



# Performance Report

The Presbyterian Development Society of New Zealand Incorporated  
For the year ended 30 June 2018



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# Approval of Performance Report

## The Presbyterian Development Society of New Zealand Incorporated For the year ended 30 June 2018

The Board of The Presbyterian Development Society of New Zealand Incorporated are pleased to present the approved performance report including the performance report of The Presbyterian Development Society of New Zealand Incorporated, and the independent auditor's report thereon for the year ended 30 June 2018.

APPROVED

Signed for and on behalf of the board

  
\_\_\_\_\_

Tony Caughey

Chairman

Date 21/11/18

  
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Simon Bilton

Director

Date 21/11/18





## Entity Information

### The Presbyterian Development Society of New Zealand Incorporated For the year ended 30 June 2018

'Who are we?', 'Why do we exist?'

#### Legal Name of Entity

The Presbyterian Development Society of New Zealand Incorporated

#### Entity Type and Legal Basis

The Presbyterian Development Society of New Zealand Incorporated is a society incorporated under the Incorporated Societies Act 1908. It is also registered as a charitable entity with the Charities Services under the Charities Act 2005.

#### Registration Number

Incorporated Society Number: 223944

Registered Charity Number: CC20941

#### Entity's Purpose or Mission

The Society's object is to facilitate the mission and ministry of the Presbyterian Church in New Zealand through the provision of grants.

#### Entity Structure

The Society no longer holds or seeks debt securities to fund mortgage lending. This has meant that employed and voluntary staff are not required to carry out the Society's business. The directors carry out the minimal administrative requirements and manage the investment property and term deposit investments. The accounting requirements are contracted to an external accounting service provider.

Governance of The Presbyterian Development Society of New Zealand Incorporated is undertaken by an executive board.

#### Board Members for the 2017/2018 year are:

**Chairman** W.A. (Tony) Caughey ONZM, BCom (Auckland) MBA (Harvard) FACA ACIS CFInstD

#### Board Members:

- Dr. Simon Bilton DBA MBA BPhEd PGDipBus MInstD
- Dr. Kathryn Jones PhD M ComLaw (Hons) BSc (Hons), First Class
- Rev. Dr. Mark Johnston DMin BSc (Hons) DipTchg BD
- Rev. Doug Lendrum BTh
- Glenn R. Mottram QSM, JP CA

Craig Prosser resigned from the Society's Board on 21 February 2018 moving to Doha for work and family commitments. There have been no other changes this financial year.



**Main Sources of Entity's Cash and Resources**

Income is derived from the rental of a commercial property, interest on term deposits and dividends from shares held in Christian Savings Limited. The shares in Christian Savings Limited have been sold and the funds invested in term deposits.

From time to time small donations are made to the society by past investors.

**Main Methods Used by Entity to Raise Funds**

There is no active fundraising. All income generated comes from returns on the equity invested, unsolicited donations/bequests, a commercial building, shares or term deposits.

**Entity's Reliance on Volunteers and Donated Goods or Services**

All of the executive board positions are voluntary roles and significant time is given by the board members to the Society.

**Physical Address**

111 Great South Road, Epsom, Auckland, New Zealand, 1051

**Postal Address**

PO Box 26210, Epsom, Auckland, New Zealand, 1344

**Bankers**

ANZ Bank New Zealand Limited

**Auditor**

RSM Hayes Audit  
Level 1, 1 Broadway, Newmarket, Auckland 1023

**Accountant**

Newmarket Business Services Ltd  
T/as Small Business Accounting  
371 Manukau Road, Epsom, Auckland 1023

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# Statement of Service Performance

## The Presbyterian Development Society of New Zealand Incorporated For the year ended 30 June 2018

'What did we do?', 'When did we do it?'

### Description of Entity's Outcomes

The primary objects of the Society are those charitable objects which are recognised in New Zealand law as being charitable including to:

- Promote the interest of the Presbyterian Church of Aotearoa New Zealand (PCANZ) which shall include activities carried on in association with other churches as in Union Parishes or in other cooperative ventures;
- Provide financial assistance to Parishes, Trust Boards, Associations and other bodies recognised by PCANZ for the purposes of acquiring and developing property and buildings necessary for their worship, recreation and Christian witness;
- Provide financial assistance for the accommodation of ministers and any other workers in or associated with the PCANZ;
- Make regulations to advance the attainment of any of the above objects;
- Do any act or thing incidental or conducive to the attainment of any of the above objects.

