

Anglican Diocese of Waikato and Taranaki

Financial Statements
for the year ended 31 December 2020

Contents

	Pages
Consolidated Statement of Comprehensive Revenue and Expense	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Financial statements	5-10
Audit report	11-12

Consolidated Statement of Comprehensive Revenue and Expense

for the year ended 31 December 2020
in thousands of New Zealand Dollars

	Note	2020 \$'000	2019 (Restated) \$'000
Revenue			
Donations and Fundraising		2,158	2,096
Rental and Hall Hire		606	737
Grants and Bequests		814	1,054
Interest and Dividends		670	704
Second Hand Shop and Other Trading Activities		481	572
Appeals		165	177
In Kind Services from The Diocese of Auckland		155	152
Gifting from Waikato Diocesan Trust Board	6	-	425
Gifting from Taranaki Anglican Trust Board	6	-	338
Other Revenue		1,252	492
Total Revenue		6,301	6,747
Expense			
Employee and Clergy Costs		2,431	2,322
Operating Costs		2,193	2,180
Missions and Givings		367	487
Depreciation	3	199	186
Giving to Taranaki Anglican Trust Board	6	-	338
Interest Expense	6	22	25
Total Expense		5,212	5,538
Surplus/(Deficit) for the Year		1,089	1,209
Gain on Revaluation of Investments		445	565
Other Comprehensive Revenue and Expense		445	565
Total Comprehensive Revenue and Expense for the Year		1,534	1,774

This statement is to be read in conjunction with the notes to the financial statements.


Consolidated Statement of Financial Position

as at 31 December 2020

in thousands of New Zealand Dollars

	Note	2020 \$'000	2019 (Restated) \$'000
Assets			
Cash and Cash Equivalents	5	2,527	2,367
Short Term Deposits	5	1,182	1,278
Inventory		58	67
Trade and Other Receivables		302	284
Receivables from Related Parties	6	873	873
Property Held for Sale		-	348
Total Current Assets		4,942	5,217
Property, Plant and Equipment	3	1,286	1,144
Investments	4,6	16,616	14,906
Term Deposits		463	468
Total Non-Current Assets		18,365	16,518
Total Assets		23,307	21,735
Liabilities			
Trade and Other Payables		404	342
Loans from Related Parties	6	198	223
Provisions		146	103
Total Current Liabilities		748	668
Loans from Related Parties	6	63	88
Other Loans		26	43
Total Non-Current Liabilities		89	131
Total Liabilities		837	799
Net Assets		22,470	20,936
Equity			
General Funds	2(d)	12,150	11,791
Special Purpose Funds	2(d)	7,605	6,875
Investment Revaluation Reserve		2,715	2,270
Total Equity		22,470	20,936

For and on behalf of the Diocese who authorised the issue of these financial statements on:


Chairperson

19 June 2021
Date

This statement is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020
in thousands of New Zealand Dollars

	General Funds	Special Funds	Investment revaluation reserve	Property revaluation reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019 as previously reported	10,694	6,763	1,705	980	20,142
Change in accounting policy for land and buildings	-	-	-	(980)	(980)
Balance at 1 January 2019 as restated	10,694	6,763	1,705	-	19,162
Surplus for the year	1,209	-	-	-	1,209
Other comprehensive revenue and expense	-	-	565	-	565
Transfers from/(to) Special Funds	(112)	112	-	-	-
Balance at 31 December 2019 (Restated)	11,791	6,875	2,270	-	20,936
Balance at 1 January 2020	11,791	6,875	2,270	-	20,936
Surplus/(Deficit) for the year	971	118	-	-	1,089
Other comprehensive revenue and expense	-	-	445	-	445
Transfers from/(to) Special Funds	(612)	612	-	-	-
Balance at 31 December 2020	12,150	7,605	2,715	-	22,470

This statement is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2020
in thousand of New Zealand Dollars

