Presbyterian Support

Central

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2023

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $000's	2022 $000's
Operating Income			
Revenue from Services		58,935	56,922
Village Contributions		2,007	1,998
Recovery of Village Outgoings		1,174	1,065
Non-exchange Operating Income	8	1,062	506
Total Operating Income		**63,178**	**60,491**
Operating Expenditure			
Personnel		46,632	47,297
Operating Expenses		13,831	12,769
Property Costs		2,630	2,430
Depreciation and Amortisation of Intangibles	3	2,657	2,695
Total Operating Expenditure		**65,750**	**65,191**
Total Operating Surplus / (Deficit)		**(2,572)**	**(4,700)**
Other Income and (Expenses)			
Finance Income (Expenses)			
Interest		237	245
Dividends		406	569
Realised Share Gains (losses)		81	68
Unrealised Share Gains (losses)		775	(1,603)
Net Change in Fair Value of Investment Properties	2	(5,353)	7,510
Gain (Loss) on Sale of Fixed Assets		2	14
Grants Distributed from Trusts		(146)	(201)
Legacies		-	26
Tax expense		(94)	(110)
Total Other Income / (Expenses)		**(4,092)**	**6,518**
Net Surplus / (Deficit) for Year		**(6,663)**	**1,818**
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		**1,985**	**1,818**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 $000's	2022 $000's
Equity			
Total Equity	4	**142,150**	**140,164**
Represented by :			
Current Assets			
Cash and Cash Equivalents		1,243	995
Accounts Receivable		2,837	2,305
Other Receivables		287	410
Total Current Assets		4,367	3,710
Non Current Assets			
Investment Properties	2	100,350	97,401
Other Financial Assets	6	16,038	19,214
Property, Plant, Equipment & Intangibles	3	87,671	79,533
Total Non-Current Assets		204,059	196,148
Total Assets		**208,426**	**199,858**
Current Liabilities			
Residents' Funds		207	198
Accounts Payable		1,319	1,074
Other Current Liabilities		1,835	2,446
Refundable Occupation Right Agreements		47,699	44,584
Employee Entitlements		5,337	5,525
Secured bank loans	7	8,689	5,635
Total Current Liabilities		65,085	59,462
Non-Current Liabilities			
Employee Entitlements		82	109
Secured bank loans	7	1,109	123
Total Non-Current Liabilities		1,191	232
Total Liabilities		**66,276**	**59,694**
Net Assets		**142,150**	**140,164**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	$000's						
	Accumulated Funds	**PPE Revaluation Reserve**	**Legacies**	**Trusts**	**Capital Replacement Reserve**	**Funds & Reserves**	**Total Equity**
2022							
Balance 1 July 2021	90,965	33,616	4,855	6,011	1,416	1,483	138,346
Total Comprehensive Income for the period							
Net Surplus for the Year	1,818	-	-	-	-	-	1,818
Other Comprehensive Income							
Revaluation increase PP&E		-					
Total Comprehensive Income	1,818	-	-	-	-	-	1,818
Distributions	207	-	-	(147)	-	(60)	-
Transfers- Interest	(882)	-	123	513	53	193	-
Transfers- Other Including Expenditure	499	-	(486)	(11)	-	(2)	-
Balance 30 June 2022	**92,607**	**33,616**	**4,492**	**6,366**	**1,469**	**1,614**	**140,164**
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 (Deficit) for the Year	(6,663)	-	-	-	-	-	(6,663)
Other Comprehensive Income							
Revaluation net increase PP&E		8,648					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**

For and on behalf of the Board:

