Presbyterian
Support Central

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2016

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $000's	2015 $000's
Operating Income			
Revenue from Services		60,222	57,501
Village Contributions		941	859
Recovery of Village Outgoings		808	720
Non-exchange Operating Income	8	664	380
Operating Income		**62,636**	**59,460**
Operating Expenditure			
Personnel		48,315	44,949
Operating Expenses		11,233	10,623
Property Costs		2,865	2,815
Depreciation and Amortisation of Intangibles	3	2,755	2,709
Total Operating Expenditure		**65,168**	**61,096**
Total Operating Surplus (Deficit)		**(2,532)**	**(1,636)**
Other Income and (Expenses)			
Finance Income (Expenses)			
Interest		1,070	1,084
Dividends		790	788
Realised Share Gains (losses)		(26)	237
Unrealised Share Gains (losses)		847	1,427
Net Change in Fair Value of Investment Properties	2	2,371	2,333
Gain (Loss) on Sale of Fixed Assets		32	-
Grants Distributed from Trusts		(188)	(192)
Legacies		546	153
Total Other Income and (Expenses)		**5,442**	**5,830**
Net Surplus for Year		**2,910**	**4,194**
Other Comprehensive Revenue and Expense		-	-
Total Other Comprehensive Revenue and Expense		**-**	**-**
Total Comprehensive Revenue and Expense		**2,910**	**4,194**

KPMG Wellington Marked for Identification

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $000's	2015 $000's
Equity			
Total Equity	4	**128,761**	**125,851**
Represented by :			
Current Assets			
Cash and Cash Equivalents		5,789	5,976
Accounts Receivable		3,362	3,149
Other Receivables		749	630
Total Current Assets		9,900	9,755
Non Current Assets			
Investment Properties	2	42,204	39,012
Other Financial Assets	6	39,915	37,310
Property, Plant, Equipment & Intangibles	3	72,109	73,138
Total Non-Current Assets		154,228	149,460
Total Assets		**164,128**	**159,215**
Current Liabilities			
Residents' Funds		182	219
Accounts Payable		1,696	2,117
Other Current Liabilities		1,493	1,861
Refundable Occupation Right Agreements		25,690	23,552
Employee Entitlements		6,054	5,505
Total Current Liabilities		35,115	33,254
Non-Current Liabilities			
Employee Entitlements		123	110
Finance Lease		129	-
Total Non-Current Liabilities		252	110
Total Liabilities		**35,367**	**33,364**
Net Assets		**128,761**	**125,851**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	$000's						
	Accumulated Funds	PPE Revaluation Reserve	Legacies	Trusts	Capital Replacement Reserve	Funds & Reserves	Total Equity
2015							
Balance 1 July 2014	83,994	21,735	4,325	5,612	3,740	2,251	121,657
Total Comprehensive Income for the period							
Net Surplus for the Year	4,194	-	-	-	-	-	4,194
Other Comprehensive Income							
Total Comprehensive Income	4,194		-	-	-		4,194
Distributions	183	-	-	(136)	-	(47)	-
Transfers- Interest	(676)	-	148	238	217	73	-
Transfers- Other Including Expenditure	(1,733)	-	153	(10)	1,591	(1)	-
Balance 30 June 2015	**85,962**	**21,735**	**4,626**	**5,704**	**5,548**	**2,276**	**125,851**
2016							
Balance 1 July 2015	85,962	21,735	4,626	5,704	5,548	2,276	125,851
Total Comprehensive Income for the period							
Net Surplus for the Year	2,910	-	-	-	-	-	2,910
Total Comprehensive Income	2,910		-	-	-	-	2,910
Distributions	177	-	-	(124)	-	(53)	-
Transfers- Interest	(671)	-	139	203	266	63	-
Transfers- Other Including Expenditure	(1,609)	-	501	(12)	1,591	(471)	-
Balance 30 June 2016	**86,769**	**21,735**	**5,266**	**5,771**	**7,405**	**1,815**	**128,761**

For and on behalf of the Board:

