

**THE PRESBYTERIAN SAVINGS AND DEVELOPMENT
SOCIETY OF NEW ZEALAND INC.**

ANNUAL REPORT

For the year ended 30 June 2009

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Annual Report
For the year ended 30 June 2009

CONTENTS

Trust Directory	1
Income Statement	2
Statement of Changes in Equity	3
Balance Sheet	4
Cash Flow Statement	5
Notes to and forming part of the Financial Statements	6-14
Auditors' Report	15-16

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.

Directory

For the year ended 30 June 2009

Object of the Society	To facilitate the mission and ministry of the Presbyterian Church
Board Members	George T Wadsworth – Chairman LLB FLCM Simon Bilton BPhEd PGDipBus MBA W A (Tony) Caughey BCom MBA[Harv] ACA ACIS Don Clark BCom Ian W Kendall Rev. Doug Lendrum BTh Rev. Samuel J D McCay MA MTh (uniSA) - Resigned September 2008 Rev. Simon McLeay BA BD MMin - Resigned June 2009 Glenn R Mottram JP CA Margaret Slater JP
Address	17 Great South Road Newmarket Auckland
Auditors	Jolly Duncan & Wells P O Box 11053 Ellerslie, Auckland
Bankers	ANZ Bank
Solicitors	Hesketh Henry Wadsworth Ray

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.

Income Statement

For the year ended 30 June 2009

	Note	<u>2009</u>	<u>2008</u>
		\$	\$
Revenue			
Rental revenue		249,420	400,261
Interest earned		3,261,395	3,395,553
Profit on sale/write off of investments		-	223,994
Miscellaneous income		2,300	4,129
Donations and bequests		15,952	176,930
Total revenue		<u>3,529,067</u>	<u>4,200,867</u>
Expenses			
Loss on sale/write-off of investments		135,100	-
Interest expended		2,919,304	2,939,132
Administration		321,900	296,922
Promotion and marketing		104,808	105,280
Depreciation		2,842	2,391
Total expenses		<u>3,483,954</u>	<u>3,343,726</u>
Operating Surplus (Deficit)		45,113	857,141
Change in fair value of investments		(1,179,945)	(678,419)
Profit / (Loss) Before Income Tax		<u>(1,134,832)</u>	<u>178,722</u>
Income tax expense		-	-
Net Profit / (Loss) for the year		<u><u>(1,134,832)</u></u>	<u><u>178,722</u></u>

The accompanying notes form part of these financial statements and must be read in conjunction with the audit report.

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Statement of Changes in Equity
For the year ended 30 June 2009

	Note	<u>2009</u>	<u>2008</u>
		\$	\$
Net Profit / (Loss)		<u>(1,134,832)</u>	<u>178,722</u>
Total Income and Expense		(1,134,832)	178,722
Equity at beginning of the year		4,692,154	4,757,028
<u>Distributions</u>			
Grants to Presbyterian New Vision Foundation		-	(243,596)
Equity at end of the year		<u><u>3,557,322</u></u>	<u><u>4,692,154</u></u>

The accompanying notes form part of these financial statements and must be read in conjunction with the audit report.

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.

Balance Sheet

As at 30 June 2009

	Note	2009	2008
		\$	\$
Society's Equity		<u>3,557,322</u>	<u>4,692,154</u>
Current Liabilities			
Accounts payable		5,369	6,444
Accrued interest		590,750	722,030
Depositors' funds - current portion	10	36,188,949	37,987,338
Provisions		42,130	32,448
GST payable		1,419	1,119
		<u>36,828,617</u>	<u>38,749,379</u>
Non-current Liabilities			
Depositors' funds - term portion	10	3,843,288	1,013,317
Total funds employed		<u><u>44,229,226</u></u>	<u><u>44,454,850</u></u>
Non-current Assets			
Property, plant and equipment	3	13,256	12,292
Property investments	13	4,169,557	4,632,774
Loans and advances	5	7,886,766	8,541,180
Investments held to maturity	6	20,051,800	12,869,700
		<u>32,121,379</u>	<u>26,055,946</u>
Current Assets			
Cash and cash equivalents		183,661	352,552
Money market and call deposits		9,621,002	6,845,874
Loans and advances	5	1,383,951	7,809,210
Investments held to maturity	6	600,700	2,977,400
Accounts receivable	12	318,533	413,868
		<u>12,107,847</u>	<u>18,398,904</u>
Total Assets		<u><u>44,229,226</u></u>	<u><u>44,454,850</u></u>

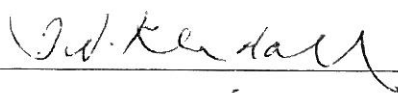
Signed on behalf of the Board of Directors:



 Chairman

4/9/09

 Date



 Director

4/9/09

 Date

The accompanying notes form part of these financial statements and must be read in conjunction with the audit report.

