



Presbyterian Support
Central

FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2024

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2024**

| | <i>Note</i> | 2024 \$000's | 2023 \$000's |
|---|-------------|-----------------|-----------------|
| Operating Income | | | |
| Revenue from Services | | 67,330 | 58,935 |
| Village Contributions | | 2,294 | 2,007 |
| Recovery of Village Outgoings | | 1,373 | 1,174 |
| Non-exchange Operating Income | 9 | 661 | 1,062 |
| Total Operating Income | | 71,658 | 63,178 |
| Operating Expenditure | | | |
| Personnel | | 51,719 | 46,632 |
| Operating Expenses | | 14,208 | 13,831 |
| Property Costs | | 3,354 | 2,630 |
| Depreciation and Amortisation of Intangibles | 3 | 3,509 | 2,657 |
| Total Operating Expenditure | | 72,790 | 65,750 |
| Total Operating Surplus / (Deficit) | | (1,132) | (2,572) |
| Other Income and (Expenses) | | | |
| Finance Income (Expenses) | | | |
| Interest | | 294 | 237 |
| Dividends | | 327 | 406 |
| Realised Share Gains (losses) | | (70) | 81 |
| Unrealised Share Gains (losses) | | 394 | 775 |
| Net Change in Fair Value of Investment Properties | 2 | (924) | (5,353) |
| Gain (Loss) on Sale of Fixed Assets | | - | 2 |
| Grants Distributed from Trusts | | (273) | (146) |
| Legacies | | - | - |
| Tax expense | | (67) | (94) |
| Total Other Income / (Expenses) | | (319) | (4,092) |
| Net Surplus / (Deficit) for Year | | (1,452) | (6,663) |
| Other Comprehensive Revenue and Expense | | | |
| Net Change in Fair Value of Property, Plant & Equipment | | - | 8,648 |
| Total Other Comprehensive Revenue and Expense | | - | 8,648 |
| Total Comprehensive Revenue and Expense | | (1,452) | 1,985 |

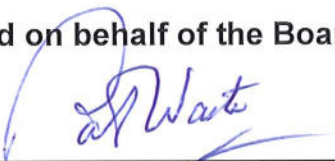
**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

| | Note | 2024 \$000's | 2023 \$000's |
|--|------|-----------------|-----------------|
| Equity | | | |
| Total Equity | 4 | 140,812 | 142,150 |
| <i>Represented by :</i> | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | | 2,438 | 1,243 |
| Accounts Receivable | | 3,919 | 2,837 |
| Other Receivables | | 447 | 287 |
| Total Current Assets | | 6,804 | 4,367 |
| Non Current Assets | | | |
| Investment Properties | 2 | 103,976 | 100,350 |
| Other Financial Assets | 6 | 15,293 | 16,038 |
| Property, Plant, Equipment & Intangibles | 3 | 85,884 | 87,671 |
| Total Non-Current Assets | | 205,153 | 204,059 |
| Total Assets | | 211,957 | 208,426 |
| Current Liabilities | | | |
| Residents' Funds | | 181 | 207 |
| Accounts Payable | | 1,648 | 1,319 |
| Other Current Liabilities | | 2,121 | 1,835 |
| Refundable Occupation Right Agreements | | 57,178 | 47,699 |
| Employee Entitlements | | 6,092 | 5,337 |
| Secured bank loans | 7 | 3,837 | 8,689 |
| Total Current Liabilities | | 71,055 | 65,085 |
| Non-Current Liabilities | | | |
| Employee Entitlements | | 90 | 82 |
| Secured bank loans | 7 | - | 1,109 |
| Total Non-Current Liabilities | | 90 | 1,191 |
| Total Liabilities | | 71,145 | 66,276 |
| Net Assets | | 140,812 | 142,150 |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