Deputy Chairman

Board Member

16 September 2016 Date

16 September 2016 Date

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
OPERATING ACTIVITIES	**$000's**	**$000's**
Cash was Provided from :		
Services Provided	63,073	60,140
ORA Reciepts From Incoming Residents	4,968	8,144
Goods & Services Tax	(273)	143
Interest	1,047	996
Dividends	508	522
	69,323	69,945
Cash was applied to :		
Employees	47,754	44,530
Suppliers	14,446	13,542
ORA Payments To Outgoing Residents	3,400	4,172
	65,600	62,244
Net Cash Flows from Operating Activities	**3,723**	**7,701**
INVESTING ACTIVITIES		
Cash was Provided from :		
Proceeds of Sale of Fixed Assets	38	-
Sale of and Maturing Investments	7,347	7,437
	7,385	7,437
Cash was applied to :		
Purchase of Property, Plant & Equipment	2,101	2,293
Purchase of Occupation Right Agreement Properties	278	1,077
Purchase of Investments	8,853	9,761
	11,232	13,131
Net Cash flows to Investing Activities	**(3,847)**	**(5,694)**
FINANCING ACTIVITIES		
Cash was Provided from :		
Proceeds from Drawdown of Finance Lease	165	
	165	-
Cash was applied to :		
Decrease /(Increase) in Resident Funds Held in Trust	37	(26)
Trust Disbursements	191	192
	228	166
Net Cash Flows to Financing Activities	**(63)**	**(166)**
NET CASH FLOWS	**(187)**	**1,841**
Opening Cash & Cash Equivalents	5,976	4,135
Closing Cash & Cash Equivalents	5,789	5,976
Represented by :		
Cash at Bank	5,789	5,976
Total Cash and Cash Equivalents	**5,789**	**5,976**
Reconciliation of Surplus with Cash Flows from Operating Activities		
SURPLUS/(LOSS) FOR YEAR	2,910	4,194
Add Non-Cash Items:		
Depreciation	2,755	2,709
Investment Property Valuation (Gains) Losses	(1,974)	(1,668)
Sale of Fixed Assets (Gains) losses	(32)	-
Impairment of Fixed Assets	-	-
Share (Gains) losses	(821)	(1,664)
Interest Accrued and Dividend Reinvestments	(277)	(354)
Add Non Operating Items:		
Grants Distributed from Trusts	188	192
	2,749	3,409
Changes in Working Capital		
Decrease/(Increase) in Receivables	(333)	(220)
Increase/(Decrease) in Operating Accounts Payable	(826)	127
Increase/(Decrease) in Employee Entitlements	564	413
Increase/(Decrease) in ORA Occupation Advances	1,569	3,972
Net Cash Flow from Operating Activities	**3,723**	**7,701**

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Presbyterian Support Central operates and develops rest homes, hospitals, retirement villages and provides community services within New Zealand.

Presbyterian Support Central is an Incorporated Society and was incorporated under the Charitable Trusts Act 1957 and was registered on 21 September 2007 under the Charities Act 2005.

The Financial Statements presented are for the reporting entity Presbyterian Support Central and includes trusts administered by Presbyterian Support Central (Refer note 4 for details).

Presbyterian Support Central is a public benefit entity for the purposes of financial reporting in accordance with the financial Reporting Act (2013).

Statement of Compliance

These Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Accounting Standards ("PBE Standards") as appropriate for Tier 1 not for profit public benefit entities.

This set is the first financial statements prepared in accordance with PBE Accounting Standards. The Financial Statements were authorised for issue by the Board on 16 September 2016.

The Financial Statements have been prepared on a historical cost basis, except for land and buildings, investment properties and certain financial assets which have been measured at fair value. The presentation currency used is New Zealand Dollars and all figures have been rounded to whole thousands ($000's).

The accounting policies set out below have been consistently applied in preparing the Financial Statements for the year ended 30 June 2016 and the comparative information presented for the year ended 30 June 2015.

New Standards Issued but not yet Effective

There are no new, revised or amended standards that have been issued but are not yet effective that would have a significant effect on the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Use of accounting estimates and adjustments

Presbyterian Support Central makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities at year end. Estimates, assumptions and judgements are based on experience and other factors, including expectations of future events that may have an impact on the entity.