____________________ Board Member ____________________ Board Member

____________________ Date ____________________ Date

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
OPERATING ACTIVITIES	**$000's**	**$000's**
Cash was Provided from :		
Services Provided	60,762	58,081
ORA Receipts From Incoming Residents	11,376	12,770
Goods & Services Tax	57	(89)
Interest	15	25
	72,210	70,787
Cash was applied to :		
Employees	46,884	48,188
Suppliers	16,787	13,430
ORA Payments To Outgoing Residents	4,841	4,635
	68,512	66,254
Net Cash Flows from Operating Activities	**3,698**	**4,533**
INVESTING ACTIVITIES		
Cash was Provided from :		
Proceeds of Sale of Fixed Assets	12	88
Sale of and Maturing Investments	5,000	4,500
	5,012	4,588
Cash was applied to :		
Purchase of Property, Plant & Equipment	2,112	3,683
Purchase of Occupation Right Agreement Properties	9,753	10,699
Purchase of Investments	500	-
	12,365	14,382
Net Cash flows to Investing Activities	**(7,354)**	**(9,795)**
FINANCING ACTIVITIES		
Cash was Provided from :		
Proceeds from Drawdown of Bank Loan Facilities	4,040	5,758
	4,040	**5,758**
Cash was applied to :		
Decrease /(Increase) in Resident Funds Held in Trust	(9)	14
Trust Disbursements	146	201
	137	215
Net Cash Flows to Financing Activities	**3,903**	**5,543**
NET CASH FLOWS	**247**	**281**
Opening Cash & Cash Equivalents	996	715
Closing Cash & Cash Equivalents	1,243	996
Represented by :		
Cash at Bank	1,243	995
Total Cash and Cash Equivalents	**1,243**	**995**

Reconciliation of Surplus with Cash Flows from Operating Activities		
SURPLUS/(LOSS) FOR YEAR	(6,663)	1,818
Add Non-Cash Items:		
Depreciation	2,657	2,695
(Decrease)/Increase in Property Valuation	5,353	(6,178)
Managed Funds Management Expense	66	58
Managed Funds PIE Tax Expense	94	110
Asset Sale Capital Loss	-	(14)
Unrealised Gain/(loss) on investments	(775)	1,580
Interest and Dividends Compounded	(627)	(790)
Realised Gain/(loss) on investments	(81)	(68)
LTO revenue received	(2,007)	(1,998)
Add Non Operating Items:		
Trust Distribution Expenses	146	201
	(1,837)	**(2,586)**
Changes in Working Capital		
Decrease/(Increase) in Receivables	(409)	(485)
Increase/(Decrease) in Operating Accounts Payable	(367)	190
Increase/(Decrease) in Employee Entitlements	(216)	611
Increase/(Decrease) in ORA Occupation Advances	6,527	6,804
Net Cash Flow from Operating Activities	**3,698**	**4,533**

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 2 October 2023.

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 2023 and the comparative information presented for the year ended 30 June 2022.

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.

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.

New Financial Reporting standards adopted this financial year

The Statement of Service Performance has been prepared in accordance with PBE FRS 48: Service Performance Reporting. PBE FRS 48 has been adopted by Presbyterian Support Central effective for the year ended 30 June 2023.

Presbyterian Support Central has also adopted PBE IPSAS 41: Financial Instruments for the year ended 30 June 2023. There were no material changes required to the financial statements following adoption of this new accounting standard.

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	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

	2023	**2022**
	$000's	**$000's**
Opening Balance as at 1 July	97,401	77,879
Additions at Cost	8,302	12,012
Fair Value Movement		
Realised	1,472	1,331
Unrealised	(6,826)	6,178
Closing Balance as at 30 June	100,350	97,401

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 2023.

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 (2022: 5 to 9 years), discount rate of between 13.75% to 16.5% (2022: 13.75% to 16.5%), long term property price growth of 3.44% (2022: 3.53%). 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 $373,000 (2022: $290,000). 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

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**
Accumulated Depreciation						
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**

2022	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 2021	23,970	46,840	3,448	20,686	1,082	96,026
Additions	-	-	3,604	4	0	3,608
Transfers	-	732	(1,964)	997	235	0
Impairment	-	-	-	-	-	0
Disposals	-	-	-	(74)	-	(74)
Balance 30 June 2022	**23,970**	**47,572**	**5,088**	**21,613**	**1,317**	**99,560**
Accumulated Depreciation						
Balance at 1 July 2021	0	1,188	0	15,403	817	17,408
Current Years Depreciation	-	1,279	-	1,275	140	2,694
Depreciation on Disposals	-	-	-	(75)	-	(75)
Balance 30 June 2022	**0**	**2,467**	**0**	**16,604**	**957**	**20,027**
Total Book Value	**23,970**	**45,106**	**5,088**	**5,010**	**360**	**79,533**

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.