| | \$000's | | | | | | |
|---|----------------------|-------------------------------|--------------|--------------|-----------------------------------|---------------------|-----------------|
| | Accumulated Funds | PPE Revaluation Reserve | Legacies | Trusts | Capital Replacement Reserve | Funds & Reserves | Total Equity |
| 2023 | | | | | | | |
| Balance 1 July 2022 | 92,607 | 33,616 | 4,492 | 6,366 | 1,469 | 1,614 | 140,164 |
| Total Comprehensive Income for the period | | | | | | | |
| Net Surplus for the Year | (6,663) | - | - | - | - | - | (6,663) |
| Other Comprehensive Income | | | | | | | |
| Revaluation increase PP&E | | 8,648 | | | | | |
| Total Comprehensive Income | (6,663) | 8,648 | - | - | - | - | 1,985 |
| Distributions | 185 | - | - | (164) | - | (21) | - |
| Transfers- Interest | (497) | - | 122 | 241 | 59 | 75 | - |
| Transfers- Other Including Expenditure | 299 | - | (327) | 29 | - | (2) | - |
| Balance 30 June 2023 | 85,931 | 42,265 | 4,287 | 6,473 | 1,528 | 1,666 | 142,150 |
| 2024 | | | | | | | |
| Balance 1 July 2023 | 85,931 | 42,265 | 4,287 | 6,473 | 1,528 | 1,666 | 142,150 |
| Total Comprehensive Income for the period | | | | | | | |
| Net Surplus (Deficit) for the Year | (1,452) | - | - | - | - | - | (1,452) |
| Other Comprehensive Income | | | | | | | |
| Revaluation net increase PP&E | | | | | | | |
| Total Comprehensive Income | (1,452) | - | - | - | - | - | (1,452) |
| Distributions | 273 | - | - | (186) | - | (87) | - |
| Transfers- Interest | (413) | - | 104 | 198 | 47 | 64 | - |
| Transfers- Other Including Expenditure | 38 | - | 89 | (11) | - | (2) | 114 |
| Balance 30 June 2024 | 84,377 | 42,265 | 4,480 | 6,474 | 1,575 | 1,641 | 140,812 |

For and on behalf of the Board:



Board Member



Board Member

6 October 2024 Date

2 October 2024 Date

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

| | 2024 | 2023 |
|--|----------------|----------------|
| | \$000's | \$000's |
| OPERATING ACTIVITIES | | |
| <i>Cash was Provided from :</i> | | |
| Services Provided | 68,122 | 60,762 |
| ORA Receipts From Incoming Residents | 15,952 | 11,376 |
| Goods & Services Tax | - | 57 |
| Interest | 63 | 15 |
| | 84,136 | 72,210 |
| <i>Cash was applied to :</i> | | |
| Employees | 50,943 | 46,884 |
| Suppliers | 16,763 | 16,787 |
| Goods & Services Tax | 110 | - |
| ORA Payments To Outgoing Residents | 5,261 | 4,841 |
| | 73,077 | 68,512 |
| Net Cash Flows from Operating Activities | 11,059 | 3,698 |
| INVESTING ACTIVITIES | | |
| <i>Cash was Provided from :</i> | | |
| Proceeds of Sale of Fixed Assets | - | 12 |
| Sale of Investments | 1,500 | 5,000 |
| | 1,500 | 5,012 |
| <i>Cash was applied to :</i> | | |
| Purchase of Property, Plant & Equipment | 2,267 | 2,112 |
| Purchase of Occupation Right Agreement Properties | 2,950 | 9,753 |
| Purchase of Investments | - | 500 |
| | 5,217 | 12,365 |
| Net Cash flows to Investing Activities | (3,717) | (7,353) |
| FINANCING ACTIVITIES | | |
| <i>Cash was Provided from :</i> | | |
| Proceeds from Drawdown of Bank Loan Facilities | 114 | 4,040 |
| Trusts and Bequests | 114 | - |
| | 228 | 4,040 |
| <i>Cash was applied to :</i> | | |
| Decrease /(Increase) in Resident Funds Held in Trust | 27 | (9) |
| Repayment of Bank Loan Facilities | 6,075 | - |
| Trust Disbursements | 273 | 146 |
| | 6,375 | 137 |
| Net Cash Flows to/from Financing Activities | (6,147) | 3,903 |
| NET CASH FLOWS | 1,196 | 247 |
| Opening Cash & Cash Equivalents | 1,243 | 996 |
| Closing Cash & Cash Equivalents | 2,438 | 1,243 |
| Represented by : | | |
| Cash at Bank | 2,438 | 1,243 |
| Total Cash and Cash Equivalents | 2,438 | 1,243 |
| Reconciliation of Surplus with Cash Flows from Operating Activities | | |
| SURPLUS/(LOSS) FOR YEAR | (1,452) | (6,663) |
| Add Non-Cash Items: | | |
| Depreciation | 3,509 | 2,657 |
| (Decrease)/Increase in Property Valuation | 924 | 5,353 |
| Managed Funds Management Expense | 58 | 66 |
| Managed Funds PIE Tax Expense | 67 | 94 |
| Unrealised Gain/(loss) on investments | (394) | (775) |
| Interest and Dividends Compounded | (556) | (627) |
| Realised Gain/(loss) on investments | 70 | (81) |
| LTO revenue received | (2,294) | (2,007) |
| Add Non Operating Items: | | |
| Trust Distribution Expenses | 273 | 146 |
| | 205 | (1,837) |
| Changes in Working Capital | | |
| Decrease/(Increase) in Receivables | (1,242) | (409) |
| Increase/(Decrease) in Operating Accounts Payable | 654 | (367) |
| Increase/(Decrease) in Employee Entitlements | 763 | (216) |
| Increase/(Decrease) in ORA Occupation Advances | 10,679 | 6,527 |
| Net Cash Flow from Operating Activities | 11,059 | 3,698 |