	2020 \$'000	2019 \$'000
Cash flows from operating activities		
Cash received from donors and fundraising, including parish givings	2,158	2,096
Cash received from operating activities	1,566	1,970
Cash received from grants and bequests	814	983
Cash received from wage subsidy	271	-
Interest and dividends received	670	704
Cash paid to clergy and employees	(2,388)	(2,301)
Cash paid to suppliers	(1,956)	(1,981)
Cash paid for missions and givings	(367)	(487)
Interest paid	(22)	(25)
Net cash from operating activities	746	959
Cash flows from investing activities		
Acquisition of plant and equipment	(384)	(394)
Proceeds from sale of land and buildings	971	-
Purchase of investments	(1,241)	(7)
Proceeds from sale of fixed assets	34	54
Net cash from investing activities	(620)	(347)
Cash flows from financing activities		
(Repayment) /proceeds (of)/from loans	(67)	(85)
(Purchase)/proceeds (of)/ from bank deposits	101	(615)
Net cash from financing activities	34	(700)
Net (decrease)/increase	160	(88)
Opening cash and cash equivalents 1 January	2,367	2,455
Closing cash	2,527	2,367
Made up of:		
Bank balances and term deposits of less than 3 months	2,527	2,367
Total cash	2,527	2,367

This statement is to be read in conjunction with the notes to the financial statements.

Notes to the Financial statements

1 General overview

a Reporting Entity

The Diocese of Waikato and Taranaki ("the Diocese") is an unincorporated entity, registered under the Charities Act 2005, and is domiciled in New Zealand. These consolidated statements comprise the Diocese and its controlled entities as set out in note 6, (together referred to as "the Group").

The consolidated financial statements of the Group are for the year ended 31 December 2020 and were authorised for issue by the Standing Committee on the date specified on page 2.

b Statement of Compliance

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards for not-for-profit entities with reduced disclosure concessions (PBE RDR), and other applicable reporting standards as appropriate that have been authorised for use by the External Reporting Board.

The Group has elected to report in accordance with PBE Accounting Standards Not-For-Profit Tier 2 on the basis that it does not have public accountability and it is not defined as large. The Group has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions.

c Measurement Base

The accounting principles are recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Group, with the exception of investments which are stated at market value.

The financial statements are presented in thousands of New Zealand Dollars (\$'000), which is the Group's functional currency.

d Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with PBE RDR requires the Group to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The significant estimates and judgements made in applying accounting policies and that effect amounts recognised in the consolidated financial statements are the following:

- The estimation of useful lives and depreciation profiles for property, plant and equipment.
- The Diocese has performed an assessment of control over the entities consolidated listed in note 6. This involves the use of judgement in relation to the elements of 'power' and 'benefits' in accordance with PBE IPSAS 35 Consolidated Financial Statements.

e Basis of Consolidation

The consolidated financial statements include the Diocese and its controlled entities as set out in Note 6. Controlled entities are all entities over which the Diocese has control. The Diocese controls an entity when the Diocese is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All significant transactions between the Diocese and its controlled entities are eliminated on consolidation.

f Tax

The Group is exempt from income tax due to its charitable nature. The Diocese is registered with the Charities Commission and its registered number is CC21363. All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Notes to the Financial statements (continued)

2 Accounting Policies

a Changes in Accounting Policies

During 2020, the group changed its accounting policy for the measurement of land and buildings. Previously, the group carried these properties at revalued amount based on the latest Council rating valuation. They are now carried at cost. The group judges that this policy provides more relevant information, because it results in accounts which are more accurate, able to be better measured and are comparative with practice in other New Zealand Diocese, making the Group's financial statements more comparable. This change in accounting policy has been accounted for retrospectively, and the comparative statements for 2019 have been restated. The effect of the change on 2019 is tabulated below. Opening investment revaluation reserve and equity for 2019 has been reduced by \$980,000 which is the amount of the adjustment relating to periods prior to 2019.