Without detracting from the primary charitable objects, the secondary objects of the Society are to promote the interests of religion and Christianity throughout New Zealand by providing financial assistance to other Christian denominations and congregations and organisations as the directors see fit, provided however, that the Society shall only be for the benefit of charitable objects within New Zealand.

	2018	2017
<b>Outcomes and measures of quality and objectives in respect to delivery</b>		
Distribution of grants to the Presbyterian Churches (\$ Value)	152,130	109,375

### Additional Information

Following the sale of the debt equity and church mortgage section of the organisation, PDS is examining how it will reach its mission in the future and the best use of the equity it has accumulated to date.



# Statement of Financial Performance

## The Presbyterian Development Society of New Zealand Incorporated For the year ended 30 June 2018

'How was it funded?' and 'What did it cost?'

	NOTES	2018	2017
<b>Revenue</b>			
Donations, fundraising and other similar revenue	1	-	20,464
Revenue from providing goods or services	1	213,833	154,940
Interest, dividends and other investment revenue	1	118,444	96,663
<b>Total Revenue</b>		<b>332,277</b>	<b>272,067</b>
<b>Expenses</b>			
Volunteer and employee related costs	2	9,557	365
Costs related to providing goods or service	2	28,646	36,133
Grants and donations made	2	287,580	109,375
Other expenses	2	38,269	38,821
<b>Total Expenses</b>		<b>364,052</b>	<b>184,694</b>
<b>Surplus/(Deficit) for the Year</b>		<b>(31,775)</b>	<b>87,373</b>

This statement should be read in conjunction with the attached notes.



# Statement of Financial Position

## The Presbyterian Development Society of New Zealand Incorporated As at 30 June 2018

'What the entity owns?' and 'What the entity owes?'

	NOTES	2018	2017
<b>Assets</b>			
<b>Current Assets</b>			
Bank accounts and cash	3	1,683,566	739,787
Debtors and prepayments	3	161,384	39,878
Investments (current)		500,000	-
<b>Total Current Assets</b>		<b>2,344,950</b>	<b>779,665</b>
<b>Non-Current Assets</b>			
Investment Properties	5	3,774,180	3,794,215
Investments	3	700,000	2,135,419
<b>Total Non-Current Assets</b>		<b>4,474,180</b>	<b>5,929,635</b>
<b>Total Assets</b>		<b>6,819,130</b>	<b>6,709,299</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and accrued expenses	4	157,273	15,673
Other current liabilities	4	36,636	36,630
<b>Total Current Liabilities</b>		<b>193,909</b>	<b>52,303</b>
<b>Total Liabilities</b>		<b>193,909</b>	<b>52,303</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>6,625,221</b>	<b>6,656,996</b>
<b>Accumulated Funds</b>			
Accumulated surpluses or (deficits)	6	6,505,299	6,537,074
Reserves	6	119,922	119,922
<b>Total Accumulated Funds</b>		<b>6,625,221</b>	<b>6,656,996</b>

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This statement should be read in conjunction with the attached notes.





## Statement of Cash Flows

### The Presbyterian Development Society of New Zealand Incorporated For the year ended 30 June 2018

'How the entity has received and used cash'

	2018	2017
<b>Cash Flows from Operating Activities</b>		
<b>Cash was received from:</b>		
Donations, fundraising and other similar receipts	-	20,464
Receipts from providing goods or services	108,164	203,946
Interest, dividends and other investment receipts	118,458	96,677
<b>Cash was applied to:</b>		
Payments to suppliers and employees	(49,318)	(57,303)
Donations or grants paid	(163,205)	(98,300)
GST Paid	324	(818)
<b>Total Cash Flows from Operating Activities</b>	<b>14,423</b>	<b>164,666</b>
<b>Cash Flows from Investing and Financing Activities</b>		
<b>Cash was received from:</b>		
Receipts from the sales of investments	2,135,419	841,000
Investors Deposits Received	6	5
<b>Cash was applied to:</b>		
Payment to acquire property, plant and equipment	(6,070)	(1,380)
Payment to purchase investments	(1,200,000)	(835,419)
<b>Total Cash Flows from Investing and Financing Activities</b>	<b>929,356</b>	<b>4,205</b>
<b>Net Increase/ (Decrease) in Cash</b>	<b>943,780</b>	<b>168,872</b>
<b>Cash Balances</b>		
Cash and cash equivalents at beginning of period	739,787	570,915
Cash and cash equivalents at end of period	1,683,566	739,787
Net change in cash for period	943,780	168,872

This statement should be read in conjunction with the attached notes.



