Presbyterian Support Otago Incorporated

General Purpose Group Financial Report

For the year ended 30 June 2024

Presbyterian Support Otago Incorporated

General Purpose Group Financial Report

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Presbyterian Support Otago Incorporated

General Information

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Joanne O'Neill

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BDO Christchurch Audit Limited
PO Box 246
Christchurch 8140
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Consolidated Statement of Service Reporting
for the Year ended 30 June 2024

The Group service performance information includes the activities of Presbyterian Support Otago Incorporated and its wholly owned subsidiary PSO Retirement Villages Limited.

The reporting of service performance information aims to provide information about the Group to help readers to understand,

(a) why the Group exists and what it intends to achieve in broad terms over the medium to long term, and how it goes about this, and
(b) what the Group has done for the year ended 30 June 2024, in working towards its broader aims and objectives

The service performance information has been prepared in accordance with the Standard issued by the External Reporting Board (XRB), PBE FRS 48 Service Performance Reporting.

Selection of service performance information
The service performance report does not include everything the Group has done over the past year, instead the Group has selected information to report on based on:

(a) providing enough information to provide readers with an overall picture of the Group's service performance for the year, and
(b) focusing on the most meaningful and relevant service performance information

The reported service performance information has been selected by management of the Group, based on considering the key activities of the Group. The selection of service performance information by management requires the application of significant professional judgement.

The Group provides services to the community, working under contract with various Government departments, we are required by these funders to collect data relevant to the provision of services under these contracts and report to them. The Group utilises various systems and databases to collect this data and has dedicated teams to analyse, interrogate and report on this data. From that data produced, management has selected the metrics to report in the Statement of Service Performance that best reflects the achievements of our services against organisation objectives. Metrics were selected based on reliability, consistency and meaningfulness of the metric to give the Statement of Service Performance a full overview of the Groups activities.

Why the Group exists

Our Vision
Every person is valued and grows in a safe strong community

Our Mission
We walk with people across the generations to create together places to live, learn and thrive. We call out injustice and advocate for positive social change.

Consolidated Statement of Service Reporting
for the Year ended 30 June 2024

Enliven Services
Creating places to Live, Learn and Thrive

Some things make for healthier, happier living, no matter what your age. A sense of community; friends, family, whanau; giving and receiving; making decisions for yourself; and, most of all, practical support when you need it. At Enliven we work alongside our clients, residents and whānau to achieve these things.

Presbyterian Support Otago (PSO) owns and operates nine aged care facilities across Otago, these service the following of our communities, Dunedin (Ross Home and St Andrews), Mosgiel (Taieri Court), Oamaru (Iona), Balclutha (Holmdene), Alexandra (Ranui and Castlewood) and Wanaka (Elmslie House and Aspiring Enliven Care Centre).

These facilities all operate under the' Age Related Residential Care' contracts with Te Whatu Ora, Southern. Revenue received is as per the pricing set in these contracts as prescribed by the Ministry of Health. These contracts set daily maximum prices. The income is then received from Te Whatu Ora, Work and Income NZ, private paying residents or a combination of all.

Enliven Residential Facilities	2024	2023
Total days of care provided	161,635	158,928
Total people served	828	765

Occupancy	2024 Target	2024 Achieved	2023 Target	2023 Achieved
Total	92.5%	89.4%	94.9%	87.7%

Retirement Villages

PSO, via its subsidiary PSO Retirement Villages Limited owns and operates three Retirement Villages. Wanaka Retirement Village in Wanaka, Ranui Court in Alexandra and Columba Court in Oamaru. Combined, these villages offer 47 villas, apartments and cottages for our residents. Our villages are small in comparison to the wider sector large operators and all surpluses are used to support the wider social services provision and the PSO mission. These are significant investments in our community.

Retirement Villages	2024	2023
Total residents in year	54	56

Consolidated Statement of Service Reporting
for the Year ended 30 June 2024

Family Works
Creating places to Live, Learn and Thrive

Family Works supports children, young people and their families to be safe, strong and connected.
Mahi a whanau kei te tautoko nga tamaiti, taiohi me te whanau o o ratou ki te ora, ki te kaha, te kotuitui ai hoki.

We provide a range of programmes and supports for individuals, youth and whānau. Our services include social work, foodbank, financial inclusion and capability services, parent education programmes, youth and adult mental health support, buddy programme, child and youth development programmes, family dispute resolution referral support.

"Hutia te rito o te harakeke, kei whea te Komako e ko? Ki ma ki ahau, he aha te mea nui o te Ao, maku e ki atu - he tangata, he tangata, he tangata."

"Tear out the heart of the flax, where will the Bellbird sit? Ask me what is the most important thing in the world, I will tell you - it is people, it is people, it is people."

Our values are the principles that guide the way we work with people. Family Works staff and services:

Recognise the strengths inherent in everybody
Are accessible and non-discriminating
Are confident and competent
Operate within a Code of Ethics as defined by the relevant professional bodies
Work with children, young people, families and whānau and individual adults in respectful relationships
Recognise Te Tiriti o Waitangi as the founding document of our nation and for our relationship with Māori, who are 'tangata whenua' – the first peoples of the nation
Recognise New Zealand as a bi-cultural nation and a multicultural society.

Family Works

Children's Groups & Youth Development

What we do:

		2024	2023
Buddy Programme	Number of matched young buddies	172	210
Youth Development	Number of active students	23	17

Financial Inclusion services

What we do:

		2024	2023
Financial Mentoring	Number of clients accessing our service	1289	1021
	Number of sessions	3046	3605

Social Work

What we do:

		2024	2023
Foodbank	Number of food parcels provided	4576	4945
Social Work	People supported	441	505

Adult Mental Health

What we do:

		2024	2023
Stepping Stones	Numbers accessing services	60	70

Family Works
Ethnicity of our clients

Who do we support

		2024	2023
Ethnicity of clients accessing our services	Māori	18.9%	18.0%
	Pacifica	4.9%	4.2%
	NZ European	60.2%	66.5%
	Other cultures	6.8%	11.3%
	Not stated	9.2%	-

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Consolidated Statement of Comprehensive Revenue and Expense
for the Year ended 30 June 2024

	Notes	Group 2024 $000's	Group 2023 $000's
Revenue			
Income from services		46,338	38,972
Sale of Goods		1,185	1,264
Donations/Grants/Bequests		1,149	756
Interest Income		99	25
Investment and Other Income		1,140	1,380
Movement in fair value of Investment Properties	4	2,494	1,725
Total Operating Income	2	52,405	44,122
Expenses			
Employment related		36,903	33,245
Employer Kiwisaver contributions		793	734
General Operating		2,240	1,415
Advertising & Marketing		83	105
Office & Administration		956	1,213
Servicing Resources		2,781	2,504
Occupancy Costs		4,035	3,617
Health, Medical & Safety		1,235	1,217
Depreciation/amortisation		1,222	1,281
Finance Costs		340	257
Lease Costs		334	310
Total Operating Expenditure	3	50,922	45,898
Operating Surplus before increase in ORA Expense and Impairment losses		1,483	(1,776)
Increase in ORA Expense	18	915	1,035
Impairment losses	9,11,12	1,542	-
Net Operating Surplus / (Deficit) for the Year		(974)	(2,811)
Share of net surplus / (deficit) Joint Venture	11	(118)	(100)
Net Surplus / (Deficit) for the Year		(1,092)	(2,911)
Other Comprehensive Revenue & Expense			
Operating Property Revaluation	14	-	4,661
Total Comprehensive Revenue and Expense		(1,092)	1,750

