certain assets as specified below are recorded at a value other than their historical cost.

c) Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and the financial position, have been applied.

(i) Unsecured Advances

Advances are recorded at face value.

(ii) Accounts Receivable

Accounts Receivable are stated at their estimated realisable value.

(iii) Fixed Assets

Legal ownership of all the property of The Presbyterian Church of Aotearoa New Zealand ("the Church") is vested in The Presbyterian Church Property Trustees in accordance with the requirements of The Presbyterian Church Property Act 1885. The property is held in trust by the Trustees for the benefit of parishes, presbyteries and the General Assembly. In the absence of a specific trust, property is held in trust on terms specified in The Presbyterian Church Property Act 1885.

The property of The Presbyterian Church of Aotearoa New Zealand includes real and personal property in each Parish together with real and personal property held for the general operation of the Church. Fixed assets included in these Financial Statements comprise only the assets held by the Trustees for the benefit of the General Assembly and trusts where the General Assembly can exercise one or more of the rights described in Note 1(a) above.

Assets in the beneficial ownership of a Parish or Presbytery are not included in these Financial Statements.

The Fixed Assets of the General Assembly fall into the following categories:

- Freehold land
- Freehold buildings
- Computer & Office equipment

Fixed assets are initially recorded at cost, or fair value as determined by the Council of Assembly. Freehold Land and Buildings are valued at least every 3 years. The difference between the valuation and the book value is transferred to a Revaluation Reserve.

Depreciation is provided on a straight-line basis on all fixed assets other than freehold land and investment properties, at depreciation rates calculated to allocate the assets' cost less estimated residual value over their estimated useful lives. If an asset has not been valued, cost is deemed to be its valuation.

Major depreciation periods are: Computer & Office equipment 4 years

When computer and office equipment is sold, any gain or loss is recognised in the Statement of Financial Performance and is calculated as the difference between the sale price and the book value of the fixed asset.

(iv) Investment Properties

Investment Properties are valued annually on balance date and are reported at their current net realisable value. Depreciation is not charged on investment properties. Revaluation gains and losses on such properties have been recorded in the Statement of Financial Performance, and is calculated as the difference between the valuation amount and the book value.

(v) Taxes

Income Tax

The General Assembly Fund has charitable status and being a Religious Organisation, is exempt from income tax.

Goods and Services Tax

The Financial Statements have been prepared on a GST exclusive basis, with the exception of receivables and payables which are stated inclusive of GST.

(vi) Grants

Grants for general purposes are recorded as income when received. Grants for specific purposes are recorded as liabilities up until the grant is spent for the specified purpose, at which point it is transferred to income.

d) Changes In Accounting Policies

There have been no changes in accounting policy in the year to 30 June 2011.

e) Prior Year Comparatives

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

2. Depreciation

	June 2011	June 2010
	\$	\$
Buildings	2,000	15,600
Computer and Office Equipment	65,717	73,459
	<u>67,717</u>	<u>89,059</u>

3. Unsecured Advances

	June 2011	June 2010
	\$	\$
Loans to Ministers and Parishes		
Current Portion	300,874	332,616
Non-Current portion	1,059,591	1,159,389
Total Unsecured Advances	<u>1,360,465</u>	<u>1,492,005</u>
Loans to Parishes	779,460	827,256
Loans to Ministers		
Ministers Loan Fund Car Loans	581,005	664,749
Total Unsecured Advances	<u>1,360,465</u>	<u>1,492,005</u>

4. Accounts Receivable

	June 2011	June 2010
	\$	\$
Accounts Receivable	480,798	445,999
Less Provision for Doubtful Debts	(355,368)	(313,423)
	<u>125,430</u>	<u>132,576</u>
Prepayments and Accrued Income	217,116	163,251
Net Accounts Receivable	<u>342,546</u>	<u>295,827</u>

5. Equity

a) Summary of Equity

June 2011	General		Presbyterian	Total Equity
	Funds	Capital Trusts	Foundation	
	\$	\$	\$	\$
Balance 1 July 2010	9,712,832	11,639,337	2,877,053	24,229,222
Net Surplus for the Year	167,644	-	-	167,644
Funds Transferred	260,461	(269,314)	8,853	-
Revaluation Reserve - Land and Buildings	(13,000)	-	-	(13,000)
Balance 30 June 2011	<u>10,127,937</u>	<u>11,370,023</u>	<u>2,885,906</u>	<u>24,383,866</u>

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

b) Inclusion of Trusts in Equity

The Church periodically receives bequests or donations that are subject to strict conditions on their use including the provision that no distributions may be made from the capital of the trust. Such gifts are in the nature of an equity contribution to the Church and are accordingly incorporated in the reserves of the Church.

A number of these small gifts have been amalgamated and provide the funding for the Presbyterian Foundation. The Foundation disperses the income it earns from investing the gifts on the mission work of the Church. The Foundation is included in the equity of the Church and identified in Note 6.

6 Presbyterian Investment Fund Deposits and Other Advances

	June 2011	June 2010
	\$	\$
General Funds	2,186,655	1,695,893
Trusts and Deposits - Income and Capital Available	6,394,442	5,951,152
Trusts and Deposits - Income Only Available	11,370,023	11,639,337
Presbyterian Foundation	2,885,906	2,877,053
	<u>22,837,026</u>	<u>22,163,435</u>

	June 2011	June 2010
	\$	\$
Current	8,581,097	7,647,045
Non-Current	14,255,929	14,516,390
	<u>22,837,026</u>	<u>22,163,435</u>

Funds held are required by the terms of their trust to be used for specified activities of the General Assembly. The Assembly organises its activities so as to take advantage of these trusts. Income of the Presbyterian Foundation is distributed to parishes so as to provide financial assistance to specific parish projects. The Foundation balance comprises capital of \$2,694,516 and undistributed income of \$191,390 (2010: \$2,785,739 and \$91,394).

