Presbyterian Support Otago Incorporated

General Purpose Group Financial Report

For the year ended 30 June 2025

Presbyterian Support Otago Incorporated

General Purpose Group Financial Report

Contents

Presbyterian Support Otago Incorporated

General Information

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BDO Christchurch Audit Limited

Presbyterian Support Otago Incorporated

Consolidated Statement of Service Reporting
for the Year ended 30 June 2025

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 2025, 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.

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Consolidated Statement of Service Reporting

for the Year ended 30 June 2025

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	2025	2024
Total days of care provided	170,892	161,635
Total people served	827	828

Occupancy	2025 Target	2025 Achieved	2024 Target	2024 Achieved
Total	92.7%	94.1%	92.5%	89.4%

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	2025	2024
Total residents in year	57	54

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Consolidated Statement of Service Reporting
for the Year ended 30 June 2025

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:

		2025	2024
Buddy Programme	Number of matched young buddies	136	172
Youth Development	Number of active students	23	23

Financial Inclusion services

What we do:

		2025	2024
Financial Mentoring	Number of clients accessing our service	1413	1289
	Number of sessions	2445	3046

Social Work

What we do:

		2025	2024
Foodbank	Number of food parcels provided	4974	4576
Social Work	People supported	738	441

Adult Mental Health

What we do:

		2025	2024
Stepping Stones	Numbers accessing services	65	60

Family Works
Ethnicity of our clients

Who do we support

		2025	2024
Ethnicity of clients accessing our services	Māori	19.5%	18.9%
	Pacifica	4.8%	4.9%
	NZ European	56.4%	60.2%
	Other cultures	8.0%	6.8%
	Not stated	11.3%	9.2%

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Consolidated Statement of Comprehensive Revenue and Expense

for the Year ended 30 June 2025

	Notes	Group 2025 $000's	Group 2024 $000's (restated)
Revenue			
Income from services		47,383	44,428
Sale of Goods		1,193	1,185
Donations/Grants/Bequests		1,446	1,149
Interest Income		47	99
Investment and Other Income		575	513
Movement in fair value of Investment Properties	4	841	2,494
Total Operating Income	2	51,485	49,868
Expenses			
Employment related		37,114	35,638
Employer Kiwisaver contributions		777	775
General Operating		2,448	2,130
Advertising & Marketing		60	57
Office & Administration		994	934
Servicing Resources		2,725	2,579
Occupancy Costs		4,022	3,657
Health, Medical & Safety		1,200	1,171
Depreciation/amortisation		1,078	1,163
Finance Costs		299	340
Lease Costs		378	334
Total Operating Expenditure	3	51,095	48,778
Operating Surplus before increase in ORA Expense and Impairment losses		390	1,090
Increase in ORA Expense	19	335	915
Impairment losses	9,11,12	1,012	1,542
Net Operating Surplus / (Deficit) for the Year - from Continuing Operations		(957)	(1,367)
Share of net surplus / (deficit) Joint Venture	11	-	(118)
Net Surplus / (Deficit) for the Year - from Continuing Operations		(957)	(1,485)
Net Operating Surplus / (Deficit) for the Year - from Discontinuing operations	28	341	393
Other Comprehensive Revenue & Expense			
Operating Property Revaluation	14	-	-
Total Comprehensive Revenue and Expense		(616)	(1,092)

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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 2025

Group	Accumulated Revenue & Expenses	Operating Property Revaluation Reserve	Investment Property Revaluation Reserve	Restricted Reserves Special Reserves	Restricted Reserves Endowment Reserves	Equity	Total
Balance 1 July 2023	12,262	29,025	10,694	346	7,236		59,563
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
Movements for the year to June 2025							
Net Surplus/(Deficit) for the Year	(616)	-	-	-	-		(616)
Other Comprehensive Income	-	-	-	-	-		-
Total Comprehensive Income	(616)	-	-	-	-		(616)
Transfers							
Investment Property Revaluation	(841)	-	841	-	-		-
Transfers	-	-	-	-	-		-
Transfers - Interest/Bequests		-	-				-
Transfers - Expenditure	(227)	-	-	10	217		-
Balance 30 June 2025	6,612	29,025	14,029	367	7,822		57,855