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.

Cash Flow Statement

For the year ended 30 June 2009

	Note	<u>2009</u>	<u>2008</u>
		\$	\$
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Rent received		254,189	393,466
Interest received		3,351,962	3,308,671
Donations and bequests		15,952	176,930
Other		2,300	4,129
		<u>3,624,402</u>	<u>3,883,196</u>
<i>Cash was disbursed to:</i>			
Payment to suppliers		(98,827)	(115,841)
Payment to and on behalf of employees		(273,209)	(234,721)
Rent paid		(46,064)	(48,379)
Interest paid		(1,290,565)	(1,111,814)
Other		299	(3,231)
		<u>(1,708,366)</u>	<u>(1,513,984)</u>
Net cash flow from operating activities	16	<u><u>1,916,036</u></u>	<u><u>2,369,211</u></u>
Cash flow from investing activities			
<i>Cash was provided from:</i>			
Mortgage Repayments		10,306,479	4,883,275
Sale of property investments		-	2,937,494
		<u>10,306,479</u>	<u>7,820,769</u>
<i>Cash was disbursed to:</i>			
Providing Mortgage Finance		(3,331,806)	(9,873,388)
Fixed Rate Investment (Net)		(5,552,228)	(3,241,545)
Purchase of fixed assets		(3,806)	(11,297)
		<u>(8,887,841)</u>	<u>(13,126,230)</u>
Net cash flow from investing activities		<u><u>1,418,639</u></u>	<u><u>(5,305,461)</u></u>
Cash flow from financing activities			
<i>Cash was disbursed to:</i>			
Depositors Fund (Net)		(728,437)	(318,176)
Grant to Presbyterian New Vision Foundation		-	(243,596)
		<u>(728,437)</u>	<u>(561,772)</u>
Net cash flow from financing activities		<u><u>(728,437)</u></u>	<u><u>(561,772)</u></u>
Net increase (decrease) in cash		2,606,237	(2,627,536)
Cash at the beginning of year		<u>7,198,426</u>	<u>9,825,962</u>
Cash at the end of year		<u><u>9,804,663</u></u>	<u><u>7,198,426</u></u>

All cash balances are available to the Society without restriction and include money market and call deposits.

The accompanying notes form part of these financial statements and must be read in conjunction with the audit report.

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Notes to and forming part of the financial statements
For the year ended 30 June 2009

1 Statement of accounting policies

Reporting entity

The Presbyterian Savings And Development Society of New Zealand Incorporated ('the Society') is a society incorporated under the Incorporated Societies Act 1908 and domiciled in New Zealand. The Society is an issuer for the purposes of the Financial Reporting Act 1993 and holds exemption under Securities Act (Charitable and Religious Purposes) Exemption Notice 2003. The Society is registered as a charitable entity with the Charities Commission under the Charities Act 2005. The financial statements of the Society are general purpose financial statements which have been prepared according to generally accepted accounting practice and in accordance with the Financial Reporting Act 1993.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Society.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with the International Financial Reporting Standards. For this purpose the Society has designated itself as non profit-oriented.

The information is presented in New Zealand dollars.

Specific accounting policies

The following specific accounting policies which materially affect the measurement of income and financial position have been applied;

a) Revenue

Revenue from rent is recognised for each day the property is occupied.
Interest is accounted for using the effective interest method i.e., as it is earned.
Dividends are recognised when the right to receive payment is established.

b) Income tax

As a registered charity, the Society is exempt from income tax.

c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

d) Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets, at rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives.

The depreciation rates used are as follows:

Equipment and Computers	28.8% - 36% SL
Office Fitouts	16.7% SL

e) Investment properties and properties intended for sale

Investment properties have been valued at fair value. Depreciation is not charged on investment properties. Gains and losses arising on determination of fair value at the end of each year on such properties have been recognised in the income statement.