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Presbyterian Support Central (PSC) 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. The entity is a Tier 1 reporting entity as it has total expenditure greater than \$30 million in the two preceding reporting periods.

The Financial Statements were authorised for issue by the Board on 30 September 2024.

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 2024 and the comparative information presented for the year ended 30 June 2023.

New Standards Issued but not yet effective

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 receives 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 Revenue and Expense in the period they are received. As a matter of Board policy Legacies are reserved for capital expenditure and/ or funding site specific operating deficits and are 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 revalued to their fair value

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 Statement of Comprehensive Revenue and Expense 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 and 1.1.3.

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% |
| Building Improvements | 10% - 25% |
| Fixtures, Furniture and Fittings | 10% - 25% |
| Plant and Equipment | 5% - 25% |
| Leased Plant and Equipment | 10% |
| Motor Vehicles | 20% - 33% |
| Mobility Vehicles | 10% |
| Computer Hardware | 10% - 25% |
| Computer Software | 25% - 50% |

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, and other receivables are initially measured at fair value and are subsequently measured at amortised cost.

Term deposits and fixed interest securities are measured at amortised cost.

Managed funds and 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 1.1.5

1.1.13 Employee Entitlements

Wages, salaries, and annual leave

Liabilities for wages and salaries, and annual leave are measured at the amounts expected to be paid when the liabilities are settled.

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, Jersey, Luxembourg, Switzerland, United Kingdom, United States and France.

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

| | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| | \$000's | \$000's |
| Opening Balance as at 1 July | 100,350 | 97,401 |
| Additions at Cost | 4,550 | 8,302 |
| Fair Value Movement | | |
| Realised | 2,506 | 1,472 |
| Unrealised | (3,431) | (6,826) |
| Closing Balance as at 30 June | 103,976 | 100,350 |

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 2024.

Fair values have been determined by Colliers International using discounted cash flow analysis. The major assumptions used in the discounted cash flow analysis are a 5 to 9 year occupancy period (2023: 5 to 9 years), discount rate of between 13.75% to 16.5% (2023: 13.75% to 16.5%), long term property price growth of 3.32% (2023: 3.44%). The period of discounted cash flow is effectively equivalent to a 50 year model. 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 input used in the fair value measurement of Presbyterian Support Central's investment properties is the discount rate. Observable inputs used are the growth/hold period and ingoing prices. 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 \$1,086,000 (2023: \$373,000). 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

| 2024 | Land at Fair Value \$000 | Buildings at Fair Value \$000 | Work in Progress at cost \$000 | Plant, Furniture and Vehicles at Cost \$000 | Software at Cost \$000 | Total \$000 |
|---------------------------------|-----------------------------|----------------------------------|-----------------------------------|--|---------------------------|----------------|
| Balance at 1 July 2023 | 36,565 | 39,978 | 7,129 | 21,674 | 1,317 | 106,663 |
| Additions | - | - | 2,267 | - | - | 2,267 |
| Transfers | - | 5,166 | (8,398) | 2,402 | 221 | (611) |
| Disposals | - | - | - | - | - | 0 |
| Revaluation Gain/(Loss) | - | - | - | - | - | 0 |
| Balance 30 June 2024 | 36,565 | 45,144 | 998 | 24,076 | 1,538 | 108,320 |
| <u>Accumulated Depreciation</u> | | | | | | |
| Balance at 1 July 2023 | - | 138 | - | 17,673 | 1,182 | 18,992 |
| Current Years Depreciation | - | 1,939 | - | 1,261 | 243 | 3,444 |
| Depreciation on Disposals | - | - | - | - | - | 0 |
| Depreciation on Revaluation | - | - | - | - | - | 0 |
| Balance 30 June 2024 | 0 | 2,077 | 0 | 18,934 | 1,425 | 22,436 |
| Total Book Value | 36,565 | 43,067 | 998 | 5,142 | 113 | 85,884 |