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Presbyterian Support Otago Incorporated

Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	Group 2025 $000's	Group 2024 $000's
Equity			
Accumulated Revenue & Expenses	29	6,612	8,296
Operating Property Revaluation Reserve	29	29,025	29,025
Investment Property Revaluation Reserve	29	14,029	13,188
Restricted Reserves	29	8,189	7,962
Total Equity		57,855	58,471
Represented by :			
Current Assets			
Cash and cash equivalents	6	4,406	2,553
Inventories	7	84	66
Receivables from exchange transactions	8	4,045	4,702
Held for Sale	9	24,079	22,250
		32,614	29,571
Non Current Assets			
Investment Properties	10	14,004	15,014
Investment in Joint Venture	11	-	-
Advance to Joint Venture	12	-	-
Intangible Assets	13	20	102
Property, Plant and Equipment	14	43,752	45,113
		57,776	60,229
Total Assets		90,390	89,800
Current Liabilities			
Accounts Payable and Accruals from exchange transactions	15	3,244	4,043
Retirement Village Deferred Income	17	718	885
Borrowings	18	4,011	3,712
Refundable portion - Occupation Right Agreements	19	5,360	4,880
Held for Sale	9	13,790	12,400
Employee Entitlements	16	5,412	5,409
		32,535	31,329
Non Current Liabilities			
Borrowings	18	-	-
Total Liabilities		32,535	31,329
Total Net Assets		57,855	58,471

Signed on behalf of the Board as at 24th September 2025

Mrs Stephanie Pettigrew
Chairperson

Stephen Christensen
Board Member

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

Presbyterian Support Otago Incorporated

Consolidated Statement of Cash Flows
for the Year ended 30 June 2025

	Notes	Group 2025 $000's	Group 2024 $000's
CASH FLOW FROM OPERATING ACTIVITIES			
Cash was Provided from :			
Goods & Services provided		51,518	45,625
Proceeds from Occupation Right Agreements	19	6,295	1,400
Bequests received		299	297
Grants and Donations received		1,147	852
Investment & Other Income		347	469
		59,606	48,643
Cash was applied to :			
Employees and Suppliers		52,951	48,273
Refunds of Occupation Right Agreements	19	4,085	546
Interest Paid		299	340
		57,335	49,159
Net Cash flows from/(to) Operating Activities	5	2,271	(516)
CASH FLOW FROM INVESTING ACTIVITIES			
Cash was Provided from :			
Proceeds from Sale of Property Plant & Equipment		20	1,763
		20	1,763
Cash was applied to :			
Purchase of Property, Plant and Equipment		737	1,313
		737	1,313
Net Cash flows from/(to) Investing Activities		(717)	450
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was Provided from :			
Proceeds from Borrowings	18	310	-
		310	-
Cash was applied to :			
Settlement of Loans	18	11	635
Net Cash flows from/(to) Financing Activities		299	(635)
Net Increase/(Decrease) in cash held		1,853	(701)
Opening Balance of cash and cash equivalents		2,553	3,254
Closing Balance of cash and cash equivalents		4,406	2,553
Represented by :			
Cash and Cash Equivalents		4,406	2,553
	6	4,406	2,553

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

Notes to the Consolidated Financial Statements
for the Year ended 30 June 2025

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 accrual basis for accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.
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 consolidated financial statements have been approved for issue by the Board on 24 September 2025.

The accounting policies set out below have been applied in preparing the consolidated financial statements for the year ended 30 June 2025 and the comparative information presented for the year ended 30 June 2024.