# Statement of Accounting Policies

## The Presbyterian Development Society of New Zealand Incorporated For the year ended 30 June 2018

'How did we do our accounting?'

### Basis of Preparation

The Society has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

### Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for creditors and debtors which are stated inclusive of GST.

### Income Tax

The Presbyterian Development Society of New Zealand Incorporated is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

### Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of less three months or less.

### Investment Properties

Investment properties are shown at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less any accumulated depreciation and impairment losses.

### Depreciation

Depreciation is provided on a straight line basis on all items under investment properties except for land, at rates that will write off the cost of the assets over their useful lives. The depreciation rates associated with major classes of assets have been estimated as follows:

- Equipment 13.5% - 17.5%
- Buildings 2%

### Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

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# Notes to the Performance Report

## The Presbyterian Development Society of New Zealand Incorporated For the year ended 30 June 2018

	2018	2017
<b>1. Analysis of Revenue</b>		
<b>Donations, fundraising and other similar revenue</b>		
Donations and Bequests	-	20,464
<b>Total Donations, fundraising and other similar revenue</b>	<b>-</b>	<b>20,464</b>
<b>Revenue from providing goods or services</b>		
Rental Income	213,833	154,940
<b>Total Revenue from providing goods or services</b>	<b>213,833</b>	<b>154,940</b>
<b>Interest, dividends and other investment revenue</b>		
Interest Income	39,198	32,019
Dividends Received	79,247	64,644
<b>Total Interest, dividends and other investment revenue</b>	<b>118,444</b>	<b>96,663</b>
	2018	2017
<b>2. Analysis of Expenses</b>		
<b>Volunteer and employee related costs</b>		
ACC Levies	-	27
Board Expenses	2,849	338
Staff Training & Welfare	6,691	-
Travel Expenses	17	-
<b>Total Volunteer and employee related costs</b>	<b>9,557</b>	<b>365</b>
<b>Costs related to providing goods or services</b>		
Administration Cost	9,540	16,018
Insurance	8,545	10,035
Interest Expenses	2	39
Owned Building Expenses	6,339	10,041
Property Valuation Cost	4,220	-
<b>Total Costs related to providing goods or services</b>	<b>28,646</b>	<b>36,133</b>
<b>Grants and donations made</b>		
Accrued Grants	135,450	-
Grants Paid	152,130	109,375
<b>Total Grants and donations made</b>	<b>287,580</b>	<b>109,375</b>
<b>Other expenses</b>		
Accountancy Fees	5,094	5,094
Audit Fee	7,070	7,500
Depreciation	26,105	25,651
Legal Fees	-	576
<b>Total Other expenses</b>	<b>38,269</b>	<b>38,821</b>



	2018	2017
<b>3. Analysis of Assets</b>		
<b>Bank accounts and cash</b>		
Bank Accounts and Cash	99,949	229,329
Money Market and Call Deposits	1,583,618	510,458
<b>Total Bank accounts and cash</b>	<b>1,683,566</b>	<b>739,787</b>
<b>Debtors and prepayments</b>		
Accounts Receivable	161,308	39,789
Interest Accrued	75	89
<b>Total Debtors and prepayments</b>	<b>161,384</b>	<b>39,878</b>
<b>Investments</b>		
JB Were - Term Deposits Over 6 Months	700,000	835,419
Short Term Deposits	500,000	-
Shares in Christian Savings Capital Ltd	-	1,300,000
<b>Total Investments</b>	<b>1,200,000</b>	<b>2,135,419</b>

	2018	2017
<b>4. Analysis of Liabilities</b>		
<b>Creditors and accrued expenses</b>		
Accounts Payable	3,617	15,146
Accruals	7,500	7,500
Grants Payable	135,450	-
Goods & Services Tax	10,706	(6,973)
<b>Total Creditors and accrued expenses</b>	<b>157,273</b>	<b>15,673</b>
<b>Other current liabilities</b>		
Investors Deposits	36,636	36,630
<b>Total Other current liabilities</b>	<b>36,636</b>	<b>36,630</b>

	2018	2017
<b>5. Investment Properties</b>		
<b>Land and Buildings</b>		
<b>Land</b>		
Land at cost	2,613,725	2,613,725
<b>Total Land</b>	<b>2,613,725</b>	<b>2,613,725</b>
<b>Buildings</b>		
<b>Buildings at cost</b>		
Buildings	486,275	486,275
<b>Total Buildings at cost</b>	<b>486,275</b>	<b>486,275</b>