The areas where these significant accounting estimates, assumptions and judgements are applied are:

- Estimation of village unit occupancy periods (refer note 1.1.2);
- Valuation of investment property (refer note 1.1.6);
- Valuation of property, plant and equipment (refer note 1.1.7); and
- Impairment assessments of assets (refer note 1.1.9).

These estimates, assumptions and judgements are discussed further in the significant accounting policies below.

Revenue

1.1.1 Revenue from exchange transactions

Revenue for this category is recognised in the accounting period in which the services are rendered. Revenue includes residential care fees, home support fees and counselling income.

1.1.2 Village Contributions

Village Contributions are the proportion of the occupancy advance (refer note 1.1.5) on the sale of the Occupation Right Agreements (ORA) that is retained by Presbyterian Support Central at the end of the occupancy of the ORA unit.

Village Contributions are recognised on a straight line basis over the expected period of the occupancy. (Estimated at between 5 and 10 years, depending on the age of the village, based on historical evidence).

At balance date the difference between the Village Contribution recognised as revenue and the occupancy advance is held as a current liability – "Refundable Occupation Right Agreements".

1.1.3 Recovery of Village Outgoings

Village outgoings are recharged to residents to recover operating expenses.

1.1.4 Non-exchange Revenue

Non-exchange revenue are transactions where Presbyterian Support Central receives value from another entity without giving approximately equal value in exchange.

Donations are voluntary transfers of assets that Presbyterian Support Central receive that are free from stipulations. Donations are recorded as Non-exchange Operating Income on a cash or fair value basis as received.

Grants recognition depends on whether the grant comes with any stipulations imposed on the use of the transferred asset.

Stipulations that are "conditions" specifically requiring Presbyterian Support Central to return the inflow of resources received if they are not utilised in the way stipulated, result in the recognition of a liability that is subsequently recognised as Non-exchange Operating Income as and when the conditions are satisfied.

Stipulations that are "restrictions" do not specifically require Presbyterian Support Central to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Legacies are accounted for on a cash or fair value basis as received depending on the nature of the assets received. Unless their terms provide otherwise, legacies are recognised in the Statement of Comprehensive Income in the period they are received. As a matter of Board policy Legacies are reserved for capital expenditure and recognised in the Legacy Reserve (specified legacies).

1.1.5 Refundable Occupation Right Agreements

Occupation Right Agreements confer to residents the right to occupy the retirement village unit for life, or until the resident terminates the agreement.

Amounts payable under Occupation Right Agreements (occupancy advances) are non-interest bearing and are recorded as a liability in the Statement of Financial Position, net of village contributions, as Presbyterian Support Central has a contractual right to set off the village contribution receivable on termination of the agreement.

The resident occupancy advance is initially recognised at fair value and subsequently at amortised cost. As the resident may terminate their occupancy with limited notice and the occupancy advance is not interest bearing, it has demand features and is therefore carried at face value, which is the original occupancy advance received. The occupancy advance is repayable following both termination of the occupation agreement and settlement of a new occupancy advance for the same retirement village unit.

Occupation Right Agreements are classified as current liabilities as there is no unconditional right to defer settlement for at least 12 months after the reporting date, however, based on historical average occupancy periods of 5 years, the expected settlement is more than 12 months in the majority of cases.

1.1.6 Investment Properties

Investment properties include land and buildings, equipment and furnishings relating to retirement village units and common facilities.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost and revalued on an annual basis. Valuations are carried out by an independent valuer. Gains or losses arising from changes in the fair value of investment properties are recognised in the net surplus in the year in which they arise.

Income from investment properties being village contributions and recovery of village outgoings is accounted for in accordance with accounting policy 1.1.2.

1.1.7 Property, Plant and Equipment and Depreciation

On acquisition, all Property, Plant and Equipment is recorded at cost.

Subsequent to initial recognition, land and buildings are measured at fair value, based on regular valuations by external independent valuers, less accumulated depreciation on buildings and any impairment losses recognised after the date of the revaluation.