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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 historically included the Group's 50% share of Aspiring Enliven Care Centre Limited Partnership net result and the net assets and liabilities. This joint venture was exited in the 2025 financial year.

(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:

Revenue from exchange transactions

(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 4.2 and 7 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.

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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.

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(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) **Change in Accounting Estimates**
During the financial year 30 June 2025, the entity voluntarily changed the accounting estimate in note 11 to better reflect current conditions and expectations. This change was made in accordance with PBE IPSAS 3, which requires that changes in accounting estimates be accounted for prospectively.
Specifically, the entity revised its estimate of the estimated average period of an occupation right agreement, based on updated information and analysis. The prior range for the tenure was 6.6 to 7.5 years and this has now changed to 4.2 to 7 years.
The effect of the change on the current year's financial statements is as follows:

Statement of Comprehensive Revenue and Expense: Increase of Village Contributions revenue be approximately $170,000 compared to applying the prior estimate.
Statement of Financial Position: Decrease in Retirement Village Deferred Income by approximately $170,000 when compared to applying prior estimate.

There is no retrospective adjustment required and comparative figures have not been restated. Management believes this change provides more reliable and relevant information to users of the financial statements.

(p) ***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.

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Presbyterian Support Otago Incorporated

Notes to the Consolidated Financial Statements - continued
for the Year ended 30 June 2025

	Group 2025 $000's	Group 2024 $000's
2. Revenue Received - Continuing Operations		
<u>Enliven Services</u>		
Residential - Rest Home	8,771	7,376
Residential - Hospital	24,589	24,660
Residential - Dementia	5,917	5,755
Residential - ACC	2,656	580
Residential - Premium Fees	1,435	1,216
Residential - Other Income	1,534	1,451
Enliven Community Programmes	494	487
	45,396	41,525
<u>Family Works</u>		
Social Work Support	1,255	1,300
Youth Development	626	543
Financial Inclusion services	612	755
Group Programmes	152	159
Adult Mental Health services	171	144
Other	1	9
	2,817	2,910
<u>Other Income</u>		
Other Activities	1,685	2,173
Legacies / Bequests	299	297
Interest Income	47	90
Rental & Estate Income	262	379
Retirement Village Income	138	-
	2,431	2,939
Movement in fair value of Investment Properties	841	2,494
Total Operating Income for year	**51,485**	**49,868**
Revenue from exchange transactions - Continuing Operations		
Income from services	47,383	44,605
Sale of Goods	1,193	1,185
Interest Income	47	99
Investment & Other Income	575	336
	49,198	46,225
Revenue from non-exchange transactions - Continuing Operations		
Donations received in cash	747	423
Grants	400	429
Bequests	299	297
	1,446	1,149
Total revenue from exchange and non-exchange transactions	50,644	47,374
Movement in fair value of Investment Properties	841	2,494
Total Operating Income for year - Continuing Operations	**51,485**	**49,868**

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Notes to the Consolidated Financial Statements - continued
for the Year ended 30 June 2025

3. Expenditure - Continuing Operations

	Group 2025 $000's	Group 2024 $000's
Enliven Services		
Residential	44,533	42,505
Enliven Community Programmes	489	524
	45,022	43,029
Family Works		
Social Work Support	1,556	1,590
Youth Development	674	734
Financial Inclusion services	576	629
Group Programmes	298	196
Adult Mental Health services	184	162
Other	154	266
	3,442	3,577
Other Activities	2,631	2,172
Total Costs of Services - Continuing Operations	**51,095**	**48,778**

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

	Group 2025 $000's	Group 2024 $000's
Gain in the value of Investment Property	841	2,494
	841	2,494

The net gain of $841K in Investment Property reflects the movements resulting from 30 June 2025 valuations undertaken by registered valuers Colliers and CBRE of commercial and other investment properties (2024 $2,494K).