The major assumptions included capitalisation of earnings (using capitalisation rate ranging from 6.5% to 9.5%), together with observed transactional evidence of the market value per care bed (ranging from $75,000 to $375,000 per care bed). The significant unobservable input used in the fair value measurement of Presbyterian Support Central's Property, Plant and Equipment is the capitalisation rate. A significant decrease (increase) in the capitalisation rate would result in a significantly higher (lower) fair value measurement.

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:	2023 $000's	2022 $000's
Not later than one year	712	595
Later than one year but not later than two	630	434
Later than two years but not later than three	546	405
Later than three years	627	340
Total	**2,515**	**1,774**

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

During the 2022-23 year, PSC entered into a new printer/photocopier lease which included a Fair Use allowance charge in place of the previous per copy charges.

6. FINANCIAL INSTRUMENTS

Other Financial Assets

Measured at Fair Value	2023 $000's	2022 $000's
Fixed Interest Securities	5,306	5,673
	5,306	5,673
Measured at Fair Value through net surplus		
Cash	225	845
Property	548	784
Equities		
New Zealand	3,263	4,283
Australia	2,534	3,418
International	4,161	4,211
Subtotal - Equities	9,959	11,912
Total Other Financial Assets	16,038	19,214

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 (2022: $6.6m).

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 $5,306,000 of interest bearing assets at 30 June 2023 (2022: $5,672,000) 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 $2,534,000 at 30 June 2023 (2022: $3,418,000) and International investments of $4,161,000 (2022: $4,211,000).

There are no significant concentrations of market risk at 30 June 2023.

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 2023 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 $2,250 (2022: $8,447).

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 $27,281 (2022: $37,385).

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 $67,115 (2022: $66,374).

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 $99,590 (2022: $119,119).

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 2023 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 2023 $000's	Fair Value 2023 $000's	Face Value 2022 $000's	Fair Value 2022 $000's
Within 1 year	280	281	1,127	1,131
Within 2 years	463	464	480	482
Within 3 years	1,287	1,284	992	949
Within 4 years	1,207	1,203	1,380	1,235
Within 5 years	1,642	1,640	1,335	1,229
Greater than 5 years	433	433	730	649
Total	**5,312**	**5,306**	**6,044**	**5,675**

The fair value of interest bearing investments was determined by CRAIGS Investment Partners as at 30 June 2023. 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

	2023 $000's	2022 $000's
Secured bank loans - current liabilities	8,689	5,635
Secured bank loans - non-current liabilities	1,109	123
Total loans	9,798	5,758

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	2023 $000's	2022 $000's
Levin War Vets	30/10/2023	7,100	4,453
Kandahar Stage 3	15/04/2024	1,589	1,182
Kandahar Community Centre	17/06/2025	1,109	123
Total loans		9,798	5,758

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 2.22% p.a. for the Levin War Vets and the Kandahar Stage 3 facilities. The Kandahar Community Centre is at the corporate indicator rate plus a margin of 2.32% p.a.
There is a general security agreement and negative pledge deed as security against the loan.

8. RELATED PARTY DISCLOSURE

Key Management Personnel

Compensation of Senior Executive Officers	**2023 $000's**	**2022 $000's**
Employee benefits - short term	1,710	1,534
Employee benefits - long term	-	9

Number of senior executive officers at 30 June 2023: 5 (2022: 8).

During the year, PSC undertook a restructuring and three senior roles were made redundant. The above compensation includes $201,000 for redundancy payments (2022: $0).