Any revaluation is recognised in the PPE Revaluation Reserve within Equity. Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent to initial recognition, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

1.1.8 Depreciation and Amortisation

Depreciation of property, plant and equipment, other than freehold land and capital work in progress (as these cannot be depreciated), is calculated so as to allocate the cost or value of the assets less their residual values over their estimated useful lives on a straight line basis.

Depreciation and amortisation has been applied on the following basis:

Buildings	2.5%
Fixtures, Furniture and Fittings	10% - 25%
Plant and Equipment	10% - 25%
Leased Plant and Equipment	10%
Motor Vehicles	20%
Mobility Vehicles	10%
Computer Software	25%

1.1.9 Impairment of Assets

Presbyterian Support Central reviews the carrying amounts of its assets annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, Presbyterian Support Central estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount,

which may not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

1.1.10 Financial Instruments

Presbyterian Support Central is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, fixed interest investments, short term deposits, debtors, creditors and refundable Occupation Right Agreements.

1.1.11 Financial Assets

Financial assets including trade receivables, loans, other receivables, term deposits and fixed interest securities are initially measured at fair value and are subsequently measured at amortised cost.

Equity Investments are classified at fair value through net surplus as the equities are managed and performance evaluated by the Board and senior management, on a fair value basis in accordance with Presbyterian Support Central's investment strategy. Fair values are determined using quoted bid prices.

1.1.12 Financial Liabilities

Financial liabilities include accounts payable, refundable Occupation Right Agreements and other current liabilities.

Accounts payable and other current liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

Refundable Occupation Right Agreements are accounted for in accordance with Note 1.1.2

1.1.13 Employee Entitlements

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and accumulated sick leave are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service.

1.1.14 Taxation

Presbyterian Support Central is a charitable organisation and is exempt from income tax and fringe benefit tax.

The Financial Statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable.

1.1.15 Foreign Currencies

Presbyterian Support Central has investments in Australia.

Income from these investments is translated into New Zealand dollars at the exchange rate ruling at the date of the transaction.

At balance date these investments are translated at the rate ruling at balance date. Exchange gains or losses are included in the net surplus as part of the gain or loss on investments.

2. INVESTMENT PROPERTIES

	2016 $000	2015 $000
Opening Balance as at 1 July	39,012	35,836
Additions at Cost	452	843
Transfer from Fixed Assets	369	-
Fair Value Movement		
Realised	397	665
Unrealised	1,974	1,668
Closing Balance as at 30 June	42,204	39,012

All investment properties are independent living units occupied under Occupational Right Agreements. Investment properties are carried at fair value, which has been determined based on valuations performed by Colliers International as at 30 June 2016.

Fair values have been determined by Colliers International using discounted cash flow analysis and current occupancy advances. The major assumptions used in the discounted cash flow analysis are a 6 to 8.5 year occupancy period, discount rate of between13.75% to 16.5%, long term property price growth of between 3.48% and 4.14% and disposal cost allowance of 1.50%. The period of discounted cash flow is effectively equivalent to a 50 year model. Occupancy advances are the values of each unit at valuation date determined by traditional sales approach and valuation methods. The most recent sales in the associated complex and sales of comparable villages are used to assist in analysing the current entry sale price.

The significant unobservable inputs used in the fair value measurement of Presbyterian Support Central's investment properties are the growth in value, normal hold periods, current ingoing prices and the discount rate. A significant decrease (increase) in the discount rate or the normal hold period would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the current ingoing prices or growth in value would result in a significantly higher (lower) fair value measurement.

Operating Expenses
Direct operating expenses arising from investment properties that generated income from Village Contributions during the period amounted to $266,000 (2015 $357,000). There was no investment property that did not generate income from management fees during the period except for investment properties work in progress.

3. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES

2016	Land at Fair Value $000	Buildings at Fair Value $000	Property under Development at Cost $000	Plant, Furniture and Vehicles at Cost $000	Software at Cost $000	Total $000
Balance at 1 July 2015	18,022	49,493	299	17,554	810	86,178
Additions	98	253	523	1,219	8	2,101
Transfers to Investment Properties	(120)	(260)	-	-	-	(380)
Transfers	-	209	(321)	112	-	-
Disposals	-	-	-	(182)	-	(182)
Balance 30 June 2016	**18,000**	**49,695**	**501**	**18,703**	**818**	**87,717**
Accumulated Depreciation						
Balance at 1 July 2015	-	1,264	-	11,274	502	13,040
Current Years Depreciation	-	1,288	-	1,328	139	2,755
Transfers to Investment Properties	-	(11)	-	-	-	(11)
Depreciation on Disposals	-	-	-	(176)		(176)
Balance 30 June 2016	**0**	**2,541**	**0**	**12,426**	**641**	**15,608**
Total Book Value	**18,000**	**47,154**	**501**	**6,277**	**177**	**72,109**

2015	Land at Fair Value $000	Buildings at Fair Value $000	Property under Development at Cost $000	Plant, Furniture and Vehicles at Cost $000	Software at Cost $000	Total $000
Balance at 1 July 2014	18,022	48,614	169	16,645	714	84,164
Additions	-	122	1,187	978	6	2,293
Transfers	-	757	(1,057)	210	90	-
Disposals	-	-	-	(279)	-	(279)
Balance 30 June 2015	**18,022**	**49,493**	**299**	**17,554**	**810**	**86,178**
Accumulated Depreciation						
Balance at 1 July 2014	-	-	-	10,262	348	10,610
Current Years Depreciation	-	1,264	-	1,291	154	2,709
Depreciation on Disposals	-	-	-	(279)	-	(279)
Balance 30 June 2015	**-**	**1,264**	**-**	**11,274**	**502**	**13,040**
Total Book Value	**18,022**	**48,229**	**299**	**6,280**	**308**	**73,138**

In accordance with accounting policy 1.1.7 all properties were revalued by Colliers International as at 30 June 2014.

The fair value of land and buildings has been determined using cash flow forecasts from each site assuming normal prudent operation and management. Colliers International have deducted allowances for operating expenditure, entrepreneurship and a return on chattels to derive an estimated market rent for the site which in turn is capitalised at a market derived capitalisation rate to establish the market value of land and buildings.

There have been no material movements that would indicate a revaluation would be required.

4. EQUITY

Nature and Purpose

Accumulated Funds
This fund represents the accumulation of net surpluses/deficits to date.

Capital Replacement Reserve
This reserve is appropriated from recognised surpluses for the purpose of providing for future capital development and replacement. This Reserve is based on the component included in Enliven homes and hospital fees, which replaced former direct government subsidies, together with a proportionate share of investment income.

Revaluation Reserve
The revaluation reserve is used to record increments and decrements in the fair value of land and buildings classified as property, plant, equipment and intangibles from triennial revaluations.

Legacies
Refer accounting policy 1.1.4.

Trusts
Presbyterian Support Central administers several Trusts that were set up for specific purposes. These range from the provision of education grants to the funding of social service activities.

The Trusts are separate legal entities controlled by Presbyterian Support Central but for which Presbyterian Support Central is required to distribute the proceeds of the trusts' investments in accordance with the purpose of the trust and, as such, those funds are restricted.

The amount of restricted funds is represented by the Trusts line shown in the Statement of Changes in Equity. The restricted funds are incorporated primarily within Other Financial Assets.

Funds & Reserves
These Funds and Reserves are funds tied to a specific purpose and are not available for general use.

5. OPERATING LEASES

Operating Leases	2016	2015
Non-Cancellable operating lease rentals are payable as follows:	**$000**	**$000**
Not later than one year	169	219
Later than one year but not later than two	136	183
Later than two years but not later than three	72	98
Later than three years	25	49

The type of assets leased are Motor Vehicles, Printers, and Buildings.

6. FINANCIAL INSTRUMENTS

Other Financial Assets

	2016	2015
Measured at Amortised Cost	**$000**	**$000**
Term Deposits	3,498	6,502
Fixed Interest Securities	15,106	11,612
	18,604	18,114
Measured at Fair Value through net surplus		
Equities	21,311	19,196
Total Other Financial Assets	39,915	37,310

Included within the balance of other financial assets is $6.0 million of assets held on behalf of Trusts administered by Presbyterian Support Central and Residents' Funds for which Presbyterian Support Central's use is restricted.