7 Fixed Assets

a) Land and Buildings

	June 2011	June 2010
	\$	\$
Buildings at Valuation	-	145,000
Land at Valuation	-	140,000
Balance at 30 June	<u>-</u>	<u>285,000</u>

Buildings Intended for Sale

	June 2011	June 2010
	\$	\$
Balance at 30 June	<u>-</u>	<u>462,500</u>

The Knox College Houses were not valued as at 30th June 2011 by Tim Dick, independent registered valuer of the firm MacPherson Valuation Ltd, as the remaining properties were disposed during the year. (2010: \$285,000)

b) Computer and Office Equipment

	June 2011	June 2010
	\$	\$
Cost	459,992	501,911
Accumulated Depreciation	(300,197)	(330,424)
	<u>159,795</u>	<u>171,487</u>

c) Investment Property

This property is subject to a long-term lease to Christchurch Cool Stores Limited. The property was valued on 30th June 2011 by Lance Collings, independent registered valuer of the firm Jones Lang LaSalle Ltd at \$1,520,000 (2010: \$1,506,000). Lance Collings is a member of the New Zealand Institute of Valuers (Inc). The property is valued at net current value, being open market value less the estimated costs of disposal.

8 Employee Entitlements

	June 2011	June 2010
	\$	\$
Accrued Annual Leave	72,191	108,135
Accrued Study Leave	79,683	69,928
	<u>151,874</u>	<u>178,063</u>

9 Related Party Transactions

Knox Centre for Ministry and Leadership & Presbyterian Archives

The School of Ministry and the Presbyterian Archives are rent free tenants of Knox College.

10 Reconciliation of Net Surplus with the net Cash Flow from Operating Activities

	June 2011	June 2010
	\$	\$
Reported Net Surplus (Deficit) for the Year to date	167,644	(312,576)
Adjustments for Non Cash Items		
Depreciation	67,717	89,059
Revaluation of investment property	(14,000)	45,000
Loss on sale of surplus property	-	(7,392)
Compounded Interest	(1,195,032)	(1,067,418)
Adjustments for Movement in Working Capital		
Increase/(Decrease) in Payables and Accruals	(277,785)	100,149
Decrease/(Increase) in Accounts Receivable	(46,719)	93,989
	<u>(1,465,819)</u>	<u>(746,613)</u>
Net Cash Outflow From Operating Activities	<u>(1,298,175)</u>	<u>(1,059,189)</u>

11 Financial Instruments

a) Credit Risk

Financial Instruments, which potentially subject the Funds to credit risk principally consist of Cash and Bank, Accounts Receivable, Unsecured Advances and Presbyterian Investment Fund Deposits. Maximum exposures to credit risk at balance date are:

	June 2011	June 2010
	\$	\$
Cash and Bank	178,507	172,700
Accounts Receivable	342,546	295,827
Unsecured advances	1,360,465	1,492,005
Presbyterian Investment Fund	22,837,026	22,163,435
	<u>24,718,544</u>	<u>24,123,967</u>

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

b) Concentrations of Credit Risk

There is a concentration of credit risk in that the General Assembly uses the Presbyterian Investment Fund as banker for all surplus funds. The Presbyterian Investment Fund manages its own concentration of credit risk by investing in a wide range of interest bearing investments in accordance with its Statement of Investment Policies and Objectives.

c) Interest Rate Risk

Interest rate risk is the risk that the value of financial securities will fluctuate due to changes in market interest rates. The Funds invested in Presbyterian Investment Fund are subject to interest rate risk.

d) Fair Values

The carrying value is deemed to be the fair value of all financial instruments.

12 Commitments and Contingent Liabilities

a) Capital Expenditure Commitments

The General Assembly Funds had no capital expenditure commitments at 30 June 2011. (2010 – nil).

b) Contingent Liabilities

The General Assembly Funds had no contingent liabilities as at 30 June 2011 (2010 – nil).

13 Subsequent Events

There have been no events subsequent to balance date requiring disclosure in the financial statements.

14 Segment Information

The General Assembly Funds financial statements represent the funds controlled by the General Assembly of the Church. The General Assembly is the governing body of the Church whose principal activity is “making Jesus Christ known” within New Zealand.

15 Lease Commitments

The General Assembly lease of Terralink House was renewed in March 2010 for a period of four years. Lease commitments are:

	June 2011	June 2010
	\$	\$
Lease of Terralink House, Including Carparks		
Up to one year	78,000	78,000
One to two years	78,000	78,000
Two to five years	58,500	136,500
	<u>214,500</u>	<u>292,500</u>

16 Funds Payable

	June 2011	June 2010
	\$	\$
Council of World Mission Funds	557,230	665,312
Funds payable by Knox Centre	225,591	248,362
Press Go Funds	66,067	160,657
Global Mission Grants Payable	83,882	33,468
Connect Registrations	10,485	12,667
Est JA Cook	-	63,554
Loan Payable to Presbyterian Savings Development Society	66,680	106,678
Christchurch Eathquake appeal donations payable	181,803	-
Unearned CRSO Fees Received	29,396	-
Archives Grants Received	20,000	-
	<u>1,241,134</u>	<u>1,290,698</u>

	June 2011	June 2010
	\$	\$
Current	1,214,462	1,224,026
Non-Current	26,672	66,672
	<u>1,241,134</u>	<u>1,290,698</u>