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Net Assets / Equity

for the Year ended 30 June 2024

Group	Accumulated Revenue & Expenses	Operating Property Revaluation Reserve	Investment Property Revaluation Reserve	Restricted Reserves Special Reserves	Restricted Reserves Endowment Reserves	Total Equity
Balance 1 July 2022	17,097	24,364	8,969	336	7,047	57,813
Net Surplus/(Deficit) for the Year	(2,911)	-	-	-	-	(2,911)
Other Comprehensive Income	-	4,661	-	-	-	4,661
Total Comprehensive Income	(2,911)	4,661	-	-	-	1,750
Transfers						
Investment Property Revaluation	(1,725)	-	1,725	-	-	-
Transfers	-	-	-	-	-	-
Transfers - Interest/Bequests	(350)	-	-	10	340	-
Transfers - Expenditure	151	-	-	-	(151)	-
Balance 30 June 2023	12,262	29,025	10,694	346	7,236	59,563
Movements for the year to June 2024						
Net Surplus/(Deficit) for the Year	(1,092)	-	-	-	-	(1,092)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	(1,092)	-	-	-	-	(1,092)
Transfers						
Investment Property Revaluation	(2,494)	-	2,494	-	-	-
Transfers	-	-	-	-	-	-
Transfers - Interest/Bequests	(532)	-	-	12	520	-
Transfers - Expenditure	152	-	-	(1)	(151)	-
Balance 30 June 2024	8,296	29,025	13,188	357	7,605	58,471

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position
As at 30 June 2024

	Notes	Group 2024 $000's	Group 2023 $000's
Equity			
Accumulated Revenue & Expenses	29	8,296	12,262
Operating Property Revaluation Reserve	29	29,025	29,025
Investment Property Revaluation Reserve	29	13,188	10,694
Restricted Reserves	29	7,962	7,582
Total Equity		58,471	59,563
Represented by :			
Current Assets			
Cash and cash equivalents	6	2,553	3,254
Inventories	7	66	53
Receivables from exchange transactions	8	4,702	3,723
Held for Sale	9	22,250	-
		29,571	7,030
Non Current Assets			
Investment Properties	10	15,014	32,620
Investment in Joint Venture	11	-	277
Advance to Joint Venture	12	-	-
Intangible Assets	13	102	264
Property, Plant and Equipment	14	45,113	48,658
		60,229	81,819
Total Assets		89,800	88,849
Current Liabilities			
Accounts Payable and Accruals from exchange transactions	15	4,043	3,024
Retirement Village Deferred Income	17	885	926
Borrowings	18	3,712	2,288
Refundable portion - Occupation Right Agreements	19	4,880	16,239
Held for Sale	9	12,400	-
Employee Entitlements	16	5,409	4,750
		31,329	27,227
Non Current Liabilities			
Borrowings	18	-	2,059
Total Liabilities		31,329	29,286
Total Net Assets		58,471	59,563

Signed on behalf of the Board as at 25th September 2024

Mrs Stephanie Pettigrew
Chairperson

Rev Kerry Enright
Deputy Chairperson

The above statement should be read in conjunction with the accompanying notes

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Consolidated Statement of Cash Flows

for the Year ended 30 June 2024

	Notes	Group 2024 $000's	Group 2023 $000's
CASH FLOW FROM OPERATING ACTIVITIES			
Cash was Provided from :			
Goods & Services provided		45,625	39,922
Proceeds from Occupation Right Agreements			
Bequests received		297	68
Grants and Donations received		852	687
Investment & Other Income		469	400
		47,243	41,077
Cash was applied to :			
Employees and Suppliers		48,273	44,135
Interest Paid		340	257
		48,613	44,392
Net Cash flows from/(to) Operating Activities	5	(1,370)	(3,315)
CASH FLOW FROM INVESTING ACTIVITIES			
Cash was Provided from :			
Proceeds from Sale of Property Plant & Equipment		1,763	850
Proceeds from Investment Properties		-	1,804
		1,763	2,654
Cash was applied to :			
Purchase of Property, Plant and Equipment		1,313	434
		1,313	434
Net Cash flows from/(to) Investing Activities		450	2,220
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was Provided from :			
Proceeds from Occupation Right Agreements	19	1,400	2,670
Proceeds from Borrowings	18	-	635
		1,400	3,305
Cash was applied to :			
Refunds of Occupation Right Agreements	19	546	1,940
Settlement of Loans	18	635	122
Net Cash flows from/(to) Financing Activities		219	1,243
Net Increase/(Decrease) in cash held		(701)	148
Opening Balance of cash and cash equivalents		3,254	3,106
Closing Balance of cash and cash equivalents		2,553	3,254
Represented by :			
Cash and Cash Equivalents		2,553	3,254
	6	2,553	3,254

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Notes to the Consolidated Financial Statements
for the Year ended 30 June 2024

1 Statement of Accounting Policies

The Reporting Entity
Presbyterian Support Otago Incorporated (the "Parent") was registered on 12 October 1907 under the provisions of "The Religious, Charitable and Educational Trust Board Incorporated Act 1884" (now the "Charitable Trusts Act 1957"). The Group comprising of the Parent and PSO Retirement Villages Limited is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.
The Group's principal activities are carried out under three core operational areas;
Enliven
Services for older people include activities of Residential aged care, Community based services and Retirement living options. Presbyterian Support Otago currently operates eight residential aged care facilities across Otago.
There are three retirement villages that are operated by PSO Retirement Villages Limited.
Community based services to assist older people living in their own home, services include Club Enliven, Individualised Funding, Visiting Volunteers and Home Share.
Family Works
Family Works services include social work, food bank, emergency response, budgeting advice, parenting support, youth development and community development programmes.
Presbyterian Support Otago
Presbyterian Support Otago operates three social enterprises to support the work of the organisation, namely, Ross Café, Shop On charity shops (three stores) and the YouthGrow Garden Centre.
As such the Group is a Public Benefit Entity for the purposes of complying with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP').
Basis of Preparation
The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and they comply with the Public Benefit Entity (PBE) Accounting Standards applicable to not for profit public benefit entities. Pursuant to the Accounting Standards Framework mandated by the External Reporting Board (XRB), the Group reports in accordance with Tier 1 PBE Accounting Standards.

The consolidated financial statements have been prepared on a historical cost basis, except for land and buildings, investment properties 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) (K=000).
Where appropriate, prior year comparatives have been restated to be in line with current reporting.

The Group has recorded a net operating suplus for the year of $450k prior to gains from property revaluations. The result includes gains on asset sales of $919k, therefore the underlying operating performance is a net deficit of $469k. The operating performance has been impacted by lower than forecast occupancy levels for the year which has resulted in reduced income levels against budget.
The Group expects occupancy levels to increase and therefore revenue in the year to June 2025.