Financial Risk Management

Presbyterian Support Central is risk averse and seeks to minimise its exposure to risks associated with financial assets and liabilities.

Presbyterian Support Central's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

6.1.1 Market Risk

The market risk that Presbyterian Support Central is exposed to is interest rate risk and foreign currency risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Presbyterian Support Central has $18,604,000 of interest bearing assets at 30 June 2016 (2015 $18,114,000) in the form of short term to medium term cash deposits.

Foreign currency risk is the risk that the eventual New Zealand dollar net cash flows realised on foreign denominated financial instruments will be adversely affected by changes in foreign currency exchange rates. Presbyterian Support Central is exposed to currency risk on its Australian investments of $8,162,000 at 30 June 2016 (2015 $8,764,000).

There are no significant concentrations of market risk at 30 June 2016.

Sensitivity Analysis Disclosures

In managing interest rate and foreign currency risks Presbyterian Support Central aims to reduce the impact of short-term fluctuations on its earnings. Over the longer term, however, permanent changes in interest rates and foreign exchange rates will have an impact on surplus.

At 30 June 2016 it is estimated that a general increase/ decrease of one percentage point in interest rates would increase/ decrease Presbyterian Support Central's surplus by approximately $118,095 (2015: $ 149,256).

It is estimated that a general increase/ decrease of one percentage point in the value of the NZ dollar against the Australian currency would decrease/ increase Presbyterian Support Central's surplus by $84,670 (2015: $97,539).

It is estimated that a general increase/ decrease of one percentage point in the stock market price of the equity investments held by Presbyterian Support Central would increase/ decrease Presbyterian Support Central's surplus by $213,107 (2015: $191,961)

6.1.2 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to Presbyterian Support Central.

Financial instruments which potentially subject Presbyterian Support Central to concentrations of credit risk consist principally of cash, short term deposits, receivables and investments.

Presbyterian Support Central places its cash and short term investments with high credit rated financial institutions. Apart from Government Agencies, there are no major concentrations of credit risk with respect to receivables due to the large customer base. Government funds are paid either fortnightly or monthly in arrears. The maximum amount of credit risk at 30 June 2016 is represented by accounts receivables in the Statement of Financial Position. There are no collateral securities to support financial investments due to the quality of the receivables and investments dealt with.

6.1.3 Liquidity Risk

Liquidity risk is the risk that Presbyterian Support Central will encounter difficulty raising liquid funds to meet commitments as they fall due.

There are on going commitments to pay trade and other payables and to meet staff entitlements.

Liquidity risk is managed by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Fair Values of Financial Instruments

All financial instruments are recognised in the Statement of Financial Position with gains or losses recognised in the Statement of Comprehensive Revenue and Expense.

Interest Bearing Investments:

Year of Maturity	Face Value 2016 $000	Fair Value 2016 $000	Face Value 2015 $000	Fair Value 2015 $000
Within 1 year	2,330	2,368	1,299	1,317
Within 2 years	1,431	1,476	2,331	2,387
Within 3 years	3,059	3,243	1,432	1,487
Within 4 years	2,448	2,526	3,063	3,243
Within 5 years	-	-	666	705
Greater than 5 years	5,699	5,605	2,683	2,570
Total	**14,967**	**15,218**	**11,474**	**11,709**

The fair value of interest bearing investments was determined by CRAIGS Investment Partners as at 30 June 2016. The carrying value of all other financial instruments is the same as their fair values in all material aspects.

PBE IPSAS 30 requires the categorisation of financial instruments based on how the fair value is measured.

The equity investments held by Presbyterian Support Central are all categorised as "Financial assets at fair value through surplus or deficit.", meaning fair value measurements are based on quoted prices (unadjusted) in active markets for identical financial assets. (Level 1 hierarchy)

Interest bearing investments are "Held to Maturity Investments"

There have been no movements between categories in the fair value hierarchy during the period.