<i>Effect on 2019</i>	\$
Increase in revaluation reserve, property plant and equipment and net assets	17,000
<i>Effects on period prior to 2019</i>	
(Reduction) in revaluation reserve, property plant and equipment and net assets	(980,000)
Decrease in book value of property, plant and equipment; revaluation reserve, and net assets	<u>(963,000)</u>

	As previously reported	Adjustment	As presented
	\$'000	\$'000	\$'000
1 January 2019			
(Loss)/Gain on Revaluation of properties	980	(980)	-
Other Comprehensive Revenue and expenses	980	(980)	-
Revaluation reserve	980	(980)	-
Property, plant & equipment	2,328	(980)	1,348
31 December 2019			
(Loss)/Gain on Revaluation of properties	(17)	17	-
Other Comprehensive Revenue and expenses	(17)	17	-
Revaluation reserve	963	(963)	-
Property, plant & equipment	1,484	(340)	1,144
Property held for sale	971	(623)	348

Other than the above, there has been no changes in accounting policies and all policies have been applied on a basis consistent with those used in prior years.

b Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Diocese and its controlled entities and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised:

Revenue from services is recognised in the accounting period in which the services are rendered.

Donations received are classified as revenue from non-exchange transactions and are recognised as income when they are received unless there is an obligation to return the funds if conditions are not met. If there is such an obligation, donations are initially recorded as received in advance, and recognised as revenue when conditions of the donations are satisfied.

Bequests/estates income are recognised in surplus or deficit when probate of the will has been granted, receipt of the bequest is probable and the amount of the bequest can be measured reliably.

Sale of goods are mainly from the Group's op shops and are recognised when goods are sold to the customers. The donation of these goods are classified as non-exchange transactions and are measured at fair value (sale price) at the date of sale.

Services in kind are recognised where the services received can be reliably identified and measured. As the donated services are received the amount is recognised as income and expense in the same period.

Interest income is recognised using the effective interest method. Investment income includes the realised gains and losses on the investments. Distribution income is recognised on the date that the Group's right to receive payment is established.

Notes to the Financial statements (continued)

c Employee Entitlements

Liabilities for annual leave are accrued and recognised in the statement of financial position. Annual leave is recorded at the undiscounted nominal values based on accrued entitlements at current rates of pay. Entitlements will include unpaid salary, wages or other remuneration due at balance date, including deductions held on employees' behalf, annual leave earned but not taken and long service leave to be settled within 12 months.

d Reserves

The Group's equity has been split between general funds and special funds. General funds are amounts available for distribution at the discretion of the Group. Special funds have been identified by the Group as funds with a specific purpose and are managed by the individual entities forming the Group. The individual entities have committed to spending the special funds on the purpose intended when originally donated and have therefore recorded them separately from general funds.

e Trade and Other Receivables

Trade receivables and other account receivables are subsequently recorded at amortised cost less impairment.

f Trade and Other Payables

Trade payables and other accounts payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables and other payments are subsequently recognised at amortised cost. Trade and other payables represent liabilities for goods and services provided to the Group and which have been not been paid at the end of the financial year. Given their short term nature, the carrying values of trade and other payables are considered a reasonable approximation of their fair values.

Notes to the Financial statements (continued)

3 Plant and Equipment

All plant and equipment are initially recorded at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Where an asset is acquired in a non-exchange transition for nil or nominal consideration the asset is initially measured at its fair value. Any gain or loss on disposal of an item of plant and equipment is recognised in the operating surplus or deficit for the year.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance costs are expensed as incurred.

At each balance date the carrying amounts of plant and equipment are assessed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount in surplus or deficit. The Group has reviewed plant and equipment for impairment and found no case of any significant impairment of their value.

Depreciation is provided for in surplus or deficit on a straight line basis on plant and equipment. Depreciation rates allocate the assets' cost or valuation less estimated residual value, over its estimated useful life.