5. Reconciliation of Surplus with Cash Flows from Operating Activity

	Group 2025 $000's	Group 2024 $000's
Surplus (Deficit) for Year	(616)	(1,092)
Add non-cash items:		
Depreciation/amortisation	1,152	1,222
Loss / (Gain) on Disposal of Assets	-	(844)
Retirement Village Income accrued	(1,041)	(770)
Fair value losses / (gains) on Investment Properties	(841)	(2,494)
Revaluation of Occupation Right Agreements	260	915
Impairment losses	1,012	1,542
Fair value losses / (gains) on Property, Plant & Equipment	-	-
Fair value (gains) / losses on JV Investments	-	(600)
	542	(1,029)
Changes in Working Capital		
Decrease / (Increase) in Receivables	665	(979)
Decrease / (Increase) in Inventory	(23)	(13)
Increase / (Decrease) in Accounts Payable & Accruals	(511)	1,160
Increase / (Decrease) in Employee Entitlements	4	658
Increase / (Decrease) in Occupation Right Agreements	-	(75)
	135	751
Movement in ORA provision classified as operating		
Proceeds from Occupation Right Agreements	6,295	1,400
Refunds of Occupation Right Agreements	(4,085)	(546)
	2,210	854
Net Cash Flow from Operating Activities	2,271	(516)

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

	Group 2025 $000's	Group 2024 $000's
Cash at bank and in hand	4,231	2,054
Cash held on behalf of clients	175	499
	4,406	2,553

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 2025 $000's	Group 2024 $000's
Merchandise and work in progress	84	66

8. Current Assets - Receivables

	Group 2025 $000's	Group 2024 $000's
Trade Receivables	4,045	4,328
Other Receivables	-	374
	4,045	4,702

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 2025 $000's	Group 2024 $000's
Assets		
Land	1,510	1,925
Buildings	189	225
Furniture & Fittings	320	-
Plant & Equipment	92	-
Motor Vehicles	5	-
Investment Property	1,611	-
Retirement Village assets	20,352	20,100
	24,079	22,250
Liabilities		
Refundable portion - Occupation Right Agreements	13,515	12,400
Costs to sell	275	-
	13,790	12,400
Held for sale	10,289	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. Refer to note 29.

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10. Non-Current Assets - Investment Properties

	Group 2025 $000's	Group 2024 $000's
Opening Balance 1 July	15,014	32,620
Additions	-	-
Transfer from Property, Plant and Equipment		
Disposals/Write downs		
Transfer to Assets held for sale	(1,850)	(20,100)
Net gain / (loss) from fair value adjustments	840	2,494
Closing balance as at 30 June	14,004	15,014

Investment properties are carried at fair value, $14,004K (2024 $15,014K) 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 2025. 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 2025, 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. (2024 Nil)

The following amounts have been recognised in the Consolidated Statement	Group 2025 $000's	Group 2024 $000's
Rental Income from Investment Properties	235	348
Direct operating expenses arising from investment properties that generate rental income	80	74

11. Non-Current Assets - Investments in Joint Venture

	Group 2025 $000's	Group 2024 $000's
Opening balance as at 1 July	-	277
Additions / (Disposals)	-	-
Share of Net surplus / (deficit)		(118)
Share of Operating Property Revaluation	-	-
Impairment loss		(159)
Closing balance as at 30 June	-	-

The Group exited its ownership share in the Aspiring Enliven Care Limited Partnership during the financial year. As at balance date the Groups guarantee to Westpac NZ Limited for 50% of the borrowings of the Joint Venture has ended (2024 $3.6 million).

