Presbyterian Support

Central

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2021

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $000's	2020 $000's
Operating Income			
Revenue from Services		56,126	53,072
Village Contributions		1,692	1,339
Recovery of Village Outgoings		945	875
Non-exchange Operating Income	8	724	749
Total Operating Income		**59,487**	**56,035**
Operating Expenditure			
Personnel		44,435	42,955
Operating Expenses		12,504	11,361
Property Costs		2,978	3,132
Depreciation and Amortisation of Intangibles	3	2,571	2,690
Total Operating Expenditure		**62,488**	**60,138**
Total Operating Surplus / (Deficit)		**(3,001)**	**(4,103)**
Other Income and (Expenses)			
Finance Income (Expenses)			
Interest		291	357
Dividends		423	623
Realised Share Gains (losses)		234	(364)
Unrealised Share Gains (losses)		1,931	629
Net Change in Fair Value of Investment Properties	2	9,556	(408)
Gain (Loss) on Sale of Fixed Assets		77	1,809
Grants Distributed from Trusts		(204)	(165)
Legacies		93	203
PIE tax expense		(95)	-
Total Other Income / (Expenses)		**12,306**	**2,684**
Net Surplus / (Deficit) for Year		**9,305**	**(1,419)**
Other Comprehensive Revenue and Expense			
Net Change in Fair Value of Property, Plant & Equipment		-	6,360
Total Other Comprehensive Revenue and Expense		**-**	**6,360**
Total Comprehensive Revenue and Expense		**9,305**	**4,941**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 $000's	2020 $000's
Equity			
Total Equity	4	**138,346**	**129,041**
Represented by :			
Current Assets			
Cash and Cash Equivalents		715	2,155
Accounts Receivable		1,778	2,059
Other Receivables		452	202
Asset Held for Sale			375
Total Current Assets		2,945	4,791
Non Current Assets			
Investment Properties	2	77,879	60,309
Other Financial Assets	6	24,604	28,407
Property, Plant, Equipment & Intangibles	3	78,619	77,770
Total Non-Current Assets		181,102	166,486
Total Assets		**184,047**	**171,277**
Current Liabilities			
Residents' Funds		213	242
Accounts Payable		2,000	3,665
Other Current Liabilities		1,331	2,963
Refundable Occupation Right Agreements		37,134	30,887
Employee Entitlements		4,914	4,370
Total Current Liabilities		45,592	42,127
Non-Current Liabilities			
Employee Entitlements		109	109
Total Non-Current Liabilities		109	109
Total Liabilities		**45,701**	**42,236**
Net Assets		**138,346**	**129,041**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	$000's						
	Accumulated Funds	**PPE Revaluation Reserve**	**Legacies**	**Trusts**	**Capital Replacement Reserve**	**Funds & Reserves**	**Total Equity**
2020							
Balance 1 July 2019	82,565	27,256	4,769	5,621	2,558	1,331	124,100
Total Comprehensive Income for the period							
Net Surplus for the Year	(1,419)	-	-	-	-	-	(1,419)
Other Comprehensive Income							
Revaluation increase PP&E		6,360					6,360
Total Comprehensive Income	(1,419)	6,360					4,941
Distributions	189	-	-	(154)	-	(35)	-
Transfers- Interest	(482)	-	145	219	55	63	-
Transfers- Other Including Expenditure	1,125	-	91	23	(1,237)	(2)	-
Balance 30 June 2020	**81,978**	**33,616**	**5,005**	**5,709**	**1,376**	**1,357**	**129,041**
2021							
Balance 1 July 2020	81,978	33,616	5,005	5,709	1,376	1,357	129,041
Total Comprehensive Income for the period							
Net Surplus (Deficit) for the Year	9,305	-	-	-	-	-	9,305
Other Comprehensive Income		-	-	-	-	-	
Revaluation increase PP&E	-	-	-	-	-	-	
Total Comprehensive Income	9,305						9,305
Distributions	191			(161)		(30)	-
Transfers- Interest	(743)		105	441	40	157	
Transfers- Other Including Expenditure	234		(255)	22		(1)	-
Balance 30 June 2021	**90,965**	**33,616**	**4,855**	**6,011**	**1,416**	**1,483**	**138,346**

For and on behalf of the Board:

____________________ Board Member ____________________ Board Member

____________________ Date ____________________ Date

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
OPERATING ACTIVITIES	**$000's**	**$000's**
Cash was Provided from :		
Services Provided	57,917	54,716
ORA Receipts From Incoming Residents	13,671	4,412
Goods & Services Tax	(259)	304
Interest	25	393
Dividends	-	623
	71,354	60,448
Cash was applied to :		
Employees	45,393	42,056
Suppliers	16,953	12,246
ORA Payments To Outgoing Residents	7,079	2,951
	69,425	57,253
Net Cash Flows from Operating Activities	**1,929**	**3,195**
INVESTING ACTIVITIES		
Cash was Provided from :		
Proceeds of Sale of Fixed Assets	452	6,694
Sale of and Maturing Investments	6,500	3,130
	6,952	9,824
Cash was applied to :		
Purchase of Property, Plant & Equipment	3,420	1,481
Purchase of Occupation Right Agreement Properties	6,668	5,176
Purchase of Investments	-	6,647
	10,088	13,304
Net Cash flows to Investing Activities	**(3,136)**	**(3,480)**
FINANCING ACTIVITIES		
Cash was Provided from :		
Proceeds from Drawdown of Finance Lease	-	50
	-	**50**
Cash was applied to :		
Decrease /(Increase) in Resident Funds Held in Trust	29	47
Trust Disbursements	204	165
	233	212
Net Cash Flows to Financing Activities	**(233)**	**(162)**
NET CASH FLOWS	**(1,440)**	**(447)**
Opening Cash & Cash Equivalents	2,155	2,602
Closing Cash & Cash Equivalents	715	2,155
Represented by :		
Cash at Bank	715	2,155
Total Cash and Cash Equivalents	**715**	**2,155**

	2021	2020
Reconciliation of Surplus with Cash Flows from Operating Activities		
SURPLUS/(LOSS) FOR YEAR	9,305	(1,419)
Add Non-Cash Items:		
Depreciation	2,571	2,690
Decrease in Property Valuation	(7,478)	1,051
Managed Funds Management Expense	63	-
Managed Funds PIE Tax Expense	95	-
Asset Sale Capital Loss		(1,809)
Unrealised Gain on investments	(1,931)	(265)
Interest and Dividends Compounded	(689)	36
Realised Gain on investments	(234)	
LTO revenue received	(1,692)	
Add Non Operating Items:		
Trust Distribution Expenses	204	165
	214	**449**
Changes in Working Capital		
Decrease/(Increase) in Receivables	31	127
Increase/(Decrease) in Operating Accounts Payable	(3,297)	2,697
Increase/(Decrease) in Employee Entitlements	544	645
Increase/(Decrease) in ORA Occupation Advances	4,437	(723)
Net Cash Flow from Operating Activities	**1,929**	**3,195**

NOTES TO THE FINANCIAL STATEMENTS
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.

The Financial Statements were authorised for issue by the Board on 27 September 2021.

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 2021 and the comparative information presented for the year ended 30 June 2020.

New Standards Issued but not yet Effective

PBE FRS 48 – Service Performance Reporting establishes requirements for Tier 1 and Tier 2 public benefit entities to select and present service performance information. This standard is effective for annual periods beginning on or after 1 January 2021. As a Tier 1 not-for-profit entity PSC will be required to present service performance information for the first time in its financial statements for the year ended 30 June 2023.

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.

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

Term deposits and fixed interest securities are classified as Held to Maturity Investments.

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, 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

	2021 $000's	2020 $000's
Opening Balance as at 1 July	60,309	54,512
Additions at Cost	8,014	6,204
Fair Value Movement		
Realised	2,078	643
Unrealised	7,478	(1,050)
Development Impairment	0	0
Closing Balance as at 30 June	77,879	60,309

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 2021.

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 6 to 9 year occupancy period (2020; 6 to 9 years), discount rate of between 13.75% to 16.5% (2020: 13.75% to 16.75%), long term property price growth of between 3.69% and 4.05% (2020: 3.15% to 3.52%). 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 $204,000 (2020 $222,000).

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

2021	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 2020	24,314	46,096	1,663	20,893	990	93,955
Additions		-	3,708	-	-	3,708
Transfers		663	(1,923)	1,168	92	0
Impairment						0
Disposals	(75)	(320)		(1,375)		(1,770)
Depreciation on Revaluation						0
Revaluation Gain/(Loss)	(269)					(269)
Reclassification to Asset held for Sale		402				402
Balance 30 June 2021	**23,970**	**46,841**	**3,448**	**20,686**	**1,082**	**96,026**
Accumulated Depreciation						
Balance at 1 July 2020	0	0	0	15,468	717	16,185
Current Years Depreciation	-	1,185	-	1,287	99	2,571
Transfers to Investment Properties		(25)	-	-		(25)
Depreciation on Disposals	-	-	-	-	-	0
Depreciation on Revaluation				(1,352)	1	(1,351)
Reclassification to Asset held for Sale		27				27
Balance 30 June 2021	**0**	**1,187**	**0**	**15,403**	**817**	**17,407**
Total Book Value	**23,970**	**45,653**	**3,448**	**5,283**	**265**	**78,619**

2020	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 2019	22,928	49,811	1,417	20,088	929	95,173
Additions	-	-	1,514	-	-	1,514
Transfers	-	221	(1,268)	953	61	(32)
Disposals	(2,900)	(1,960)	-	(148)	-	(5,008)
Depreciation on Revaluation		(3,649)				(3,649)
Revaluation Gain/(Loss)	4,286	2,074				6,360
Reclassification to Asset held for Sale		(402)				(402)
Balance 30 June 2020	**24,314**	**46,095**	**1,663**	**20,893**	**990**	**93,955**
Accumulated Depreciation						
Balance at 1 July 2019	-	2,390	-	14,261	644	17,295
Current Years Depreciation	-	1,286	-	1,330	73	2,690
Depreciation on Disposals	-	(156)	-	(123)	-	(280)
Depreciation on Revaluation		(3,493)				(3,493)
Reclassification to Asset held for Sale		(27)				(27)
Balance 30 June 2020	**0**	**0**	**0**	**15,468**	**717**	**16,185**
Total Book Value	**24,314**	**46,095**	**1,663**	**5,425**	**273**	**77,770**

In accordance with accounting policy 1.1.7 all properties were revalued by Colliers International as at 30 June 2020.