No investment properties are held under operating leases.

f) Investment

Fixed rate investments are held to maturity.

Quoted fixed rate investments are initially recorded at fair value, and subsequently revalued to last market price as a measure of fair value. Gains and losses are recorded in the income statement.

Unquoted non-tradeable fixed interest investments are recorded at cost.

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Notes to and forming part of the financial statements
For the year ended 30 June 2009

g) Leases

The Society leases its offices.

The Society has no assets which are subject to finance leases or operating leases.

h) Financial Instruments

Financial instruments are recognised in the balance sheet when the Society becomes party to a financial contract. They include cash balances, bank overdraft, bills payable, receivables, payables, investment in and loans to others, and term borrowings.

All the Society's financial instruments are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts).

i) Receivable and payables

Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). Except for a few customers with extended credit terms, the resulting carrying amount for receivables is not materially different from estimated realisable value.

j) Borrowing costs

Borrowings are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method.

All borrowing costs are recognised as an expense in the period they are incurred.

k) Good and Services Tax

With the exception of trade payables and receivables, all items are stated exclusive of Good and Services Tax.

l) Impairment

If the recoverable amount of an item of property, plant and equipment is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at historical cost is recognised as an expense in the income statement. When a revalued item is written down to a recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve, and any balance recognised in the income statement.

The carrying amount of an item of property, plant and equipment that has previously been written down to recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred.

Reversals of impairment write downs are accounted for as follows:

- On property, plant and equipment that are not revalued, the reversal is recognised in the income statement
- On revalued property, plant and equipment, the reversal is recognised as an upward revaluation.

m) Cash flows

For the purpose of the cash flow statement, cash includes cash on hand, deposits held at call with banks, investments in money market instruments and call deposits, net of bank overdrafts.

n) Employee entitlements

Liabilities for annual leave are accrued in the balance sheet. Annual leave is recorded at the undiscounted amount expected to be paid.

Sick leave is not accrued in the balance sheet as it can not be measured reliably.

Changes in accounting policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous year.

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND II
Notes to and forming part of the financial statements
For the year ended 30 June 2009

2 Operating revenues

	<u>2009</u>	<u>2008</u>
	\$	\$
Rental revenue	249,420	400,261
Interest earned	3,261,395	3,395,553
Profit on Sale / Write-off of Investments	-	223,994
Miscellaneous Income	2,300	4,129
Donations & Bequests	15,952	176,930
Total Operating revenues	<u><u>3,529,067</u></u>	<u><u>4,200,867</u></u>

3 Property, plant and equipment

	<u>Cost</u>	<u>Depreciation charge</u>	<u>Accumulated depreciation</u>	<u>2009 Book value</u>
	\$	\$	\$	\$
Equipment & Computers	133,401	1,583	125,296	8,105
Office Fitouts	7,542	1,259	2,391	5,151
	<u>140,943</u>	<u>2,842</u>	<u>127,687</u>	<u>13,256</u>
	<u>Cost</u>	<u>Depreciation charge</u>	<u>Accumulated depreciation</u>	<u>2008 Book value</u>
	\$	\$	\$	\$
Equipment & Computers	129,595	1,259	123,713	5,882
Office Fitouts	7,542	1,132	1,132	6,410
	<u>137,137</u>	<u>2,391</u>	<u>124,845</u>	<u>12,292</u>

4 Additional information

	<u>2009</u>	<u>2008</u>
	\$	\$
Rental income from investment property	249,420	400,261
Donations and Bequests	15,952	176,930
Change in fair value of investments	(1,179,945)	(678,419)
Profit/(loss) on sale of investments	(135,100)	223,994
Depreciation	(2,842)	(2,391)
Rental and operating lease expenses		
Minimum lease payments	(46,064)	(48,379)
Auditor's fees		
Auditing the financial statements	(9,113)	(7,792)
Impairment in the value of assets (by asset class)	-	-
Impairment losses reversed (by asset class)	-	-
Employee benefits		
Salaries and wages	(278,416)	(241,549)
Investment property operating expenses for properties that generated rental income	-	(3,751)
Investment property operating expenses for properties that did not generate rental income	(16,378)	-