The Group also has Westpac bank loans of $3,712 falling due within 1 year of balance date, and is a guarantor to a Westpac bank loan of $7,125k falling due within 1 year of balance date held in Aspiring Enliven Care Centre Limited Partnership of which PSO is a 50% joint venture partner. The Group has a good relationship with Westpac and intends to renew the facilities. Westpac issued a waiver for the interest cover ratio covenant for both 30 June 2023 and 30 June 2024 for bank loans within the Group. The Group is in progress to exit from the Aspiring Enliven Care Centre Limited Partnership and this will result in being released as joint guarantor of the Partnerships debt. Additionally the Group is actively marketing for sale Elmslie House rest home and Wanaka Retirement Village. Once sold the proceeds of the sale will enable the full repayment of the loans with Westpac and deliver surplus cash reserves.
Should refinancing the loans not be possible the Group also has a number of non-strategic assets that could be sold in order to fund any repayments required. Whilst uncertainties exist, in the view of the Board of Trustees, these uncertainties are not material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern and accordingly the financial statements have been prepared on a going concern basis.
The consolidated financial statements have been approved for issue by the Board on 25 September 2024.

The accounting policies set out below have been applied in preparing the consolidated financial statements for the year ended 30 June 2024 and the comparative information presented for the year ended 30 June 2023.

Specific Accounting Policies

(a) ***Principles of Consolidation***

The Group consolidated financial statements consolidate the financial statements of the Parent (Presbyterian Support Otago Incorporated) and its subsidiary PSO Retirement Villages Limited, over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from its activities.
The subsidiary, PSO Retirement Villages Limited, has a 30 June balance date and consistent accounting policies are applied.
Subsidiaries which form part of the Group are consolidated from the date on which control is transferred. They are de-consolidated from the date that control ceases.

(i) Joint ventures
Joint ventures are those entities over whose activities the Group has joint control, established by a binding agreement and requiring unanimous consent for strategic financial and operating decisions.
Joint ventures that are structured in a separate vehicle are classified 'jointly-controlled-entities' and are accounted for using the equity method whereby the Group's share of the net assets and liabilities is included in the Group's consolidated financial statements.
The consolidated financial statements include the Group's 50% share of Aspiring Enliven Care Centre Limited Partnership net result and net assets and liabilities.

(ii) Business Combinations
The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value to at the non-controlling interests proportionate share of the recognised amounts of acquirees identifiable net assets.
Acquisition costs are expensed as incurred.
Any excess of the consideration transferred over fair value of the identifiable net assets is recorded as goodwill. If the total of consideration transferred is less than fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in surplus or deficit.

All transactions and balances between Group entities are eliminated on consolidation.

(b) ***Revenue***

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.
The following specific recognition criteria must also be met before revenue is recognised:

<u>*Revenue from exchange transactions*</u>
(i) Services rendered
Revenue for this category is recognised in the accounting period in which the services are rendered.
(ii) Sale of goods
Revenue is recognised when the risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be reliably measured. Risks and rewards of ownership are considered passed to the buyer at the time of delivery or pick up of the goods to or by the customer.
(iii) Interest income
Interest income is recognised on an accrual basis as and when the right to receive interest is established.
(iv)Rental income
Rental income from investment properties is accounted for on a straight line basis over the term of the lease.
(v) Retirement Village Income
Retirement village services fees are recognised on an accrual basis.
The village contribution accrues during the occupation of the resident and is offset against the obligation to residents and settled on termination of the occupation licence. The village contribution legally accrues over a four year period to a maximum of 25% for Wanaka Retirement Village and Ranui Court or for Columba Court at either 15% or 25% depending on the age of the agreement. The village contribution is accrued to the Consolidated Statement of Comprehensive Revenue and Expense on a straight line basis over the estimated average period of occupancy with a range between 6.6 and 7.5 years. The village contribution difference between legal entitlement and the average period of occupancy is treated as deferred revenue in the Consolidated Statement of Financial Position.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit of service potential will flow to the Group, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Fundraising

The Group's fundraising activities involve the following, quarterly campaigns and mail outs where an "ask" for donations is included, general donations received on an ad-hoc basis, planned events that are held where donations are requested, public talks and presentations where donations are requested, website and social media options for donations. Gifts of goods that are then sold through the Groups three charity shops are also a significant source of fundraising revenue.

(i) Donations and bequests

Donations and bequests are recognised in the accounting period they are received.

(ii) Grants

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance when received and recognised as revenue when the conditions of the grant are satisfied.

(iii) Donated goods

Gifts of goods in kind sold through the Group's charity shops are recognised as revenue at the time of sale.

(c) ***Goods and Services Tax (GST)***

The consolidated financial statements are prepared on a GST exclusive basis, with the exception of receivables, accounts payable and the activities of PSO Retirement Villages Limited which are exempt from GST and therefore are stated inclusive of GST.

(d) ***Inventories***

Inventories are valued at the lower of cost or net realisable value after making appropriate provision for damaged or obsolete nursery stock.

(e) ***Investment Properties***

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at balance date. Gains or losses arising from changes in the fair value of investment properties are recognised in the Consolidated Statement of Comprehensive Revenue and Expense in the year in which they arise. The remaining revaluation increment is credited to the Refundable Portion - Occupation Right Agreements to reflect the market value for each license. Any revaluation decrease is recognised in the Consolidated Statement of Comprehensive Revenue and Expense.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Consolidated Statement of Comprehensive Revenue and Expense in the year of retirement or disposal. No depreciation is provided for in respect of Investment Properties because the annual valuation takes into account the state of each property at balance date.

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(f) ***Leases***

(i) Group as lessee

Operating lease payments where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are included as an expense in the Consolidated Statement of Comprehensive Revenue and Expense in equal instalments over the lease term. The Group is not party to any finance leases.

(ii) Group as lessor

Assets leased to third parties under operating leases include property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

(g) ***Provisions and Employee Leave Entitlements***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) 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. Expected future payments are discounted at the reporting date to match, as closely as possible, the estimated future cash outflows.

Provision is made in respect of the Group's liability for annual leave, long service leave plus salaries and wages accrued to 30 June each year.

(h) ***Taxation***

Presbyterian Support Otago Incorporated and PSO Retirement Villages Limited are charitable organisations and are exempt from income tax and FBT.

(i) ***Property, Plant and Equipment and Depreciation***

Operating Property

Property held on account is held for the purpose of meeting service delivery objectives.

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by qualified external independent valuers using a discounted cash flow model, less accumulated depreciation on buildings and any impairment losses recognised after the date of the revaluation.

Plant and equipment is stated at historical cost less depreciation and any accumulated impairment losses.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Revenue and Expense during the financial period in which they are incurred.

When an item of Property, Plant and Equipment is disposed of, the difference between net disposal proceeds and the carrying amount is recognised as a gain or loss in the Consolidated Statement of Comprehensive Revenue and Expense.

Property, Plant and Equipment held with the intention of resale is recorded separately in the Consolidated Statement of Financial Position at the lower of cost and net realisable value.

Types of assets that make up operating property include, Rest Homes, Office Buildings, Plant and Equipment, Furniture and Fittings, Motor Vehicles and Computer Equipment.

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Depreciation
Depreciation of property, plant and equipment, other than freehold land, art works and Capital Work in Progress, is calculated so as to allocate the cost or value of the assets less their residual values over their estimated useful lives. There is no depreciation calculated on freehold land, art works and Capital Work in Progress.