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Notes to the Consolidated Financial Statements - continued
for the Year ended 30 June 2025

12. Non-Current Assets - Loan to Joint Venture

	Group 2025 $000's	Group 2024 $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 2025 $000's	Group 2024 $000's
Gross carrying amount		
Opening Balance	1,065	1,065
Closing Balance	1,065	1,065
Accumulated amortisation and impairment		
Opening Balance	(963)	(801)
Current year amortisation	(82)	(162)
Closing Balance	(1,045)	(963)
Carrying amount	20	102

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Presbyterian Support Otago Incorporated

Notes to the Consolidated Financial Statements - continued

for the Year ended 30 June 2025

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

Group 2025	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 2024	10,883	31,076	5,013	7,237	1,904	406	56,519
Additions			136	234	33	310	713
							-
Revaluation movements							-
Disposals				(70)	(35)		(105)
Transfer to Assets held for sale			(790)	(424)	(116)	(426)	(1,756)
Transfers							-
Balance 30 June 2025	10,883	31,076	4,359	6,977	1,786	290	55,371
Accumulated depreciation and impairment							
Balance 1 July 2024	-	(542)	(3,549)	(5,725)	(1,590)	-	(11,406)
Current year depreciation		(548)	(152)	(228)	(134)	-	(1,062)
Depreciation written back on disposal				65	20	-	85
Transfers			357	300	107	-	764
Balance 30 June 2025	-	(1,090)	(3,344)	(5,588)	(1,597)	-	(11,619)
Carrying amount 30 June 2025	10,883	29,986	1,015	1,389	189	290	43,752

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
Revaluation movements	-	-	-	-	-	-	-
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
Revaluation adjustment	-	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

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 (2024 $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

for the Year ended 30 June 2025

15. Current Liabilities - Accounts Payable and Accruals

	Group 2025 $000's	Group 2024 $000's
Trade Creditors	1,169	1,719
Accruals	1,173	1,499
Amounts owing to clients	542	499
GST Payable	360	326
	3,244	4,043

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 2025 $000's	Group 2024 $000's
Annual leave	3,167	3,113
Alternative leave	597	694
Wages and salaries	1,501	1,457
Long Service Leave	147	145
	5,412	5,409

Movements in Provisions

	Annual Leave	Time in Lieu Leave	Wages & Salaries	Long Service Leave	Total
Carrying amount as at 1 July 2024	3,113	694	1,457	145	5,409
Net movement for period	54	-97	44	2	3
Carrying amount as at 30 June 2025	3,167	597	1,501	147	5,412

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.

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17. Current Liabilities - Retirement Village Deferred Income

	Group 2025 $000's	Group 2024 $000's
Deferred Income - Wanaka Retirement Village	564	645
Deferred Income - Ranui Court	146	231
Deferred Income - Columba Court	8	9
	718	885

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 4.2 and 7 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 2025 $000's	Group 2024 $000's
Current		
Secured bank loan	4,011	3,712
Non-Current		
Secured bank loan	-	-
	4,011	3,712

Reconciliation of Liabilities arising from Financing Activities

	Group 2025	Group 2024
Carrying amount as at 1 July	3,712	4,347
Proceeds from borrowings - cash	310	-
Settlements of loans - cash	11	635
Carrying amount as at 30 June	4,011	3,712

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. There is also a financing arrangement with ANZ Bank New Zealand Limited, the purpose of this facility is to fund the replacement of the bolier at Iona Hospital, Oamaru. Subsequent to balance date the term loan facilities have been negotiated for a further 12 month period. Refer to note 28. The Westpac 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 2025 and has a current interest rate of 6%. The total outstanding at balance date is $172K (2024 $172K). The second loan has a maturity date of 30 September 2025 and has a current interest rate of 5.9%. The total outstanding at balance date is $2,059K (2024 $2,059K)
The third loan's maturity date of 30 September 2025 and has a current interest rate of 5.9%. The total outstanding at balance date is $1,481K (2024 $1,481K)

Overdraft Facility - $150K limit, floating interest rate tied to the Westpac NZ special lending rate
As at 30 June 2025 this facility has a drawn down balance of $70K (2024 nil).