Members of the governing body are not remunerated.
Number of governing body at 30 June 2023: 4 (2022:5)

A sibling of a senior executive officer holds a management role in a company that supplies software to PSC. In 2023, $134,000 (including GST where relevant) was paid to the company (2022: $88,000).

There were no services sold to related parties for 2023 (2022: $3,750 to Grant Thornton). P Sherwin, PSC Chair, is a partner in Grant Thornton.

9. Non-exchange Revenue

	2023 $000's	2022 $000's
Donations	127	90
Endowments	868	127
Grants	68	288
	1,063	505

10. Auditors remuneration

	2023 $000's	2022 $000's
Audit & Audit-Related Services:		
Financial Audit Fee	60	53
Retirement Village Statutory Supervisor Reporting	2	2
	62	55

11. CAPITAL EXPENDITURE COMMITMENTS

Presbyterian Support Central has $710,000 of capital commitments as at 30 June 2023. These commitments relate to property developments currently in the construction stages. (2022: $6,110,000).

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.

	2023 $000's	2022 $000's
Income		
Operating Income	797	663
Government Funding	3,065	3,061
Total Income	3,862	3,724
Expenditure		
Wages and Salaries	3,400	3,488
Other Expenditure	1,348	1,818
Total Expenses	4,748	5,306
Net Surplus/ (Deficit)	(886)	(1,582)
Funding from Investments and Fundraising	1	376
Net Surplus/ (Deficit) after Investments and Fundraising	**(885)**	**(1,206)**

13. GRANT ACKNOWLEDGEMENTS

The following trusts and foundations have supported Presbyterian Support Central in 2022/23. We thank them for their support and generosity.

- Tindall Foundation
- Lottery Community Grants Board – National
- Nikau Foundation
- Whanganui Community Foundation
- Four Winds Foundation
- TG (Thomas George) Macarthy Trust
- Winton and Margaret Bear Trust
- Upper Hutt City Council
- Margaret Watt Childrens Trust
- John Beresford Swan Dudding Trust
- Kiwi Gaming Foundation Ltd
- The Strathlachlan Fund - Perpetual Guardian
- Irene Baker Foy Trust
- Edward (Edna) Carter Special Assistance Fund
- Pelorus Trust
- MusicHelps
- South Wairarapa District Council
- John Ilott Charitable Trust
- Tom & Ann Cunningham Trust
- St Laurence’s Social Service Trust

14. SUBSEQUENT EVENTS

Nil

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.

STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2023

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 - YOY growth
- Provide high quality care of our residents – safe and secure
- Address our nursing shortage – Competency Assessment Programme (CAP) 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 builds to support the business and care for the aged population
- 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 2023

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

ENLIVEN

	2022	2023
Occupancy - % bed Grow our occupancy to achieve financial outcomes that allow the business to survive and grow	89.8%	87.4%
External certification audits achieved External monitoring to ensure we meet the standard of care required.	7/7	6/6
Competency Assessment (CAPS) Addressing the nursing shortage – inhouse training program to integrate overseas nurses. Course started in March 2022	8	87
Resident Satisfaction Survey Overall rating of home by resident	87%	86%
Relative Satisfaction Survey Overall rating of home by relative	91%	88%

FAMILY WORKS

	2022	2023
Clients FamilyWorks Clients that received professional services from our Family Works team	3,470	2,459
Family Disputes Resolution Families that used our Disputes Resolution Service	1,204	934
Social Work & Counselling Clients who were provided support through social work & counselling	1,298	1,346
Parenting Support Parents assisted with a programme	270	124

*** The above reduced YOY numbers reflect the impact of covid on our service**

VILLAGES

	2022	2023
Villa Growth Grow our village footprint to support our aging population, so they can live independently, while supported in a safe community	169	190
Villa Sales Due to the downturn in the property market, the villa turnover has slowed down. The cash injection from the villas sales is reinvested in the upkeep of our homes.	29	23

OUR PEOPLE

	2022	2023
Turnover Impact from nurse retention due to public sector pay disparity and restructure of the central office function	50%	42%

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