The useful lives used in the preparation of these statements are as follows :

Buildings	28 - 50 years SL
Furniture & fittings	10 years DV
Plant & equipment	10 - 25 years SL
Boilers	10 years DV
Motor vehicles	5 years SL
Computer equipment	4 years SL
Electronic business machines	6 years SL

Land and Building Revaluations
Any revaluation increment relating to the Group's interest in property is credited to the Operating Property Revaluation Reserve included in the equity section of the Consolidated Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised in the Consolidated Statement of Comprehensive Revenue and Expense, in which case the increase is recognised as revenue in the Consolidated Statement of Comprehensive Revenue and Expense.
Any revaluation decrease is recognised in the Consolidated Statement of Comprehensive Revenue and Expense, except that it offsets a previous revaluation increase of the same asset class, in which case the decrease is debited directly to the Operating Property Revaluation Reserve to the extent of the credit balance existing in the reserve for that assets class.

(j) ***Intangible Assets***
Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.
Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The costs associated with maintaining computer software is recognised as an expense in the Consolidated Statement of Comprehensive Revenue and Expense when incurred.

The useful lives used in the preparation of these statements are as follows :

Computer Software	4 years SL

(k) ***Impairment of non-financial assets***
The carrying amount of the Group's non-financial assets, investment properties and inventories are reviewed at each reporting date to determine whether there is an indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.
The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows (for cash-generating assets) of future remaining service potential (for non-cash-generating assets) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Cash-generating assets and non-cash generating assets are distinguished as follows:

Cash-generating assets, CGU
These are assets are held with the primary objective of generating a commercial return and a CGU is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets. The most significant CGUs for the Group have been identified as individual aged care facilities and retirement villages.

Non-cash-generating assets
These are assets other than cash-generating assets. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

(l) ***Restricted Reserves***
While all movements in these reserves are recorded in the Consolidated Statement of Comprehensive Revenue and Expense, funds are bequeathed or designated for a specific purpose and are not available for general use. Transfers from these reserves are made only for the purposes specified.

(m) ***Financial Instruments***
The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to the financial instruments are recognised in the Consolidated Statement of Comprehensive Revenue and Expense.

Financial Assets
Trade and Other Receivables
Accounts receivable are recognised initially at fair value with subsequent provision, if required, for doubtful debts.

Cash and Cash Equivalents
Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less, which are subject to insignificant risk to changes in value.

Accounts Payable and Accruals
Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid on the 20th of the month following invoice.

Interest-bearing Loans and Borrowings
All loans and borrowings are initially recognised at fair value of the consideration received. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing costs
Borrowing costs generally are recognised as an expense when incurred, however when the borrowing costs relate to the acquisition, construction or production of a qualifying asset then they are included in the cost of that asset. A qualifying asset is one that takes a substantial period of time to get ready for its intended use. The capitalisation of borrowing costs will cease when the asset is available for its intended use.

Refundable Portion - Occupation Right Agreements
Occupation Right Agreements (ORA) confer to residents the right of occupancy of the retirement village unit for life, or until the agreement is terminated by either party as prescribed. This right is the refundable deposit on the license issued and represents a percentage of the market value paid for each license. The percentage refundable varies between 95% and 75% as per the terms prescribed in the ORA.

Amounts payable under ORA's are non interest bearing and recorded as a current liability in the Consolidated Statement of Financial Position net of village contributions receivable.

(n) ***Significant Accounting Judgements, Estimates and Assumptions***

In applying the Group's policies, management continually evaluates judgements, estimates and assumptions made based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions made. Significant judgements, estimates and assumptions made by management in the preparation of these consolidated financial statements are outlined below:

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(i) Significant Accounting Judgements

Impairment of Property, Plant and Equipment
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include the residential aged care sector performance and funding, economic and political environments.

(ii) Significant Accounting Estimates and Assumptions

Estimation of useful lives of assets
The estimation of the useful lives of assets has predominantly been based on historical experience. Adjustments to useful life are made when considered necessary.

Retirement Village expected tenure
As discussed in note 1 (b) (v), the calculation for recognition of Retirement Village Contribution in the Consolidated Statement of Comprehensive Revenue and Expense is based on an estimate of the expected period of tenure of residents. The expected period of tenure based on historical and industry experience is estimated to be between 6.6 and 7.5 years.

Revaluation of Property, Plant and Equipment
Land and buildings are revalued every three years. Valuations are carried out in compliance with the professional standards of the NZ Institute of Valuers by experienced independent valuers. Refer to note 12 for key assumptions made.

The fair value of property, plant and equipment is subjective and changes to the assumptions have a significant impact on profit and the fair value.

Revaluation of Investment Property
Investment property is revalued annually. Valuations are carried out in compliance with the professional standards of the NZ Institute of Valuers by experienced independent valuers.
The valuer has used assumptions relating to future cash flows arising from the properties and assumptions relating to future growth rates of retirement village occupation right agreement amounts, the average duration of residency of occupants and appropriate discount rates.
Refer to note 9 for key assumptions made and methodologies used.

(o) ***Statement of Cash Flows***

The Consolidated Statement of Cash Flows is prepared exclusive of Goods and Services Tax (GST), which is consistent with the method used in the Consolidated Statement of Comprehensive Revenue and Expense. Cash and cash equivalents comprise cash on hand and on demand deposits and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and includes all call borrowing such as bank overdrafts used by the Group as part of their day-to-day cash management.

'Operating activities' represents all transactions and other events that are not investing or financing activities, and includes receipts and repayments.
'Investing activities' are those activities relating to the acquisition and disposal of property, investment property, plant and equipment.
'Financial activities' are those activities relating to changes in the debt capital structure of the Group.

(p) ***New and amended standards***

The following new accounting standards and interpretations have been issued that are not mandatory for accounting periods beginning 1 January 2024 and have not been early adopted by the Group.
Amendments to FRS-44 around Disclosure of Fees for Audit Firms' Services. Effective for annual periods starting from 1 January 2024.

The following new accounting standard has been adopted by the Group for accounting periods beginning 1 July 2022.
Financial Instruments
PBE IPSAS 41 Financial Instruments
PBE IPSAS 41 Financial Instruments replaces parts of IPSAS 29 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.
The Group has applied PBE IPSAS 41 with an initial application date of 1 July 2023.
As a result of adopting PBE IPSAS 41 as at 1 July 2023 there were no changes to the value of assets or liabilities, rather a change in measurement category of the assets. The nature of adjustments is described below.

(a) Classification and Measurement of financial assets and liabilities
Under PBE IPSAS 41, financial assets are subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost or fair value through other comprehensive revenue and expense (FVOCRE). Financial liabilities are subsequently measured at fair value through surplus or deficit (FVTSD) or amortised cost. Financial instruments measured at amortised cost replaces the previous measurement category: loans and receivables, the change in category is outlined in the below table. The classificati is based on two criteria: (1) the Groups' business model for managing the assets: and (2) whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Groups' business model was made as at date of initial application namely 1 July 2023. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made on the facts and circumstances as at the initial recognition of the assets.
Receivables and term investments (if any) were classified as Loans and Receivables as at 30 June 2024 and are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 July 2023.

Upon the adoption of PBE IPSAS 41, the Group had the following required or elected reclassifications as at 1 July 2023.