The ANZ facility is secured against property held at 50a Hazel Ave, Dunedin and is comprised as follows,

Term Loan — The loan has a term of 60 months from 1 April 2025 and has a current interest rate of 4.8%. The total outstanding balance at balance date is $299K (2024 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 2025 $000's	Group 2024 $000's
Refundable amounts held - per contract	5,360	4,880
Movements in Provisions		
Carrying amount as at 1 July	4,880	16,239
New refundable amounts received - cash	6,295	1,400
Refundable amounts paid out - cash	(4,085)	(546)
Change in termination amount due - non cash	(690)	187
Amounts held for sale - non cash	(1,040)	(12,400)
Carrying amount as at 30 June	5,360	4,880

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 2025 has meant that the Group's refundable portion to residents has increased as of balance date by $335K (2024 $915K).
This increase in liability is reflected in the Consolidated Statement of Comprehensive Revenue and Expense as a separate expense for clarity.

Held for sale (refer to note 9)
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 $13.5 million at balance date (2024 $12.4 million).

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Presbyterian Support Otago Incorporated

Notes to the Consolidated Financial Statements - continued

for the Year ended 30 June 2025

20. Financial Instruments

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

	Group 2025 $000's	Group 2024 $000's
Financial Assets		
Financial assets at amortised cost		
Cash and cash equivalents	4,231	2,342
Receivables	4,220	4,913
Total financial assets at amortised cost	8,451	7,255
Represented by:		
Total current	8,451	7,255
Total non-current	-	-
Total financial assets	8,451	7,255
Financial Liabilities		
Financial Liabilities at amortised cost		
Payables and accruals	2,884	3,717
Borrowings	4,011	3,712
	6,895	7,429
Financial Liabilities at fair value		
Refundable portion - ORA's	18,875	17,280
Total financial liabilities at fair value	18,875	17,280
Represented by:		
Total current	25,770	24,709
Total non-current	-	-
Total financial liabilities	25,770	24,709

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 2025 is the carrying amount of $8.4 million (2024 $7.3 million)

	Group 2025 $000's	Group 2024 $000's
Cash and cash equivalents	4,231	2,342
Receivables	4,220	4,913
	8,451	7,255

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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 2025 $000's	Group 2024 $000's
Not past due	3,708	3,701
Past due 1 - 30 days	241	435
Past due 31 - 60 days	35	157
Past due 61 days +	61	35
	4,045	4,328

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.
The Group's exposure to liquidity risk based on undiscounted contractual cash flows is as follows:

2025

	Carrying Amount	Total	< 1 year
Cash and cash equivalents	4,406	4,406	4,406
Trade and other receivables	4,045	4,045	4,045
Inventories	84	84	84
Assets held for sale	24,079	24,079	24,079
Trade and other liabilities	(3,244)	(3,244)	(3,244)
Borrowings	(4,011)	(4,011)	(4,011)
Liabilities held for sale	(13,790)	(13,790)	(13,790)
Employee entitlements	(5,412)	(5,412)	(5,412)
	6,157	6,157	6,157

2024

	Carrying Amount	Total	< 1 year
Cash and cash equivalents	2,553	2,553	2,553
Trade and other receivables	4,702	4,702	4,702
Inventories	66	66	66
Assets held for sale	22,250	22,250	22,250
Trade and other liabilities	(4,043)	(4,043)	(4,043)
Borrowings	(3,712)	(3,712)	(3,712)
Liabilities held for sale	(12,400)	(12,400)	(12,400)
Employee entitlements	(5,409)	(5,409)	(5,409)
	4,007	4,007	4,007

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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 $16,102K (2024 $15,522K). 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 2025 $000's	Number of individuals	Group 2024 $000's	Number of individuals
(a) Key Management Personnel compensation.				
Short-term employee benefits	1,123	9	1353	11
Members of governing body	-	11	-	10
(b) Purchase and Sales of Services.				
(i) Purchase of services from Marks & Worth Lawyers - an entity connected with a Trustee	18		8	
(c) Year-end balances arising from the purchase of services.				
Payables to Related Parties	-		1	