| 2023 | Land at Fair Value \$000 | Buildings at Fair Value \$000 | Work in Progress at cost \$000 | Plant, Furniture and Vehicles at Cost \$000 | Software at Cost \$000 | Total \$000 |
|---------------------------------|-----------------------------|----------------------------------|-----------------------------------|--|---------------------------|----------------|
| Balance at 1 July 2022 | 23,970 | 47,572 | 5,088 | 21,613 | 1,317 | 99,560 |
| Additions | - | - | 2,112 | - | - | 2,112 |
| Transfers | - | - | (71) | 71 | - | 0 |
| Disposals | - | - | - | (10) | - | (10) |
| Revaluation Gain/(Loss) | 12,595 | (7,594) | - | - | - | 5,001 |
| Balance 30 June 2023 | 36,565 | 39,978 | 7,129 | 21,674 | 1,317 | 106,663 |
| <u>Accumulated Depreciation</u> | | | | | | |
| Balance at 1 July 2022 | - | 2,467 | - | 16,604 | 957 | 20,027 |
| Current Years Depreciation | - | 1,318 | - | 1,079 | 225 | 2,622 |
| Depreciation on Disposals | - | - | - | (10) | - | (10) |
| Depreciation on Revaluation | - | (3,647) | - | - | - | (3,647) |
| Balance 30 June 2023 | 0 | 138 | 0 | 17,673 | 1,182 | 18,992 |
| Total Book Value | 36,565 | 39,841 | 7,129 | 4,002 | 135 | 87,671 |

In accordance with accounting policy 1.1.7 all properties were revalued by Colliers International as at 30 June 2023.

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.

These independent valuations are undertaken on a systematic basis every three years. In the intervening years, a material change assessment of each asset class is performed to assess whether the carrying amounts differ materially from fair value. Based on management assessment, there are no material changes in carrying value of these assets (2023: an uplift of \$8.6m was recognised in the PPE

revaluation reserve). This assessment was carried out on the current occupancy and rates for the residential care portfolio at 30 June 2024 and management determined that the current value was not materially different from 30 June 2023.

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 | 2024 | 2023 |
|--|----------------|----------------|
| Non-Cancellable operating lease rentals are payable as follows: | \$000's | \$000's |
| Not later than one year | 700 | 712 |
| Later than one year but not later than two | 543 | 630 |
| Later than two years but not later than three | 272 | 546 |
| Later than three years | 75 | 627 |
| Total | 1,590 | 2,515 |

The types of assets leased are motor vehicles, printers/photocopiers and property.

6. FINANCIAL INSTRUMENTS

Other Financial Assets

| Measured at Fair Value | 2024 \$000's | 2023 \$000's |
|--|-----------------|-----------------|
| Fixed Interest Securities | 5,332 | 5,306 |
| | 5,332 | 5,306 |
| Measured at Fair Value through net surplus | | |
| Cash | 557 | 225 |
| Property | 388 | 548 |
| Equities | | |
| New Zealand | 3,070 | 3,263 |
| Australia | 2,191 | 2,534 |
| International | 3,755 | 4,161 |
| Subtotal - Equities | 9,016 | 9,959 |
| Total Other Financial Assets | 15,293 | 16,038 |

Included within the balance of other financial assets is \$6.7million of assets held on behalf of Trusts administered by Presbyterian Support Central and Residents' Funds for which Presbyterian Support Central's use is restricted (2023: \$6.7m).

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 \$5,332,000 of interest bearing assets at 30 June 2024 (2023: \$5,306,000) 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 \$2,191,000 at 30 June 2024 (2023: \$2,534,000) and International investments of \$3,755,000 (2023: \$4,161,000).

There are no significant concentrations of market risk at 30 June 2024.

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 2024 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 \$5,571 (2023: \$2,250).

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 \$23,726 (2023: \$27,281).