7. RELATED PARTY DISCLOSURE

Key Management Personnel

Compensation of Senior Executive Officers	2016 $000	2015 $000
Employee benefits - short term	1,171	1,196
Employee benefits - long term	7	5

Number of senior executive officers 7 (2015:7).

Members of the governing body are not remunerated. Number of governing body 8 (2015:6)

There are no balances outstanding from related parties at 30 June 2016 (2015: Nil)

8. Non- exchange Operating Income

	2016 (000)	2015 (000)
Donations	124	47
Endowments	158	142
Grants	382	191
	664	380

9. Auditors remuneration

	2016	2015
Audit Fee	30,827	30,537
Taxation advice	13,642	-
	44,469	30,537

10. CAPITAL EXPENDITURE COMMITMENTS

Presbyterian Support Central has no capital commitments as at 30 June 2016 (2015: $200,000).

11. FAMILY WORKS INCOME AND EXPENDITURE

Presbyterian Support Central seeks funding from Government agencies, philanthropic trusts and members of the public for its Family Works activities. The following provides a breakdown of our Family Works income and expenditure to assist funders and other interested parties in understanding the financial aspects of the Family Works activities. Family Works is not considered to be a reporting segment for the purposes of financial reporting.

	2016 $000	2015 $000
Income		
Operating Income	616	508
Government Funding	2,055	1,933
Total Income	2,671	2,441
Expenditure		
Wages and Salaries	1,179	2,193
Other Expenditure	2,550	1,097
Total Expenses	3,729	3,290
Net Surplus/ (Deficit)	(1,058)	(849)
Funding from Investments and Fundraising	588	584
Net Surplus/ (Deficit) after Investments and Fundraising	**(470)**	**(265)**

12. Grant acknowledgements

The following trusts and foundations have supported Presbyterian Support Central in 2015/16. We thank them for their support and generosity

ANZ New Zealand Staff Foundation

AR & TI Harper Charitable Trust

Community Organisation Grant Scheme (COGs)

Eastern & Central Community Trust

Featherston's Own Charitable Trust

Hutt Mana Charitable Trust

Johnsonville Charitable Trust

J R McKenzie Trust

Lion Foundation

Mana Community Grants Foundation

Margaret Watt Children's Trust

Rimutaka Trust

Roy & Jan Mace Charitable Trust

St John's in the City

Sutherland Self Help Trust

Thomas George Macarthy Trust

Tindall Foundation

Todd Foundation

Tom & Ann Cunningham Trust

Trust House Charitable Trust

Whanganui Community Foundation

Winton and Margaret Bear Charitable Trust

13. SUBSEQUENT EVENTS

Presbyterian Support Central provides home based support in the Wellington region under contract from the Capital and Coast DHB and the Hutt DHB. The DHB's tendered this contract and Presbyterian Support Central was unsuccessful. The contract ceased on the 28th of August 2016 with a loss of income of approximately $7.1 million per annum.

KPMG

Independent auditor's report

To the members of Presbyterian Support Central

We have audited the accompanying financial statements of Presbyterian Support Central ("the incorporated society") on pages 2 to 18. The financial statements comprise the statement of financial position as at 30 June 2016, the statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the incorporated society's members those matters we are required to state to them in the 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 incorporated society's members as a body, for our audit work, this report or any of the opinions we have formed.

Trustees' responsibility for the financial statements

The trustees are responsible on behalf of the incorporated society for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities) and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the incorporated society's preparation and fair presentation of the financial statements 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 incorporated society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Our firm has also provided other services to the incorporated society in relation to taxation. Subject to certain restrictions, partners and employees of our firm may also deal with the incorporated society on normal terms within the ordinary course of trading activities of the business of the incorporated society. These matters have not impaired our independence as auditor of the incorporated society. The firm has no other relationship with, or interest in, the incorporated society.

KPMG

Opinion

In our opinion, the financial statements on pages 2 to 18 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Presbyterian Support Central as at 30 June 2016 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities.

KPMG

16 September 2016
Wellington