	Measurement Category ($000's)		Measurement Category ($000's	
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	PBE IPSA
Financial Assets				
Cash and cash equivalents	Loans & Receivables	Amortised Cost	2,975	2,975
Receivables	Loans & Receivables	Amortised Cost	4,002	4,002
Financial Liabilities				
Payables and accruals	Amortised Cost	Amortised Cost	4,043	4,043
Borrowings	Amortised Cost	Amortised Cost	4,347	4,347
Refundable portion - Occupation Right Agreements	FVTSD	FVTSD	16,239	16,239

FVTSD = Fair value through surplus and deficit

(b) Impairment
The adoption of PBE IPSAS 41 has changed the Groups' accounting for impairment losses of financial assets by replacing PBE IPSAS 29's incurred loss approach with forward-looking expected credit loss (ECL) approach. PBE IPSAS 41 requires the Group to recognise an allowance for ECL's for all debt instruments not held at fair value through surplus and deficit. Upon The adoption of PBE IPSAS 41 on 1 July 2023, the Group did not recognise and additional impairment.

c) Hedge accounting
At the date of initial application, the Group has no exisiting hedging relationships.

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Notes to the Consolidated Financial Statements - continued
for the Year ended 30 June 2024

2. Revenue Received

	Group 2024 $000's	Group 2023 $000's
Enliven Services		
Residential - Rest Home	9,109	8,645
Residential - Hospital	24,660	20,069
Residential - Dementia	5,755	5,067
Residential - Psychogeriatric	580	571
Residential - Premium Fees	1,216	945
Residential - Other Income	1,451	1,241
Enliven Community Programmes	487	415
	43,258	36,953
Family Works		
Social Work Support	1,300	1,224
Youth Development	543	726
Financial Inclusion services	755	902
Group Programmes	159	151
Adult Mental Health services	144	150
Other	9	2
	2,910	3,155
Other Income		
Other Activities	2,207	817
Legacies / Bequests	297	68
Interest Income	90	25
Rental & Estate Income	379	374
Retirement Village Income	770	1,005
	3,743	2,289
Movement in fair value of Investment Properties	2,494	1,725
Total Operating Income for year	**52,405**	**44,122**
Revenue from exchange transactions		
Income from services	46,338	38,972
Sale of Goods	1,185	1,264
Interest Income	99	25
Investment & Other Income	1,140	1,380
Movement in fair value of Investment Properties	2,494	1,725
	51,256	43,366
Revenue from non-exchange transactions		
Donations received in cash	423	352
Grants	429	336
Bequests	297	68
	1,149	756
Total Operating Income for year	**52,405**	**44,122**

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Notes to the Consolidated Financial Statements - continued
for the Year ended 30 June 2024

3. Expenditure

	Group 2024 $000's	Group 2023 $000's
Enliven Services		
Residential	44,321	38,997
Enliven Community Programmes	524	428
	44,845	39,425
Family Works		
Social Work Support	1,590	1,643
Youth Development	734	802
Financial Inclusion services	629	787
Group Programmes	196	171
Adult Mental Health services	162	151
Other	266	186
	3,577	3,740
Other Activities	2,500	2,733
Total Costs of Services	**50,922**	**45,898**

4. Fair value gains (losses) through the Consolidated Statement of Comprehensive Revenue and Expense

	Group 2024 $000's	Group 2023 $000's
Gain in the value of Investment Property	2,494	1,725
	2,494	1,725

The net gain of $2,494K in Investment Property reflects the movements resulting from 30 June 2024 valuations undertaken by registered valuers Colliers and CBRE of commercial and other investment properties (2023 $1,725K).

5. Reconciliation of Surplus with Cash Flows from Operating Activity

	Group 2024 $000's	Group 2023 $000's
Surplus (Deficit) for Year	(1,092)	1,750
Add non-cash items:		
Depreciation/amortisation	1,222	1,281
Loss / (Gain) on Disposal of Assets	(844)	407
Retirement Village Income accrued	(770)	(1,005)
Fair value losses / (gains) on Investment Properties	(2,494)	(1,725)
Revaluation of Occupation Right Agreements	915	1,035
Impairment losses	1,542	-
Fair value losses / (gains) on Property, Plant & Equipment	-	(4,661)
Fair value (gains) / losses on JV Investments	(600)	104
	(1,029)	(4,564)
Changes in Working Capital		
Decrease / (Increase) in Receivables	(979)	(720)
Decrease / (Increase) in Inventory	(13)	79
Increase / (Decrease) in Accounts Payable & Accruals	1,160	346
Increase / (Decrease) in Employee Entitlements	658	(200)
Increase / (Decrease) in Occupation Right Agreements	(75)	(6)
	751	(501)
Net Cash Flow from Operating Activities	(1,370)	(3,315)

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Notes to the Consolidated Financial Statements - continued

for the Year ended 30 June 2024

6. Current Assets - Cash and Cash Equivalents & Short term deposits

	Group 2024 $000's	Group 2023 $000's
Cash at bank and in hand	2,054	2,726
Cash held on behalf of clients	499	528
	2,553	3,254

Cash at bank, except current accounts, earn interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

7. Current Assets - Inventories

	Group 2024 $000's	Group 2023 $000's
Merchandise and work in progress	66	53

8. Current Assets - Receivables

	Group 2024 $000's	Group 2023 $000's
Trade Receivables	4,328	3,214
Other Receivables	374	509
	4,702	3,723

Trade receivables are non-interest bearing and are generally on 14-30 day terms. No allowance for impairment loss has been made as it is believed all receivables are collectable. Other receivables relate to largely to prepayments of future insurance expenses.

Details regarding the credit risk of current receivables are disclosed in Note 19.

9. Held for sale

	Group 2024 $000's	Group 2023 $000's
Assets		
Land	1,925	-
Buildings	225	-
Retirement Village assets	20,100	-
Investment in Joint Venture	-	-
	22,250	-
Liabilities		
Refundable portion - Occupation Right Agreements	12,400	-
Held for sale	9,850	-

The Group classifies assets held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. The criteria for held for sale classification is met only when the sale is highly probable and the asset is available for immediate sale in its present condition.
Land and Buildings previously classified as Property, Plant and Equipment and Retirement Village assets previously held as Investment Properties have been reclassified as being held for sale.
These assets represent Elmslie House rest home and Wanaka Retirement Village in Wanaka that as of balance date are being actively marketed by independent agents for sale.
As at balance date the Group is entering in an agreement to exit its ownership share of the Joint Venture. While the sale is is probable, it is not yet unconditional.
Included on the Consolidated Statement of Financial Performance is a recognised impairment loss on Elmslie House rest home of $665k and Investment in Joint Venture of $877k.

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10. Non-Current Assets - Investment Properties

	Group 2024 $000's	Group 2023 $000's
	32,620	33,105
Additions	-	(2,210)
Transfer from Property, Plant and Equipment	(20,100)	-
Disposals/Write downs	2,494	1,725
Transfer to Assets held for sale	15,014	32,620
Net gain / (loss) from fair value adjustments		
Closing balance as at 30 June		

Investment properties are carried at fair value, $35,114K (2023 $32,620K) and therefore not depreciated, which has been determined based on valuations performed by a qualified independent external valuers Colliers and CBRE as at 30 June 2024. The 2023 valuation was performed by Telfer Young (CBRE). Revaluations take place annually.

The following valuation methodology and assumptions were adopted and are consistent with prior years.