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 (2020: an uplift of $6.4m was recognised in the PPE revaluation reserve).

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 Non-Cancellable operating lease rentals are payable as follows:	2021 $000	2020 $000
Not later than one year	234	207
Later than one year but not later than two	170	198
Later than two years but not later than three	83	134
Later than three years	31	128
Total	**518**	**667**

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

6. FINANCIAL INSTRUMENTS

Other Financial Assets

Measured at Fair Value	2021 $000's	2020 $000's
Term Deposits		6,000
Fixed Interest Securities	8,223	7,784
	8,223	13,784
Measured at Fair Value through net surplus		
Equities	16,380	14,623
Total Other Financial Assets	24,604	28,407

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 $8,223,000 of interest bearing assets at 30 June 2021 (2020 $7,784,000) 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 $4,338,000 at 30 June 2021 (2020 $4,055,000).

There are no significant concentrations of market risk at 30 June 2021.

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 2021 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 $6,863 (2020: $81,002).

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 $46,120 (2020: $42,905).

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 $163,800 (2020: $146,230)

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 2021 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 2021 $000's	Fair Value 2021 $000's	Face Value 2020 $000's	Fair Value 2020 $000's
Within 1 year	3,512	3,461	2,727	2,888
Within 2 years	1,177	1,228	2,852	2,908
Within 3 years	280	301	677	754
Within 4 years	597	613	280	296
Within 5 years	1,380	1,372	597	626
Greater than 5 years	1,275	1,249	305	311
Total	**8,223**	**8,223**	**7,439**	**7,784**

The fair value of interest bearing investments was determined by CRAIGS Investment Partners as at 30 June 2021. 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. RELATED PARTY DISCLOSURE

Key Management Personnel

Compensation of Senior Executive Officers	2021 $000's	2020 $000's
Employee benefits - short term	1,422	1,432
Employee benefits - long term	7	7

Number of senior executive officers 8 (2020: 7).

Members of the governing body are not remunerated. Number of governing body 6 (2020:6)

Grant Thornton was paid $24,075 during the year for time spent assisting the interim CEO. P Sherwin, PSC Chair is a partner in Grant Thornton (2020: $5,935)

8. Non-exchange Revenue

	2021 $000's	2020 $000's
Donations	236	193
Endowments	115	139
Grants	372	162
Government Grants (wage subsidy received)	-	254
	724	749

9. Auditors remuneration

	2021 $000's	2020 $000's
Audit & Audit-Related Services:		
Financial Audit Fee	48,000	50,500
Retirement Village Statutory Supervisor Reporting	2,200	1,500
Non-Audit Services:		
GST Taxation compliance advice		8,500
	50,200	60,500

10. CAPITAL EXPENDITURE COMMITMENTS

Presbyterian Support Central has $2,440,000 of capital commitments as at 30 June 2021. These commitments relate to property developments currently in the planning or construction stages. (2020: $3,242,000).

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.

	2021 $000	2020 $000
Income		
Operating Income	547	423
Government Funding	3,026	2,773
Total Income	3,573	3,196
Expenditure		
Wages and Salaries	3,416	3,326
Other Expenditure	1,604	1,466
Total Expenses	5,019	4,792
Net Surplus/ (Deficit)	(1,447)	(1,596)
Funding from Investments and Fundraising	296	398
Net Surplus/ (Deficit) after Investments and Fundraising	**(1,151)**	**(1,198)**

12. Grant acknowledgements

The following trusts and foundations have supported Presbyterian Support Central in 2020/21. We thank them for their support and generosity

- AR+TI Harper Trust
- Central Energy Trust
- Four Regions Trust
- Helen Stewart Royale Charitable Trust
- Horowhenua District Council
- Hutt Mana Charitable Trust
- Irene Baker Foy Trust
- Lottery Community Grants Board
- Margaret Watt Children’s Trust
- MusicHelps
- Nikau Foundation
- Pelorus Trust
- St Joan’s Charitable Trust
- St John’s in the City
- The Trusts Community Foundation
- Tindall Foundation
- Tom and Ann Cunningham
- Trust House Foundation
- Upper Hutt City Council
- Wellington Community Trust
- Wellington Children’s Trust
- Whanganui Community Foundation
- Winton and Margaret Bear Trust

13. SUBSEQUENT EVENTS

Nil