Major depreciation periods are:

Plant, Equipment and Motor Vehicles	4-20 years
Buildings and Building Improvements	4-50 years

	2020 Plant & Equipment \$'000	2020 Land & Buildings \$'000	2020 Work in Progress \$'000	2020 Total \$'000
Cost				
Balance at 1 January	1,414	286	6	1,706
Additions	390	-	-	390
Disposals/Transfers	(88)	-	(6)	(94)
Balance at 31 December	1,716	286	-	2,002
Depreciation				
Balance at 1 January	(553)	(9)	-	(562)
Depreciation for the year	(191)	(8)	-	(199)
Disposals/Transfers	45	-	-	45
Balance at 31 December	(699)	(17)	-	(716)
Book value 31 December	1,017	269	-	1,286

	2019 (Restated) Plant & Equipment \$'000	2019 (Restated) Land & Buildings \$'000	2019 (Restated) Work in Progress \$'000	2019 (Restated) Total \$'000
Cost				
Balance at 1 January	1,169	646	-	1,815
Additions	388	-	6	394
Disposals	(143)	(360)	-	(503)
Balance at 31 December	1,414	286	6	1,706
Depreciation				
Balance at 1 January	(464)	(2)	-	(466)
Depreciation for the year	(167)	(19)	-	(186)
Disposals	78	12	-	90
Balance at 31 December	(553)	(9)	-	(562)
Book value 31 December	861	277	6	1,144

Notes to the Financial statements (continued)

4 Investments

Investments are classified as available-for-sale financial assets. These assets are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, investments are measured at fair value.

Fair value is determined based on the quoted prices of the underlying investments at balance date. Changes in the fair value of investments, other than impairment losses, are recognised in other comprehensive revenue and expense and accumulated in the investment revaluation reserve in equity. When investments are derecognised on sale, the gain or loss accumulated in equity is reclassified to surplus or deficit. This is presented as a realised gain or loss on sale of investments. Transactions are based on trade date where purchase or sale of an investment is under a contract.

Investments are stated at fair value as at 31 December 2020 which are the quoted prices of the underlying managed funds at balance date

	2020 \$'000	2019 \$'000
Investment in Managed Funds	<u>16,616</u>	<u>14,906</u>

5 Cash and Cash Equivalents

Cash comprises of cash at bank, cash on hand and short term deposits with a maturity of three months or less. Parish cash is restricted to use by that individual parish and cannot be used by the Group for any other purpose.

	2020 \$'000	2019 \$'000
Parish Cash and Cash Equivalents held by individual parishes	2,115	2,000
Other Cash and Cash Equivalents	412	367
Total Cash and Cash Equivalents	<u>2,527</u>	<u>2,367</u>

6 Related Parties

a Key management personnel

Key management personnel include a group of 32 persons (2019: 38 persons) being Committee Members, Clergy and senior management personnel who received in 2020 remuneration and other benefits of \$1,353,000 (2019: \$1,370,000).

b Controlled Entities

The following controlled entities with a balance date of 31 December 2020 have been included in the Group's financial statements:

The Parish of Holy Trinity, Fitzroy
The Parish of the Taranaki Cathedral Church of St Mary
The Parish of St Chad, West New Plymouth
The Parish of St Andrew, Cambridge
The Mission District of St Paul, Mangakino
The Parish of St Matthew, Morrinsville
The Mission District of St Stephen, Tamahere
The Parish District of St Francis, Tokoroa
The Mission District of St Peter by the Sea, Waihi Beach
The Mission District of Whangamata
St Peter's school, Cambridge
The Parish of St Aidan, Claudelands
The Parish of Holy Trinity, Forest Lake
The Mission District of St Mary, Gordonton
The Mission District of St James, Nixon Street
The Parish of St Paul, Huntly
The Parish of St Luke, Melville and Ohaupo
The Parish District of St Mark, Newton
The Parish of Holy Trinity, Ngaruawahia
The Parish of St Peter, Raglan
The Parish of the Waikato Cathedral Church of St Peter
The Parish of St Margaret, Te Kauwhata
The Parish of St George and St David, Hamilton West
The Mission District of All Saints, Kawhia
The Parish of St Andrew, Inglewood
The Parish of St John the Baptist, Waitara
The Parish of St Peter, Katikati
The Parish of All Saints, Matamata
The Parish of St Paul, Paeroa
The Parish of St Mark, Te Aroha