The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation.
In determining fair value th· * Market Approach (Comparison to other property sales)
years, * Income Approach (Capitalisation of income)

At June 2024, the Group has no unprovided contractual obligations to purchase, construct or develop the investment properties and no unprovided contractual obligations for future repairs, maintenance or enhancements. (2023 Nil)

The following amounts have been recognised in the Consolidated Statement	Group 2024 $000's	Group 2023 $000's
Rental Income from Investment Properties	348	334
Direct operating expenses arising from investment properties that generate rental income	74	170

11. Non-Current Assets - Investments in Joint Venture

	Group 2024 $000's	Group 2023 $000's
Opening balance as at 1 July	277	380
Additions / (Disposals)	-	(3)
Share of Net surplus / (deficit)	(118)	(430)
Share of Operating Property Revaluation	-	330
Impairment loss	(159)	-
Closing balance as at 30 June	-	277

The Group holds joint control over the following jointly controlled entity, which is accounted for using the equity method.

		Current Assets $000's	Non-current Assets $000's	Current Liabilities $000's	Non-Current Liabilities $000's	Op Property Revenues $000's	Revaln's & Expenses $000's
Aspiring Enliven Care Centre Limited Partnership	2024	690	8,611	1,511	7,473	645	882
	2023	111	8,691	776	7,473	559	760

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Notes to the Consolidated Financial Statements - continued

for the Year ended 30 June 2024

Investment is by way of a 50% share of the limited partnership, Aspiring Enliven Care Centre Limited Partnership and is accounted for using the equity method. Aspiring Enliven Care Centre Limited Partnership is a private entity and there is no quoted market price available. Operating Property of the partnership was valued as at 30 June 2023 by qualified, independent, external valuers Telfer Young (CBRE) under the same methodology as used for valuing other Operating Property as described in note 12 below. The Directors have considered that this valuation remains appropriate.

As at balance date the Group is entering in an agreement to exit its ownership share of this Partnership. This exit is to be at a sale price of $1 and therefore there is an effective impairment loss of $159k, the net value of the investment in the partnership is therefore nil (2023 $277K).

The Group has given a guarantee to Westpac NZ Limited for 50% of the borrowings of the Joint Venture which equals $3.6 million as at 30 June 2024 (2023 $3.6 million).
Capital commitments relating to the Group's share in the joint venture are Nil (2023 Nil).

12. Non-Current Assets - Loan to Joint Venture

	Group 2024 $000's	Group 2023 $000's
Opening balance as at 1 July	-	-
Advance to Joint Venture	718	-
Impairment allowance	(718)	-
Closing balance as at 30 June	-	-

Of the $718k advance to Joint Venture in 2024 $501k was made in prior financial years and was classified under Account Receivables. This was reclassified to "Investments in Joint Venture" during the 2024 financial year.

The expected credit loss rates for the advance to the Joint Venture is 100%. This is based off the expected forgivenes of debt on exiting the Limited Partnership (see note 11). As a result the impairment allowance has been set at $718k.

13. Non-Current Assets - Intangible Assets

Computer Software	Group 2024 $000's	Group 2023 $000's
Gross carrying amount		
Opening Balance	1,065	1,065
Closing Balance	1,065	1,065
Accumulated amortisation and impairment		
Opening Balance	(801)	(634)
Current year amortisation	(162)	(167)
Closing Balance	(963)	(801)
Carrying amount	102	264

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14. Non-Current Assets - Property, Plant and Equipment

Group 2024	Land $000's	Buildings $000's	Furniture & Fittings $000's	Plant & Equipment $000's	Other $000's	Work in Progress $000's	Total $000's
Gross carrying amount							
Balance 1 July 2023	13,915	31,436	4,460	6,963	1,915	463	59,152
Additions	-	43	339	197	62	535	1,176
Additions - Business Combination	-	-	-	-	-	-	-
Revaluation movements	-	-	-	-	-	-	-
Revaluation uplift of ORA value	-	-	-	-	-	-	-
Disposals	(442)	(421)	(12)	(41)	(73)	-	(989)
Transfer to Assets held for sale	(2,590)	(230)	-	-	-	-	(2,820)
Transfers	-	248	226	118	-	(592)	-
Balance 30 June 2024	10,883	31,076	5,013	7,237	1,904	406	56,519
Accumulated depreciation and impairment							
Balance 1 July 2023	-	(37)	(3,432)	(5,551)	(1,474)	-	(10,494)
Current year depreciation	-	(548)	(126)	(215)	(172)	-	(1,061)
Depreciation written back on disposal	-	38	9	41	56	-	144
Transfers	-	5	-	-	-	-	5
Balance 30 June 2024	-	(542)	(3,549)	(5,725)	(1,590)	-	(11,406)
Carrying amount 30 June 2024	10,883	30,534	1,464	1,512	314	406	45,113

Group 2023	Land $000's	Buildings $000's	Furniture & Fittings $000's	Plant & Equipment $000's	Other $000's	Work in Progress $000's	Total $000's
Gross carrying amount							
Balance 1 July 2022	10,600	32,626	4,427	6,790	1,909	123	56,475
Additions	-	-	34	198	20	342	594
Revaluation movements	3,895	(920)	-	-	-	-	2,975
Revaluation uplift of ORA value	-	-	-	-	-	-	-
Disposals	(580)	(270)	(1)	(25)	(14)	(2)	(892)
Transfer to Investment Property	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Balance 30 June 2023	13,915	31,436	4,460	6,963	1,915	463	59,152
Accumulated depreciation and impairment							
Balance 1 July 2022	-	(1,157)	(3,320)	(5,325)	(1,308)	-	(11,110)
Current year depreciation	-	(581)	(113)	(239)	(180)	-	(1,113)
Depreciation written back on disposal	-	15	1	13	14	-	43
Revaluation adjustment	-	1,686	-	-		-	1,686
Balance 30 June 2023	-	(37)	(3,432)	(5,551)	(1,474)	-	(10,494)
Carrying amount 30 June 2023	13,915	31,399	1,028	1,412	441	463	48,658

The latest valuation of Residential Facilities, including Land and Buildings was the valuation by qualified, independent, external valuers Telfer Young as at 30 June 2023. Telfer Young are appropriately qualified and experienced in valuing rest home properties in New Zealand. The movement in value of these assets has been put through the Operating Property Revaluaton Reserve.

The fair values were based on a discounted cash flow model applied to the expected future cash flows generated by the properties. The valuation calculates the expected cash flows for a 50 year period, based on occupancy turnover of 6 years which is extrapolated at a nominal growth rate of between 2.75% and 3.75% and discounted to present value at a discount rate of 14.5% to 14.75%.

It is the Board's opinion that Fair Value is the most appropriate basis to value Presbyterian Support Otago's residential businesses of which Land, Buildings and Plant are major components. The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation.

Any current year acquisitions are included at cost.

Assets pledged as security
Freehold land and buildings, held within Property, Plant and Equipment and Investment Property with a carrying amount of $63,903K (2023 $63,903K) have been pledged to secure borrowings of the Group (see note 17). The Group is not permitted to pledge these assets as security for other borrowings.

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Notes to the Consolidated Financial Statements - continued

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15. Current Liabilities - Accounts Payable and Accruals

	Group 2024 $000's	Group 2023 $000's
Trade Creditors	1,719	1,294
Accruals	1,499	990
Amounts owing to clients	499	528
GST Payable	326	212
	4,043	3,024

Trade creditors are non-interest bearing and are normally settled on the 20th of month following invoice. Amounts owing to clients represents balances of funds that are being managed on behalf of third parties. These funds are offset by cash balances held within Cash and Cash Equivalents.