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Notes to and forming part of the financial statements
For the year ended 30 June 2009

5 Loans and Advances

	<u>2009</u>	<u>%</u>	<u>2008</u>	<u>%</u>
Church Loans - secured	8,503,084	91.72%	15,189,920	92.90%
Church Loans - unsecured	55,625	0.60%	88,628	0.54%
Commercial Loans - secured	712,009	7.68%	1,071,842	6.56%
Commercial Loans - unsecured	-	0.00%	-	0.00%
	<u>9,270,717</u>	<u>100.00%</u>	<u>16,350,390</u>	<u>100.00%</u>

Church loans includes loans to other organisations such as church schools, church camps and retirement housing.
Church loans are secured by first mortgage.

Commercial loans are secured by first mortgage.

6 Investments held to maturity

	<u>2009</u>	<u>%</u>	<u>2008</u>	<u>%</u>
Fixed Interest investments				
Listed	15,413,000	74.63%	11,871,200	74.91%
Unlisted				
Traded	4,114,500	19.92%	2,600,900	16.41%
Non-Traded	1,125,000	5.45%	1,375,000	8.68%
	<u>20,652,500</u>	<u>100.00%</u>	<u>15,847,100</u>	<u>100.00%</u>

The ratings of the Fixed Interest investments are:

AA	3,370,800	16.32%	1,979,000	12.49%
AA-	-	0.00%	499,600	3.15%
A+	2,534,700	12.27%	2,425,600	15.31%
A	1,329,400	6.44%	-	0.00%
A-	598,400	2.90%	-	0.00%
BBB+	2,014,700	9.76%	487,500	3.08%
BBB	1,983,400	9.60%	-	0.00%
BBB-	2,063,900	9.99%	2,358,900	14.89%
BB	1,132,000	5.48%	937,500	5.92%
NR*	5,625,200	27.24%	7,159,000	45.18%
	<u>20,652,500</u>	<u>100.00%</u>	<u>15,847,100</u>	<u>100.00%</u>

* NR - Not rated by any credit agency.

The face value of these investments is \$21,946,153. In holding these investments to maturity, the Board of Directors expect that an amount of \$1,293,653 (the difference between the carrying value and face value) will be progressively realised as the investments mature.

7 Provisions

Long service leave provision

Employees are not entitled to long service leave.

Sick leave provision

Employees are entitled to carry forward unused sick leave in accordance with their employment agreement. It is impossible to predict if and when this will happen and be paid. No provision has been made as the sick leave cannot be measured reliably.

8 Related parties

There were no related party transactions with any key management personnel (2008: \$-).

The Society receives legal services from Wadsworth Ray, a firm in which a director, Mr George Wadsworth, is a partner. The amount paid for legal services during the year was \$- (2008: \$5,388).

At 30 June 2009 loans to directors and staff amounted to \$- (2008: \$2,693).

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Notes to and forming part of the financial statements
For the year ended 30 June 2009

9 Financial instruments

9.1 Credit risk

To the extent that the Society has a receivable from another party, there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the Society to credit risk principally consist of bank balances, receivables, debt instruments, money market instruments and fixed rate investments.

The Society manages its exposure to credit risk to minimise losses from bad debts.

The Society performs credit evaluations on all customers requiring credit and generally requires collateral or other security.

The Society continuously monitors the credit quality of major institutions that are counter parties to its financial instruments, including independent professional advice on the composition and performance of its fixed interest investment portfolio, and does not anticipate non-performance by the counter parties. The Society further minimises its credit exposure by limiting the amount of funds placed with any one institution at any one time.

Maximum exposures to credit risk at balance date are the carrying amounts of financial assets:

	<u>2009</u>	<u>2008</u>
	\$	\$
Bank balances	183,661	352,552
Receivables	319,058	413,868
Money market & call deposits	9,621,002	6,845,874
Investments in fixed rate investments instruments	20,652,500	15,847,100
Loans and advances	9,375,717	16,350,390

The above maximum exposures are net of any recognised impairment losses on these financial instruments. Collateral is held for 99.4% by value of the loans and advances.

Concentrations of credit risk

The Society's largest depositor accounts for 3% (2008: 3%) of total deposits and the largest loan accounts for 13% (2008: 33%) of loans & advances at balance date. 52% (2008: 62%) of the Society's cash and short term deposits was with one bank at balance date. The Society has a policy that limits the amount that can be placed with any one bank. The Society only deals with banks having at least an A credit rating.