It is estimated that a general increase/(decrease) of one percentage point in the value of the NZ dollar against the USD currency would (decrease)/increase Presbyterian Support Central's surplus by \$60,643 (2023: \$67,115).

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 \$90,157 (2023: \$99,950).

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 2024 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: Fixed Interest Securities

| Year of Maturity | Face Value | Fair Value | Face Value | Fair Value |
|----------------------|--------------|--------------|--------------|--------------|
| | 2024 | 2024 | 2023 | 2023 |
| | \$000's | \$000's | \$000's | \$000's |
| Within 1 year | 195 | 196 | 280 | 281 |
| Within 2 years | 1,328 | 1,337 | 463 | 464 |
| Within 3 years | 1,136 | 1,144 | 1,287 | 1,284 |
| Within 4 years | 1,653 | 1,668 | 1,207 | 1,203 |
| Within 5 years | 468 | 473 | 1,642 | 1,640 |
| Greater than 5 years | 507 | 514 | 433 | 433 |
| Total | 5,287 | 5,332 | 5,312 | 5,306 |

The fair value of interest bearing investments was determined by CRAIGS Investment Partners as at 30 June 2024. 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)

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

7. LOANS

| | 2024 | 2023 |
|--|--------------|--------------|
| | \$000's | \$000's |
| Secured bank loans - current liabilities | 3,837 | 8,689 |
| Secured bank loans - non-current liabilities | - | 1,109 |
| Total loans | 3,837 | 9,798 |

Presbyterian Support Central has three loan facilities out for the following projects at Retirement Village developments at Levin War Vets, Levin, and Kandahar, Masterton:

| | Facility Term | 2024 \$000's | 2023 \$000's |
|---------------------------|------------------|-----------------|-----------------|
| Levin War Vets | 31/10/2024 | 2,246 | 7,100 |
| Kandahar Stage 3 | 30/09/2024 | 443 | 1,589 |
| Kandahar Community Centre | 17/06/2025 | 1,148 | 1,109 |
| Total loans | | 3,837 | 9,798 |

The Levin War Vets facility is for Retirement Village development funding for fully completed stage 1 Levin War Vets Village (12 units).

The Kandahar Stage 3 facility is for the fully completed stage 3 units (9) plus stage 4 civil works for this village.

There is also a facility for the fully completed community centre at Kandahar village.

The proceeds from the settlements of the Units under the current sales program will be used to repay these loan facilities.

The interest rates applicable to these facilities is the corporate indicator rate plus a margin of 1.58% p.a. for the Levin War Vets and 2.22% p.a. for the Kandahar Stage 3 facilities (2023: both 2.22% p.a.). The Kandahar Community Centre is at the corporate indicator rate plus a margin of 2.32% p.a. (2023: 2.32% p.a.)

There is a general security agreement and negative pledge deed as security against the loan. In December 2023, a second ranking mortgage was secured over Levin War Vets Retirement Village and a new security sharing deed with Covenant Trustees Ltd was agreed.

8. RELATED PARTY DISCLOSURE

Key Management Personnel

| Compensation of Senior Executive Officers | 2024 \$000's | 2023 \$000's |
|---|-----------------|-----------------|
| Employee benefits - short term | 1,120 | 1,710 |

Number of senior executive officers at 30 June 2024: 5 (2023: 5).

Members of the governing body are not remunerated.

Number of governing body at 30 June 2024: 4 (2023:4)

A sibling of a senior executive officer previously held a management role in a company that supplies software to PSC, and does some contract work with them. In 2024, \$148,000 (including GST where relevant) was paid to the company (2023: \$134,000).

A sibling of a senior executive officer is employed at a government department which funds some PSC programs. In 2024, \$1.91m was received from the department (2023: \$644,000).

There were no services sold to related parties for 2024 (2023: \$0 to Grant Thornton). P Sherwin, PSC Chair, was a partner in Grant Thornton. He resigned from Grant Thornton as at 21 December 2023.

9. Non-exchange Revenue

| | 2024 \$000's | 2023 \$000's |
|------------|-----------------|-----------------|
| Donations | 219 | 127 |
| Endowments | 361 | 868 |
| Grants | 82 | 68 |
| | 661 | 1,063 |

10. Auditors remuneration

| | 2024 \$000's | 2023 \$000's |
|---|-----------------|-----------------|
| <u>Audit & Audit-Related Services:</u> | | |
| Financial Audit Fee | 91 | 60 |
| Retirement Village Statutory Supervisor Reporting | 2 | 2 |
| | 93 | 62 |

11. CAPITAL EXPENDITURE COMMITMENTS

Presbyterian Support Central has no capital commitments as at 30 June 2024. In 2022/23 the commitments related to property developments in the construction stages. (2023: \$710,000).