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22. Auditor Remuneration

The following remuneration was incurred with the Group's auditors

	Group 2025 $000's	Group 2024 $000's
Audit Services	70	70
Other Services - Trustee reporting	-	-
Other Services - Compliance advice	-	-
	70	70

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 2025 $000's	Group 2024 $000's
Non cancellable operating lease rental commitments are payable as follows:		
Not later than one year	445	300
Later than one year but not later than five years	677	415
Later than five years	-	-
	1,122	715

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 2025, (2024 - Nil)

25. Contingent Liabilities and Assets

The Group currently has a number of active employement related legal matters in progress. At the time of signing of these financial statements the outcome of these are unknown (2024 - Nil).

26. Government Grants

	Group 2025 $000's	Group 2024 $000's
Government Grants recognised in the Consolidated Statement of Comprehensive Revneue and Expense	63	63

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

27. Grants Acknowledgment

	Group 2025 $000's	Group 2024 $000's
Department of Internal Affairs - Lottery Community	30	30
Dunedin City Council - Rates Relief Grant	33	31
Otago Community Trust - Social Services Grant	80	10
Central Lakes Trust	135	88

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

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28. Discontinued Operations

Operating results from Discontinued Operations	Group 2025 $000's	Group 2024 $000's
Revenue	3,044	2537
Expenditure	(2,629)	(2,085)
Depreciation	(74)	(59)
	341	393

The Statement of Cash Flows includes the following amounts from discontinued operations

Operating Cash Flows	1,512	843
Investing Cash Flows	(104)	-
Net Cash inflow/(outflow)	1408	843

The Wanaka Retirement Village and Elmslie House operations are considered to represent discontinued operations in accordance with PBE IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. The operations remain trading at balance date. The associated assets and liabilities are classified as held for sale, refer to note 9. Subsequent to balance date the operations were successfully sold, refer to note 29.

The 2024 financial statements incorrectly did not show discontinued operations, however PBE IFRS 5 requires the reclassification of the comparative period which has been completed in these financial statements (refer to note 31).

29. Events occurring after Balance Date

Sale of held-for-sale assets

At balance date, negotiations were significantly advanced regarding the sale of the Wanaka Retirement Village and Elmslie House Rest Home. On 11 July 2025, a conditional sale and purchase agreement was executed. This agreement became unconditional on 5 September 2025, with settlement expected to occur within the next month. The carrying values of the associated assets have been adjusted to reflect their fair value less costs of disposal, in accordance with the terms of the sale and purchase agreement (refer to Note 9).

Bank Debt facility

As at balance date, the Group's term debt facility with Westpac NZ Limited, with a balance of $3.712 million, was due to mature on 30 September 2025. The proceeds from the sale of the Wanaka Retirement Village and Elmslie House Rest Home are intended to be applied towards repayment of this debt and to strengthen the Group's cash reserves. Subsequent to balance date, the debt facility was successfully renegotiated for a further 12-month term to allow sufficient time for settlement of the asset sale.

Exit of Management Contract

The Group had a Management Deed in place with Aspiring Care Limited Partnership in relation to the operation of Aspiring Care, a Wanaka dementia care and hospital facility. Aspiring Care Limited Partnership gave notice to Presbyterian Support Otago that it was ending this contract as at 31 July 2025. Subsequent to balance date a settlement was reached between to the two parties to compensation Presbyterian Support Otago for its loss of future earnings and historical reimbursement claims under the Management Deed.