The Society does not have any other significant concentrations of credit risk.

9.2 Liquidity risk

Liquidity risk represents the Society's ability to meet its financial obligations on time. The Society's average reinvestment rate for the year to 30 June 2009 was 86.9% (2008: 85.5%). The Society generates sufficient cash flows from its operating activities to make timely payments. The Society holds 55% of depositors' funds (2008: 55%) in cash, short term deposits and negotiable securities. The Society has a total bank overdraft facility of \$20,000 (2008: \$20,000). Of this, \$- (2008: \$-) was drawn by the Society at balance date.

Liquidity profile of monetary assets and liabilities

As at 30 June 2009	<u>0 - 6 months</u>	<u>7 - 12 months</u>	<u>1 - 2 years</u>	<u>2 - 5 years</u>	<u>Total</u>
Assets					
Cash and cash equivalents	183,661	-	-	-	183,661
Accounts receivable	319,058	-	-	-	319,058
Money market and call deposits	9,621,002	-	-	-	9,621,002
Loans and advances	1,328,951	55,000	2,488,312	5,398,454	9,270,717
Marketable securities	100,100	500,600	2,907,700	17,144,100	20,652,500
Total Assets	<u>11,552,773</u>	<u>555,600</u>	<u>5,396,012</u>	<u>22,542,554</u>	<u>40,046,939</u>
Liabilities					
Payables and provisions	40,111	-	-	-	40,111
Accrued interest	336,204	197,831	56,399	316	590,750
Depositors' funds	22,782,911	13,406,038	3,821,883	21,405	40,032,237
Total Liabilities	<u>23,159,226</u>	<u>13,603,869</u>	<u>3,878,282</u>	<u>21,721</u>	<u>40,663,098</u>

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Notes to and forming part of the financial statements
For the year ended 30 June 2009

9.2 Liquidity risk (continued)

	0 - 6 months	7 - 12 months	1 - 2 years	2 - 5 years	Total
As at 30 June 2008					
Assets					
Cash and cash equivalents	352,552	-	-	-	352,552
Accounts receivable	413,868	-	-	-	413,868
Money market and call deposits	6,845,874	-	-	-	6,845,874
Loans and advances	1,884,591	5,924,620	1,238,394	7,302,786	16,350,390
Marketable securities	1,813,700	1,163,700	589,800	12,279,900	15,847,100
Total Assets	11,310,585	7,088,320	1,828,194	19,582,686	39,809,784
Liabilities					
Payables and provisions	40,111	-	-	-	40,111
Accrued interest	426,554	276,716	18,760	-	722,030
Depositors' funds	23,040,458	14,946,881	1,013,317	-	39,000,655
Total Liabilities	23,507,123	15,223,596	1,032,077	-	39,762,796

9.3 Currency risk

The Society has exposure to foreign exchange risk as a result of investments denominated in foreign currencies, arising from normal investment activities. Other than NZ dollars, the currency in which the society primarily invests is in Australian dollars. The maximum currency risk exposure at 30 June 2009 comprises a fixed interest investment denominated in Australian dollars of A\$633,861 (2008: A\$763,425).

9.4 Interest rate risk

The Society has exposure to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates. Loans and advances which represent 23% of depositors funds (2008: 42%) are made at floating interest rates. Future interest rate movements will affect cash flows and the market value of fixed interest investments. The Society manages its cost of borrowing by regularly reviewing and adjusting the interest rates offered. Interest rate on investments is managed by investing across a wide range of issuers and securities.

The Society does not use interest rate swaps or forward rate agreements to manage interest rate risk.