Notes to the Financial statements (continued)

6 Related Parties (continued)

The Parish District of St John The Evangelist, Waihi
The Parish District of Christ Church, Orakau
The Parish of St Bride, Otorohanga
The Parish of St Luke, Te Kuiti
The Parish of Taumarunui and District
The Parish of St John, Te Awamutu
The Parish District of All Saints, Eltham with St Marks, Kaponga
The Parish District of St Cuthbert, Manaia
The Parish District of St Barnabas, Opunake
The Parish of Holy Trinity, Stratford
The Ministry Unit Of St Mary's, Hawera
The Ministry Unit of St George's, Patea
Car Fund
Central & South Taranaki Anglican Ministry
Episcopal Fund
Paraninihi Anglican Archdeaconry
St Mary's School, Stratford

c Related Parties

The Group is related to the Waikato Diocesan Trust Board (WDTB) and the Taranaki Anglican Trust Board (TATB) due to the ability of these entities to influence the financing activities of the Group and ownership of the legal title of the Group's properties. The nature and significance of the transactions and balances are described below:

d Transactions with Related Entities

Investments	Various Parishes, the Diocese, the "Episcopal Fund" and other entities within the Group have \$16.5m (2019: \$15m) invested with WDTB and TATB. All money invested by WDTB and TATB is shared proportionately to the various related entities that provided the funds. The proportionate share can be in the form of income distributions or an uplift in the value of the funds held.
Investments held by Related Parties	An amount of \$873,310 is held on behalf of the Diocese of Waikato and Taranaki by TATB (2019: \$873,310).
Loans	The Group has \$261,000 unsecured loan liabilities with WDTB (2019: \$311,000). These relate to a range of the Group's activities including the Diocese, the Parish of Ngaruawahia and the Car Fund. * Standing Committee \$62,830 at an interest rate of 5% repayable by 31 December 2026 (2019: \$88,411). * Loans to Car Fund of \$63,386, at an interest rate of 5% and repayable on demand (2019: \$88,363). * Ngaruawahia \$134,513 at an interest rate of 6.55% and to be repaid when the parish is able to realise certain assets to settle the loan (2019: \$134,513). Interests paid to WDTB amount \$21,738 in 2020 (2019: \$25,211).
Gifting	There was no gifting from/to WDTB during the current year (2019: \$425,000). There was no gifting from/to TATB during the current year (2019: \$337,765).

7 Commitments and Contingencies

There were no capital commitments at 31 December 2020 (2019: \$nil).

8 Subsequent events

There were no subsequent events at year-end.



Independent Auditor's Report

To the committee members of Anglican Diocese of Waikato and Taranaki

Report on the audit of the consolidated financial statements

Qualified opinion

In our opinion, the accompanying consolidated financial statements of Anglican Diocese of Waikato and Taranaki (the 'Diocese') and its controlled entities (the "Group") on pages 1 to 10, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, present fairly, in all material respects, the Group's financial position as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit).

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for qualified opinion

Included in the consolidated statement of revenue and expenses for the year ended 31 December 2020 is revenue from donations and fundraising amounting to \$2,158 000. A significant proportion of this revenue is received in cash. Control over such revenues prior to it being recorded is limited. Consequently, there were no practical audit procedures we could perform to confirm independently that all cash donations and fundraising revenue items were properly recorded. Accordingly, we were unable to determine whether any adjustments might be necessary to the amounts shown in the financial statements for revenue and its related accounts. Our audit opinion on the consolidated financial statements for the year ended 31 December 2019 was modified in respect of this matter.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



Use of this independent auditor's report

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



Responsibilities of the Diocese for the consolidated financial statements

The committee members, on behalf of the 'Diocese', are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit));
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

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

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

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

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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

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



KPMG
Auckland

21 June 2021