30. 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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31. Prior period adjustment

Per PBE IFRS 5, when a significant component of an entity is classified as held for sale, the operations of this component would be classified as a discontinued operation. The 2024 financial statements did not correctly disclose the Wanaka Retirement Village and Elmslie House as discontinued operations, though they were classified as held for sale. The 2024 statement of financial performance comparatives has been restated to reclassify discontinued operations revenue and expenditure into a single line in the Consolidated Statement of Comprehensive Revenue and Expense

	Group 2024 $000's
Revenue	
Income from services	46,338
Sale of Goods	1,185
Donations/Grants/Bequests	1,149
Interest Income	99
Investment and Other Income	1,140
Movement in fair value of Investment Properties	2,494
Total Operating Income	52,405
Expenses	
Employment related	36,909
Employer Kiwisaver contributions	793
General Operating	2,240
Advertising & Marketing	83
Office & Administration	950
Servicing Resources	2,781
Occupancy Costs	4,035
Health, Medical & Safety	1,235
Depreciation/amortisation	1,222
Finance Costs	340
Lease Costs	334
Total Operating Expenditure	50,922
Operating Surplus before increase in ORA Expense and Impairment losses	1,483
Increase in ORA Expense	915
Impairment losses	1,542
Net Operating Surplus / (Deficit) for the Year	(974)
Share of net surplus / (deficit) Joint Venture	(118)
Net Surplus / (Deficit) for the Year	(1,092)
Other Comprehensive Revenue & Expense	
Operating Property Revaluation	-
Total Comprehensive Revenue and Expense	(1,092)

	Group 2024 $000's (restated)
Revenue	
Income from services	44,428
Sale of Goods	1,185
Donations/Grants/Bequests	1,149
Interest Income	99
Investment and Other Income	513
Movement in fair value of Investment Properties	2,494
Total Operating Income	49,868
Expenses	
Employment related	35,638
Employer Kiwisaver contributions	775
General Operating	2,130
Advertising & Marketing	57
Office & Administration	934
Servicing Resources	2,579
Occupancy Costs	3,657
Health, Medical & Safety	1,171
Depreciation/amortisation	1,163
Finance Costs	340
Lease Costs	334
Total Operating Expenditure	48,778
Operating Surplus before increase in ORA Expense and Impairment losses	1,090
Increase in ORA Expense	915
Impairment losses	1,542
Net Operating Surplus / (Deficit) for the Year - from Continuing Operations	(1,367)
Share of net surplus / (deficit) Joint Venture	(118)
Net Surplus / (Deficit) for the Year - from Continuing Operations	(1,485)
Net Operating Surplus / (Deficit) for the Year - from Discontinuing operations	393
Other Comprehensive Revenue & Expense	
Operating Property Revaluation	-
Total Comprehensive Revenue and Expense	(1,092)

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

Report on the Audit of the General Purpose Financial Report

Opinion

We have audited the general purpose financial report of Presbyterian Support Otago Incorporated ("the Society") and its controlled entity (together, "the Group"), which comprises the consolidated financial statements on pages 5 to 30, and the consolidated statement of service performance on pages 2 to 4. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2025, 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 Group as at 30 June 2025, and its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated statement of service performance for the year ended 30 June 2025, in that the service performance information is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods.

in accordance with Public Benefit Entity Standards ("PBE 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 statement of service performance in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 (NZ AS 1) (Revised) *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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society or its controlled entity.

Other Information

The Board 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 statement of service performance and the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated statement of service performance 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 statement of service performance 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 statement of service performance 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.

The Board's Responsibilities for the General Purpose Financial Report

The Board is responsible on behalf of the Group for:

(a) the preparation and fair presentation of the consolidated financial statements and consolidated statement of service performance in accordance with PBE Standards;

(b) the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present a statement of service performance that is appropriate and meaningful in accordance with PBE Standards;

(c) the preparation and fair presentation of the statement of service performance in accordance with the Group's measurement bases or evaluation methods, in accordance with PBE Standards;

(d) the overall presentation, structure and content of the statement of service performance in accordance with PBE Standards; and

(e) such internal control as the Board determines is necessary to enable the preparation of the consolidated financial statements and consolidated statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report the Board is 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 the Board 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 statement of service performance 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 (Revised) 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-13-1/

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Group's members, 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 members, 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
24 September 2025