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	2018	2017
<b>Accumulated depreciation - buildings</b>		
Buildings Accum. Depr.	(38,903)	(29,177)
<b>Total Accumulated depreciation - buildings</b>	<b>(38,903)</b>	<b>(29,177)</b>
<b>Total Buildings</b>	<b>447,373</b>	<b>457,098</b>
<b>Total Land and Buildings</b>	<b>3,061,098</b>	<b>3,070,823</b>
<b>Plant and Equipment</b>		
Plant and machinery owned	10,711	4,642
Accumulated depreciation - plant and machinery owned	(1,957)	(888)
<b>Total Plant and Equipment</b>	<b>8,754</b>	<b>3,754</b>
<b>Property Improvements</b>		
Improvements at cost	765,501	765,501
Accumulated depreciation - improvements	(61,173)	(45,863)
<b>Total Property Improvements</b>	<b>704,328</b>	<b>719,638</b>
<b>Total Investment Properties</b>	<b>3,774,180</b>	<b>3,794,215</b>

### Property Valuation

On 6th August 2018, Darroch Limited, an independent registered valuer, completed a valuation of the land and buildings at 111 Great South Road, Epsom, Auckland. The fair market value of the land and buildings was assessed at \$6,520,000. The board has decided not to reflect the current market value in this report and as such the land and building values are stated at cost.

### Significant Donated Assets Recorded

No assets have been donated to the Society.

### Significant Donated Assets - Not Recorded

There are no un-recorded donated assets.

	2018	2017
<b>6. Accumulated Funds</b>		
<b>Accumulated Funds</b>		
Opening Balance	6,656,996	6,569,623
Accumulated surpluses or (deficits)	(31,775)	87,373
<b>Total Accumulated Funds</b>	<b>6,625,221</b>	<b>6,656,996</b>

### 7. Commitments

There are no commitments to rent or lease assets.

The Society has committed \$135,450 for ongoing Presbyterian missions in 2018 (Last year - \$75,000) and these are:

1. Mission Courses and Coaching \$28,450
2. Lighthouse National Incubator \$32,000
3. Knox Centre – Minister Training \$75,000

### 8. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2018 (Last year - nil).

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*SB*



**9. Significant Grants and Donations with Conditions not Recorded as a Liability**

There are no grants or donations with conditions attached.

**10. Goods or Services Provided to the Entity in Kind**

No goods or services have been provided to the society in kind.

**11. Assets Held on Behalf of Others**

No assets are held on behalf of others.

**12. Related Parties**

A grant of \$750 for training expenses was made to Reverend Dr. Mark Johnston who is a member of the board of the Society. The grant was in line with other grants typically made to church ministers for that purpose, and Reverend Johnston was excluded from the decision making process.

There were no other transactions involving related parties during the financial year (Last year - nil).

**13. Events After the Balance Date**

Prior to balance date, the shares in Christian Savings were returned to the Society for cash of \$1,300,000 and were placed on deposit. After balance date, the Society has made a grant of \$650,000 of these surplus funds to Presbyterian Church Aotearoa New Zealand.

**14. Ability to Continue Operating**

The entity will continue to operate for the foreseeable future.

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## Independent Auditor's Report

### To the Members of The Presbyterian Development Society of New Zealand Incorporated

RSM Hayes Audit

PO Box 9588  
Newmarket, Auckland 1149  
Level 1, 1 Broadway  
Newmarket, Auckland 1023

T +64 (9) 367 1656  
www.rsmnz.co.nz

### Opinion

We have audited the performance report of The Presbyterian Development Society of New Zealand Incorporated (the Society), which comprises:

- The entity information;
- The statement of service performance;
- The statement of financial position as at 30 June 2018;
- The statement of financial performance for the year then ended;
- The statement of cash flows for the year then ended; and
- The statement of accounting policies and notes to the performance report.

In our opinion:

- A. The reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- B. The performance report on pages 4 to 14 presents fairly, in all material respects:
  - The entity information for the year ended 30 June 2018;
  - The service performance for the year ended 30 June 2018, and
  - The financial position of the entity as at 30 June 2018, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

### Basis for opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the performance report section of our report.

We are independent of the Society 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.

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

### **Responsibilities of directors for the performance report**

The directors are responsible, on behalf of the entity, for:

- A. Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- B. The preparation and fair presentation of the performance report which comprises:
  - The entity information;
  - The statement of service performance,
  - The statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and
  - For such internal control as the directors determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the directors are responsible, on behalf of the Society, for assessing the Society'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 the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) 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 decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in control that we identify during our audit.

### Who we report to

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



**RSM Hayes Audit**  
Auckland

28 November 2018