12. 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.

| | 2024 | 2023 |
|---|--------------|--------------|
| | \$000's | \$000's |
| Income | | |
| Operating Income | 553 | 797 |
| Government Funding | 3,832 | 3,065 |
| Total Income | 4,385 | 3,862 |
| Expenditure | | |
| Wages and Salaries | 3,086 | 3,400 |
| Other Expenditure | 1,580 | 1,348 |
| Total Expenses | 4,666 | 4,748 |
| Net Surplus/ (Deficit) | (281) | (886) |
| Funding from Investments and Fundraising | 1 | 1 |
| Net Surplus/ (Deficit) after Investments and Fundraising | (280) | (885) |

13. GRANT ACKNOWLEDGEMENTS

The following trusts and foundations have supported Presbyterian Support Central in 2023/24. We thank them for their support and generosity.

- Lottery Community Grants Board – National
- Nikau Foundation
- Whanganui Community Foundation
- Four Winds Foundation
- TG (Thomas George) Macarthy Trust
- Winton and Margaret Bear Trust
- Margaret Watt Childrens Trust
- MusicHelps
- James Gibb Fund
- Central Energy Trust
- Four Regions Trust
- Presbyterian Women Aotearoa NZ
- Taranaki Electricity Trust
- St Joans Charitable Trust
- St Johns In The City
- The Lion Foundation
- The Sarsgood Bequest
- The Trust House Foundation
- Wellington City Council

14. SUBSEQUENT EVENTS

Nil

STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2024

Statement of Service Performance

WHO ARE WE?

Presbyterian Support Central is a not-for-profit registered charity. It was first registered in 2007 but can trace its roots back to 1909 when Reverend Dr. James Gibb, Minister of St John's Presbyterian Church in Wellington, initiated a project to care for orphaned and vulnerable children.

WHY DO WE EXIST?

We exist to build safe, strong and connected communities.

WHAT WE AIM TO DO

Our Family Works services aims to support children, young people, families and communities who have experienced trauma, family violence, separation, poverty, stress/anxiety, to have a safer and brighter future.
Our Enliven services aims to create age-friendly communities where people are happy and thrive, regardless of their age or ability.

Judgement made in the reporting of service performance information

In preparing the service performance information for the period Presbyterian Support Central (PSC) has made a number of significant judgements about what information to present, based on an assessment of what information would be most appropriate and meaningful to users when assessing performance against our objectives.

The decisions about what service performance information to present were made in consultation with our managers. The judgements that had the most significant effect on the non-financial information presented related to the selection of information about what PSC has done in the period. **Twelve key measures** were identified that would best illustrate what we have done in pursuit of our objectives.

Presbyterian Support Central decided to base its service performance measures around the quantity of services delivered in the year, because this information is already retained for internal management purposes.

Presbyterian Support Central Statement of Service Performance

ARONGA OUR PURPOSE: We make a positive difference in the lives of those we serve. Their future is in our care.

ENLIVEN - Caring, Enabling & Supporting

- Create a sense of belonging
- Eden Principle – Your home
- Improved wellbeing for our residents
- Safe and secure
- Practical support
- Whānau – we are family

FAMILY WORKS - Building Strong Families & Communities

- Strengthening Support for Whānau and Individuals
- A community of support
- Advocacy and inclusion
- Connection to resources

RETIREMENT VILLAGES - Building Resilient Communities

- Creating a caring community
- Independence and sense of wellbeing
- Safe inclusive community

OUR PEOPLE – Building Organisational Capacity

- We truly care and value our people
- We recognise our people as a key resource

MISSION: Our Values (equality, whānau, whakahi, kanorau, tikanga, empowerment and doing good) underpin what we do and strive for those we serve

THE STRATEGY

ENLIVEN

- Increase occupancy annually
- Provide high quality care of our residents – safe and secure
- Meet our nursing requirements through an accredited programme for international nurses
- Improve the upkeep of our homes