16. Current Liabilities - Employee Entitlements

	Group 2024 $000's	Group 2023 $000's
Annual leave	3,113	2,899
Alternative leave	694	664
Wages and salaries	1,457	1,072
Long Service Leave	145	115
	5,409	4,750

Movements in Provisions

	Annual Leave	Time in Lieu Leave	Wages & Salaries	Long Service Leave	Total
Carrying amount as at 1 July 2023	2,899	664	1,072	115	4,750
Net movement for period	214	30	385	30	659
Carrying amount as at 30 June 2024	3,113	694	1,457	145	5,409

Nature of Provisions

Annual Leave

This provision represents the present value of annual leave accrued by employees at 30 June. The value is calculated based on either number of hours or days accrued multiplied by the respective employees pay rate as of the reporting date. The value of leave when taken can vary depending on the actual pay rate of the employee at the time of taking any accrued leave.

Alternative leave

This provision represents the present value of time earnt as an alternative day for, in general, working Public Holidays. The value is calculated in the same manner as Annual Leave. The value of leave when taken can vary depending on the actual mpay rate of the employee at the time of taking and accrued Aleternative Leave.

Wages and Salaries

This provision represents an estimate of wages and salaries outstanding as at the reporting date. It is calculated based on the closest actual pay period to the year end adjusted for number of days remaining.

Long Service Leave

This provision represents management's estimate of liability for long service leave yet to vest to employees. This liability is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotions and inflation have been taken into account.

17. Current Liabilities - Retirement Village Deferred Income

	Group 2024 $000's	Group 2023 $000's
Deferred Income - Wanaka Retirement Village	645	673
Deferred Income - Ranui Court	231	237
Deferred Income - Columba Court	9	16
	885	926

Retirement village deferred income reflects the policy that income is recognised on a straight line basis over the estimated average period of occupancy which ranges between 6.6 and 7.5 years. The village contribution legally accrues over four years. Deferred income is therefore the balance of contractual income that has not been recognised in the Consolidated Statement of Comprehensive Revenue and Expense.

18. Borrowings

	Group 2024 $000's	Group 2023 $000's
Current		
Secured bank loan	3,712	2,288
Non-Current		
Secured bank loan	-	2,059
	3,712	4,347

Reconciliation of Liabilities arising from Financing Activities

	Group 2024 $000's	Group 2023 $000's
Carrying amount as at 1 July	4,347	3,834
Proceeds from borrowings	-	635
Settlements of loans	635	122
Carrying amount as at 30 June	3,712	4,347

Terms and conditions

Presbyterian Support Otago Incorporated has a financing arrangement with Westpac NZ Limited, the purpose of this facility was to provide funding for the redevelopment of Iona Kirkness hospital unit and the purchase of investment property and Castlewood Rest home

The facility is secured against all present and acquired property of the Group and is comprised as follows;

Term Loans	One loan has a maturity date of 30 September 2024 and has a current interest rate of 8.15%. The total outstanding at balance date is $172K (2023 $172K). The second loan has a maturity date of 30 September 2024 and has a current interest rate of 8.15%. The total outstanding at balance date is $2,059K (2023 $2,059K) The third loan's maturity date of 30 September 2024 and has a current interest rate of 8.15%. The total outstanding at balance date is $1,481K (2023 $1,481K)
Business Revolve	This facility has closed, balance outstanding at balance date is Nil (2023 $635K)

Overdraft Facility - $150K limit, floating interest rate tied to the Westpac NZ special lending rate
As at 30 June 2024 this facility has a drawn down balance of nil (2023 nil).

The following covenants are requirements of the Term Loan with Westpac.

(i) Equity Ratio - an equity ratio of not less than 60% of tangible assets must be maintained.
(ii) Interest Cover Ratio - net earnings before funding costs and depreciation must be not less than 2.0 times its funding costs.
(iii) Management and other reports are to be provided as and when requested by Westpac NZ Limited.

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Presbyterian Support Otago Incorporated had forecast to breach the banking covenant with Westpac NZ Limited to maintain a interest cover ratio of at least two times its interest costs. A waiver to comply with this covenant was obtained from Westpac NZ Limited in advance of such breach.
Specifically the covenant requires net profits before funding costs, depreciation and extraordinaries be at least two times funding costs.
Westpac NZ Limited has issued Presbyterian Support Otago Incorporated a waiver of this covenant for the financial years ending 30 June 2023 and 30 June 2024.

19. Current refundable portion - Occupation Right Agreements

	Group 2024 $000's	Group 2023 $000's
Refundable amounts held - per contract	4,880	16,239
Movements in Provisions		
Carrying amount as at 1 July	16,239	15,380
New refundable amounts received - cash	1,400	2,670
Refundable amounts paid out - cash	(546)	(1,940)
Change in termination amount due - non cash	187	129
Amounts held for sale	(12,400)	-
Carrying amount as at 30 June	4,880	16,239

The Group operates three Retirement Villages, namely Wanaka Retirement Village, Ranui Court and Columba Court, under Occupation Right Agreements (ORA).
The refundable portion of an ORA relates to the amount owing to the resident if the agreement was terminated and this liability is partially extinguished as the termination payment owing to the Group increases.
The liability relating to the holders of ORA's is non-interest bearing. This liability is disclosed as all being due within one year whereas there will be a component that will be due after a longer period. Due to the level of estimate involved in determining a different maturity profile the total refundable is therefore treated as all due within one year.
As a result of the revaluation of Retirement Villages assets the net liability owing to residents on termination of their Occupation Right Agreements also needs recalculating. The net uplift in value of the Retirement Villages assets as of 30 June 2024 has meant that the Group's refundable portion to residents has increased as of balance date by $915K (2023 $1,035K).
This increase in liability is reflected in the Consolidated Statement of Comprehensive Revenue and Expense as a separate expense for clarity.

Held for sale
The assets of Wanaka Retirement Village are currently being actively marketed for sale by independent agents. These assets are being held for sale in the parent, Presbyterian Support Otago Incorporated.
The portion of ORA liabilities attributable to Wanaka Retirement Village have been separately disclosed on the Statement of Financial Position, these have a value of $12.4 million at balance date.

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20. Financial Instruments

The following table summaries the fair value of financial assets and financial liabilities

	Group 2024 $000's	Group 2023 $000's
Financial Assets		
Financial assets at amortised cost		
Cash and cash equivalents	2,342	2,975
Receivables	4,913	4,002
Total financial assets at amortised cost	7,255	6,977
Represented by:		
Total current	7,255	6,977
Total non-current	-	-
Total financial assets	7,255	6,977
Financial Liabilities		
Financial Liabilities at amortised cost		
Payables and accruals	3,717	2,812
Borrowings	3,712	4,347
	7,429	7,159
Financial Liabilities at fair value		
Refundable portion - ORA's	17,280	16,239
Total financial liabilities at fair value	17,280	16,239
Represented by:		
Total current	24,709	21,551
Total non-current	-	2,059
Total financial liabilities	24,709	23,610

Market Risk
Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Group has exposure to market risk regarding its borrowings that are at floating interest rates. Borrowings issued at floating rates expose the Group to market fluctuations in the prevailing interest rates.

Credit Risk
Credit Risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group is mainly exposed to credit risk from its financial assets and the maximum exposure to credit risk at balance date is represented by the total amount of financial assets in the Statement of Financial Position.