Repricing analysis

	Effective Interest	0 - 6 months	7 - 12 months	1 - 2 years	2 - 5 years	Total
As at 30 June 2009						
Assets						
Cash and cash equivalents	-	183,661	-	-	-	183,661
Money market and call deposits	4.39%	9,621,002	-	-	-	9,621,002
Loans and advances	6.30%	1,328,951	55,000	2,488,312	5,398,454	9,270,717
Other investments	11.09%	100,100	500,600	2,907,700	17,144,100	20,652,500
Total Assets		11,233,715	555,600	5,396,012	22,542,554	39,727,881
Liabilities						
Depositors' funds	5.17%	22,782,911	13,406,038	3,821,883	21,405	40,032,237
Total Liabilities		22,782,911	13,406,038	3,821,883	21,405	40,032,237
As at 30 June 2008						
Assets						
Cash and cash equivalents	-	352,552	-	-	-	352,552
Money market and call deposits	8.74%	6,845,874	-	-	-	6,845,874
Loans and advances	9.82%	1,884,591	5,924,620	1,238,394	7,302,786	16,350,390
Other investments	10.39%	1,813,700	1,163,700	589,800	12,279,900	15,847,100
Total Assets		10,896,717	7,088,320	1,828,194	19,582,686	39,395,916
Liabilities						
Depositors' funds	8.12%	23,040,458	14,946,881	1,013,317	-	39,000,655
Total Liabilities		23,040,458	14,946,881	1,013,317	-	39,000,655

By managing interest rate risk the Society aims to moderate the impact of short-term fluctuations in interest rates. Over longer periods changes in rates will have an impact on profit.

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Notes to and forming part of the financial statements
For the year ended 30 June 2009

9.5 Fair values

The fair value of assets and liabilities are equivalent to their carrying values as reflected in the balance sheet.
The fair value of the fixed interest investments are based on the current market rates.

10 Term liabilities

	<u>2009</u>	<u>2008</u>
	\$	\$
Depositors funds	40,032,237	39,000,655
Less: current portion	36,188,949	37,987,338
Total term liabilities	<u>3,843,288</u>	<u>1,013,317</u>

Repayable as follows:

less than 1 year	36,188,949	37,987,338
between 1-5 years	3,843,288	1,013,317
greater than 5 years	-	-
	<u>40,032,237</u>	<u>39,000,655</u>

The policy for managing liquidity risk is described in note 9.2

The Society had no secured bank loans outstanding in 2009 (2008: \$-).
The Society had no finance leases outstanding in 2009 (2008: \$-).

Security

Bank overdraft facilities are unsecured and unused at balance date. (2008: \$-)

11 Employee entitlements

	<u>2009</u>	<u>2008</u>
	\$	\$
Balance at beginning of year	28,291	22,235
Additional provision	2,243	6,056
Amount utilised	-	-
Effect of discounting	-	-
Balance at end of year	<u>30,534</u>	<u>28,291</u>

This is represented by:

Current liability	30,534	28,291
Non-current liability	-	-
Balance at end of year	<u>30,534</u>	<u>28,291</u>

12 Receivables and prepayments

	<u>2009</u>	<u>2008</u>
	\$	\$
Accruals	279,492	279,500
Accrued interest on Church loans	6,623	65,797
Accrued interest on Commercial loans	-	18,098
Accrued interest Property investments	25,224	36,788
Short-term investment receivable	49	216
Prepayments	-	-
Sundry Debtors	7,144	13,469
	<u>318,533</u>	<u>413,868</u>

At 30 June 2009 loans to directors and staff amounted to \$- (2008: \$2,693).

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Notes to and forming part of the financial statements
For the year ended 30 June 2009

Health of receivables

All financial assets are within the contracted terms.

	2009		2008	
	Gross	Impairment	Gross	Impairment
Not yet due	279,492	-	322,918	-
Overdue 0-31 days	39,040	-	90,950	-
Overdue 31-92 days	-	-	-	-
Overdue 93-184 days	-	-	-	-
Overdue more than 184 days	-	-	-	-
Total receivables and prepayments	318,532	-	413,868	-

	2009	2008
	\$	\$
Gross trade receivables	318,533	411,175
Related party receivables	-	2,693
Individually impaired debts	-	-
Allowance for collectively impaired debts	-	-
Total receivables and prepayments	318,533	413,868

13 Property investments

Property investments comprise:

13.1 Investment properties

	2009	2008
	\$	\$
Carrying amount at 1 July 2008	2,860,000	5,690,174
Additions	-	-
Disposals and assets held for sale	-	(2,710,174)
Revaluations	(340,000)	(120,000)
Carrying amount at 30 June 2009	2,520,000	2,860,000

There are no restrictions on realising any of the society's properties or remitting rental income.