FAMILY WORKS

- Improved wellbeing of clients
- Increased direct support of whānau
- Retain and grow government funding
- Business breaks even financially

RETIREMENT VILLAGES

- Expand village development to support the business and care for the aged population and other clients
- Offering/developing community spaces for village residents

OUR PEOPLE

- Retain and attract staff
- Create a great working environment
- Develop staff
- Create clear career paths
- Improve staff engagement
- Support/enable cultural competence

**STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2024**

PERFORMANCE MEASURES: We walk with the people across the generations to create safe places to live, learn and thrive

ENLIVEN

| | 2023 | 2024 |
|--|------|-------|
| Occupancy - % bed Grow occupancy to meet financial goals. We have cared for more elders improving our service offering and bottom line. | 87% | 88% |
| External certification audits achieved External monitoring of our homes, a measure of service quality being delivered. | 6/6 | 12/12 |
| Competence Assessment Programme (CAP) In-house Nursing Council accredited training program to bring nurses to PSC, also contributes to our income. With recent NZNC changes, this program will finish in 2025. | 87 | 71 |
| Resident Satisfaction Survey Overall rating of our homes by residents; a measure of internal quality | 86% | 85% |
| Relative Satisfaction Survey Overall rating of our home by relatives of residents; external quality assessment | 88% | 89% |

FAMILY WORKS

| | 2023 | 2024 |
|--|-------|-------|
| Clients Supported Total number of clients that received professional support/assistance from our Family Works team | 2,459 | 2,607 |
| Family Disputes Resolution Number of families that used our Disputes Resolution Service | 934 | 818 |
| Social Work & Counselling Clients who were provided support through social work & counselling | 1,346 | 1,571 |
| Parenting Support Parents completing a parenting support programme | 124 | 260 |

RETIREMENT VILLAGE DEVELOPMENT

| | 2023 | 2024 |
|---|------|------|
| Retirement Villas Growing our retirement villages support our elders to live safely and independently and invest in our communities. The slower housing market required that PSC paused some of its developments during the year. | 190 | 190 |
| Retirement Villa Sales The small upturn in the property market has increased villa turnover. Any funds from villa sales is reinvested in the upkeep of our Enliven homes and support social services provision. | 23 | 29 |

OUR PEOPLE

| | 2023 | 2024 |
|--|------|------|
| Staff Turnover We have seen the workforce including nurses stabilise during the year and a continued downward trend in turnover. | 42% | 35% |

Our Goals

- Effective and efficient business management, we will be diligent with our resources
- We will attract more residents, clients, funders & influencers
- Our staff are key – we will be recognised as an Employer of Choice
- We will embark on a growth strategy – added services, property development & new business opportunities



Independent Auditor's Report

To the members of Presbyterian Support Central (**Incorporated Society**)

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report which comprises:

- the statement of financial position as at 30 June 2024;
- the statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies and other explanatory information; and
- the statement of service performance on pages 20 to 22.

In our opinion, the accompanying financial report of Presbyterian Support Central (the **Incorporated Society**) on pages 1 to 22 presents fairly in all material respects:

- the Incorporated Society's financial position as at 30 June 2024 and its comprehensive revenue and expenses and cash flows for the year ended on that date; and
- the service performance for year ended 30 June 2024 in accordance with the Incorporated Society service performance criteria.

In accordance with Public Benefit Entity International Public Sector Accounting Standards (**PBE Standards**) (Not For Profit) issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**) and the audit of the statement of service performance in accordance with the New Zealand Auditing Standard 1 *The Audit of Service Performance Information (NZ AS 1)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Presbyterian Support Central in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) and NZ AS 1 are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

Our firm has provided other services to the Incorporated Society in relation to trustee reporting. 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.



Use of this independent auditor's report

This independent auditor's report is made solely to the members. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the members for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of Board for the financial report

The Board, on behalf of the Incorporated Society, are responsible for:

- the preparation and fair presentation of the financial report in accordance with generally accepted accounting practice in New Zealand (being PBE Standards (Not For Profit)) issued by the New Zealand Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error;
- service performance criteria that are suitable in order to prepare service performance information in accordance with generally accepted accounting practice in New Zealand (being PBE Standards (Not For Profit)); and
- assessing the ability of the Incorporated Society to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole and the statement of service performance is free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ and NZ AS 1 will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate and collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our independent auditor's report.

KPMG

Wellington

7 October 2024