The Groups' maximum exposure to credit risk for the components of the Statement of Financial Position as at 30 June 2024 is the carrying amount of $7.3 million (2023 $7.0 million)

	Group 2024 $000's	Group 2023 $000's
Cash and cash equivalents	2,342	2,975
Receivables	4,913	4,002
	7,255	6,977

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Cash and cash equivalents are all held with New Zealand banks.
Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.
Receivables include large balances owed by the Health New Zealand, Te Whatu Ora, there are no other major concentrations of credit risk with respect to receivables due to the large customer base. The Group has a credit policy and exposure to credit risk is monitored on an ongoing basis. There are no collateral securities to support financial instruments credit risk.

	Group 2024 $000's	Group 2023 $000's
Not past due	3,701	2,943
Past due 1 - 30 days	435	155
Past due 31 - 60 days	157	74
Past due 61 days +	35	42
	4,328	3,214

(iii) Liquidity Risk
The Group has a responsibility to manage liquidity risk. This is achieved through an appropriate liquidity risk framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group also has access to a overdraft facility of $150k to provide additional liquidity if and when required.

Capital Risk Management
Presbyterian Support Otago Incorporated's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to continue its mission and vision. In order to maintain or adjust the capital structure, the Group carries minimum levels of debt and may realise surplus assets to fund essential developments.
The capital of the Group is split into General and Restricted reserves. General Reserves are derived from net operating surpluses and are available for the general use of the Group. Restricted Reserves are derived from bequests and gifts have a defined purpose or use. The Revaluation Reserve is derived from the revaluation of property.

21. Related Party Disclosure

Ultimate parent and subsidiary
Presbyterian Support Otago Incorporated is the ultimate parent of the Group which is the 100% shareholder of the only subsidiary PSO Retirement Villages Limited. As at balance date there is an advance between the parent and subsidiary with a balance of $15,522K (2023 $15,118K). There is no security held by PSO Retirement Villages Limited for this amount due from the parent entity. This advance is repayable within 367 days upon receipt of notice from PSO Retirement Villages Limited.

The following transactions were carried out with related parties:

	Group 2024 $000's	Number of individuals	Group 2023 $000's	Number of individuals
(a) Key Management Personnel compensation.				
Short-term employee benefits	1,353	11	1150	8
Members of governing body	-	10	-	9
(b) Purchase and Sales of Services.				
(i) Purchase of services from Rautaki Advice - an entity connected with a Trustee	-		3	
(ii) Purchase of services from Marks & Worth Lawyers - an entity connected with a Trustee	8		11	
(iii) Donations and Grants received from Mercy Hospital Limited and Harvey Green Wyatt Limited - an entity connected with a Trustee	-		3	

Donation from Harvey Green Wyatt Limited and Grant from Mercy Hospital Limited, entities that a Board Member of Presbyterian Support Otago Incorporated is a Director of.

	Group 2024 $000's	Number of individuals	Group 2023 $000's	Number of individuals
(c) Year-end balances arising from the purchase of services.				
Payables to Related Parties	1		1	

(d) Transactions with Joint Venture

The Group includes transactions with the Aspiring Enliven Care Centre Limited Partnership which is 50% owned by Presbyterian Support Otago Incorporated. For details of the transactions refer to note 10.

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22. Auditor Remuneration

The following remuneration was incurred with the Group's auditors

	Group 2024 $000's	Group 2023 $000's
Audit Services	70	88
Other Services - Trustee reporting	-	3
Other Services - Compliance advice	-	-
	70	91

The nature of the other services relates to Trustee reporting to the Statutory Supervisor of the retirement villages and for compliance advice.

23. Operating Lease Commitments - Group as Lessee

	Group 2024 $000's	Group 2023 $000's
Non cancellable operating lease rental commitments are payable as follows:		
Not later than one year	300	118
Later than one year but not later than five years	415	13
Later than five years	-	-
	715	131

The Group leases various offices, retail outlets and warehouse under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. These are currently monthly leases.

24. Capital Expenditure Commitments

The Group has no capital commitments as at 30 June 2024, (2023 - Nil)

25. Contingent Liabilities and Assets

There are no known outstanding contingent liabilities or assets affecting the Group, (2023 - Nil).

26. Government Grants

	Group 2024 $000's	Group 2023 $000's
Government Grants recognised in the Consolidated Statement of Comprehensive Revneue and Expense	63	59

There are no unfulfilled conditions relating to the government grants recognised in these consolidated financial statements.

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Notes to the Consolidated Financial Statements - continued
for the Year ended 30 June 2024

27. Grants Acknowledgment

	Group 2024 $000's	Group 2023 $000's
Department of Internal Affairs - Lottery Community	30	30
Dunedin City Council - Rates Relief Grant	31	29
Otago Community Trust - Social Services Grant	10	88
Central Lakes Trust	88	80

Presbyterian Support Otago gratefully acknowledges the above organisations for grant contributions.

28. Events occurring after Balance Date

There are no events that have occurred after balance date that require disclosure.

29. Reserves

Accumulated Revenue & Expenses

This reserve represents the accumulation of the Group's net accumulated earnings over time. It is adjusted for transfers required to the other reserve categories.

Operating Property Revaluation Reserve

The Operating Property Revaluation Reserve is the accumulation of changes in the valuation of Operating Property. Operating Property is revalued on a three year cycle and was last revalued as of 30 June 2023.

Investment Property Revaluation Reserve

The Investment Property Revaluation Reserve is the accumulation of changes in the valuation of Investment Property. Investment Property is revalued annually. These annual changes in value are shown as transfers within the Consolidated Statement of Changes in Net Assets / Equity.

Restricted Reserves

Restricted Reserves are special purpose reserves for an identified purpose in the activities of the organisation. These reserves are broken down into Endowment and Special Reserves. Endowment Reserves relate to monies either bequested or gifted to the organisation that have a stated purpose. Expenditure against these activities is then allocated to the reserves until fully utilised. Special Reserves are funds that generally have been donated to a particular service or that have been fundraised for a particular facility. As with Endowment Reserves expenditure is then allocated against the reserves as it is incurred. The transfers within the Consolidated Statement of Changes in Net Assets / Equity reflect the annual income and expenditure of Restricted Reserves.

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INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF PRESBYTERIAN SUPPORT OTAGO INCORPORATED

Opinion

We have audited the general purpose financial report of Presbyterian Support Otago Incorporated ("the Society") and its subsidiary (together, "the Group"), which comprise the consolidated financial statements on pages 5 to 29, and the consolidated service performance information on pages 2 to 4. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Society as at 30 June 2024, and (of) its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 30 June 2024, in accordance with the Group's service performance criteria,

in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Group 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other services for the Group in the areas of Trust Deed Compliance services in the form of separate Deed of Supervision report. The provision of these other services has not impaired our independence as auditors of the Group. Other than in our capacity as auditor and the above services, we have no relationship with, or interests in, the Group.

Other Matter

The consolidated financial statements of Group were audited by another entity in the previous year, who expressed an unmodified opinion on 2 October 2024.

Other Information

The trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the general purpose financial report, but does not include the consolidated service performance information and the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated service performance information and consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated service performance information and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated service performance information and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Group for:

(a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;

(b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards; and

(c) such internal control as those charged with governance determine is necessary to enable the preparation of the consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Society's trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's trustees, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Christchurch Audit Limited

BDO Christchurch Audit Limited
Christchurch
New Zealand
25 September 2024