Investment properties were valued on 30 June 2009, by T L Esplin, independent registered valuer of the firm Telfer Young (Auckland) Ltd. T L Esplin is a member of the New Zealand Institute of Valuers Inc. The properties are valued at market value by reference to market evidence.

13.2 Group Fund Investments - Property Fund

Trust Investment Group - property fund - at market value	1,649,557	1,772,774
	4,169,557	4,632,774

14 Judgement and estimation uncertainty

The preparation of financial statements of necessity involves judgement and estimation.

The effect of estimation on these financial statements is greatest in the revaluation of investment properties. The directors have therefore obtained independent valuations carried out in compliance with the professional standards of the NZ Institute of Valuers by very experienced valuers as detailed in note 13. Nevertheless, any valuation carries a degree of uncertainty and the amounts are not large:

	2009	2008
	\$	\$
Land and buildings	-	-
Investment properties	4,169,557	4,632,774
Total	4,169,557	4,632,774

THE PRESBYTERIAN SAVINGS AND DEVELOPMENT SOCIETY OF NEW ZEALAND INC.
Notes to and forming part of the financial statements
For the year ended 30 June 2009

15 Contingent liabilities

	<u>2009</u>	<u>2008</u>
	\$	\$
Guarantee of bank overdraft facilities		
At balance date the amount of the bank overdraft so guaranteed was:	<u>-</u>	<u>-</u>

16 Reconciliation of reported surplus after taxation with cash flows from operating activities

	<u>2009</u>	<u>2008</u>
	\$	\$
Net profit for the year	(1,134,832)	178,722
<i>Add (less) non-cash items and non-operating items</i>		
Depreciation	2,842	2,391
Profit/(Loss) on Sale of Investments	135,100	(223,994)
Change in fair value of investments	1,179,945	678,419
Depositors interest compounded	1,760,019	1,597,521
<i>Movement in working capital:</i>		
Increase (decrease) in sundry creditors	(1,075)	(3,566)
Increase (decrease) in GST	299	(3,231)
Increase (decrease) in accrued interest	(131,279)	229,798
Increase (decrease) in provisions	9,682	6,828
(Increase) decrease in receivables	95,335	(93,677)
	<u>1,916,036</u>	<u>2,369,211</u>
Net cash flows from operating activities	<u>1,916,036</u>	<u>2,369,211</u>

17 Commitments

	<u>2009</u>	<u>2008</u>
	\$	\$
Capital commitments		
Estimated	<u>-</u>	<u>-</u>
Operating lease commitments		
Less than one year		
Between 1 and 5 years	41,403	41,403
Greater than 5 years	127,659	165,612
Total operating lease commitments	<u>-</u>	<u>3,450</u>
	<u>169,062</u>	<u>210,465</u>

There are no subleases related to these operating leases.

All significant operating lease commitments relate to land and buildings. They:

- are for at least 6 years or have rights of renewal for at least that period; and
- have normal provisions for periodic rent reviews to market rates.

Some leases have 'ratchet' clauses that do not permit the rent to be revised downwards. These are not considered material to the society. No operating leases impose any restrictions on the society's ability to raise debt or enter into further leases.

18 Segment information

Industry segments

The Society operates predominantly in one segment, financial services to Churches and related organisations.

Geographical segments

The Society operates in New Zealand only, therefore no segment information is provided.

19 Significant events after balance date

There were no significant events after balance date which could materially affect the accounts.

AUDIT REPORT

To the Members of The Presbyterian Savings & Development Society of New Zealand Inc.

We have audited the financial statements on pages 2 to 14. The financial statements provide information about the past financial performance of the Society and its financial position as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages 6 to 7.

The Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation of financial statements which gives a true and fair view of the financial position of the Society as at 30 June 2009 and of the results of its operations and cash flows for the year ended 30 June 2009.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgments made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Partners

Brian Sheridan B.Com CA
Murray Wells B.Com CA CMA
Vijay Goel B.Com CA SA Fin

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion, the financial statements on pages 2 to 14:

- comply with generally accepted accounting practice;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Society as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 4 September 2009 and our unqualified opinion is expressed as at that date.

Jolly Duncan & Wells
JOLLY DUNCAN & WELLS
CHARTERED ACCOUNTANTS
ELLERSLIE, AUCKLAND
N:\Data\BS\PSDS\2009\A-2 Audit Report 2009.doc