Methodist Trust Association

ANNUAL REPORT

46th Annual Report and Accounts
30 June 2024

Chairman’s Letter

Dear Depositor,

I am pleased to present the Annual Report for the New Zealand Methodist Trust Association for the year ended 30 June 2024.

Financial Performance

Financial markets in the June 2024 year continue to be impacted by several geopolitical factors.

The ongoing Russia-Ukraine conflict, US-China tensions affecting global trade and supply chains and Middle East instability including the Israel and Hamas conflicts all continue to impact and cause volatility across the global markets.

Heading into this financial period we forecast returns for the Income Fund of 4.10%, and pleasingly delivered an increment on these returns hitting 4.39%. We have also been able to lock in some attractive medium-term rates, in a market where rates are now trending down following the recent OCR rate reductions announced.

For the Growth and Income Fund we saw an overall devaluation in the fund of 1.87%, net of income returns. However, this fund focuses on maximising long-term returns, which have been very good over the medium to long term for this fund and its investors.

More detail on this and the expected future of this fund is included in the attached report which follows.

Governance

The Methodist Trust Association is governed by a Board of Trustees appointed by the Conference of the Methodist Church. In 2024, we again maintained consistency within our Board membership, with no resignations or retiring Board members. We expect to go in to Conference with a recommendation for the same Board membership in the 2025 financial year which is pleasing from a continuity perspective.

I would personally like to thank my fellow Board members for the skill and compassion they continue to bring to their responsibilities as members of our Board. The time and effort they give to us cannot be overstated.

Responsible Investment

A hallmark of the work the Board and management undertake for the MTA depositors continues to be responsible investing. It is an ongoing challenge, on behalf of investors, to balance the focus of the MTA as a Methodist aligned responsible investor whilst maximising investment returns to further the work of the Methodist Church. We are constantly working on frameworks in this respect to achieve our responsible investment goals and we continue to have robust debate at the Board level around individual investments and their merits.

Recognition

I would like to acknowledge Stephen Walker, our Executive Officer, for his work in a challenging 2024 financial year and as a Board we look forward to an exciting year ahead working alongside him and his team.

Kind regards,

Dave Johnston

Dave Johnston
Chairman
Board of the New Zealand Methodist Trust Association

New Zealand Methodist Trust Association

46th Annual Report to Depositors 2024

The New Zealand Methodist Trust Association (MTA) was established by Conference in 1978 for the cooperative accumulation and commercial investment of the funds of the Methodist Church of New Zealand. All investments are held for the benefit of depositors with MTA. All income received by MTA, after the payment of expenses, is distributed to depositors through quarterly income distributions. Each year we revalue the property and equity assets of both the Growth and Income Fund and the Income Fund, with the resultant change in value spread amongst the depositors in the respective Funds. These changes in value are distributed as capital distributions in the June quarter.

Investment with MTA is restricted to groups, organisations and bodies responsible wholly, or in part, to the Conference of the Methodist Church of New Zealand. MTA does not accept any 'outside' investors. MTA is a fund of the Conference of the Methodist Church of New Zealand.

The June 2024 financial year was a mixed year for the MTA's depositors, with pleasing returns achieved for the Income Fund, but disappointing returns for the Growth & Income Fund.

As always, MTA received excellent support from the Connexion during the year.

Financial Results

MTA's purpose is to support the mission of the Methodist Church of New Zealand, by generating strong investment returns for our depositors. All income is distributed to our depositors, so they are better able to meet the mission of the Church.

During the financial year we changed the presentation of our accounts. Depositor's Funds is now shown as a liability in the Fund's Balance Sheet, whereas it was previously shown as "Net Amounts Due to Depositors" in what is typically the "Equity" section of the Balance Sheet. The Board believes that this presentation better depicts the reality that all Depositors Funds are owed to depositors, who can access that money at any time. MTA itself has minimal equity.

For the Income Fund we generated total returns of 4.39% for the year, much better than our initial forecast of 4.10% at June 2023. This improvement was achieved by proactively improving the credit quality of the portfolio as well purchasing longer-term bonds, thereby locking in higher long-term returns to aid future distributions. This has also resulted in us lifting our forecast distribution for 2025 to 4.40%.

For the Growth and Income Fund we generated income returns of 2.43%, but saw capital devaluations to both the equity portfolio and the Fund's Auckland property exposure, totaling -4.29%, reducing the total return to -1.87%.

Total deposits with MTA reduced by $10.6m during the year to a total of $321.6m on 30 June 2024. Over the past decade total deposits with MTA have grown by $44.9m.

During the 2024 financial year, deposits in the Income Fund decreased by $10.3m to $146.9m, due to withdrawals from the Fund and transfers to the Growth & Income Fund.

Deposits in the Growth and Income Fund reduced by $0.3m to $174.7m on 30 June 2024.

Income distributions to depositors for the year rose $0.8m to $10.9m. Total distributions, including the capital adjustments, were $3.4m.

MTA strives to be an efficient manager of the Church's funds, endeavouring to minimise the costs of administration and maintain the distributions at attractive rates. For the year the Fund's expenses, both management commissions and out of pocket expenses, totaled $1.75m, an expense ratio on closing assets under management of 0.534%.

Expense Ratios			
Year	**Income Fund**	**Growth & Income Fund**	**MTA Total Ratio**
2015	0.424%	0.432%	0.428%
2016	0.412%	0.449%	0.427%
2017	0.373%	0.447%	0.413%
2018	0.399%	0.504%	0.449%
2019	0.356%	0.496%	0.424%
2020	0.333%	0.576%	0.450%
2021	0.278%	0.598%	0.445%
2022	0.298%	0.723%	0.526%
2023	0.345%	0.668%	0.513%
2024	0.314%	0.726%	0.534%

The fee structure for the Income Fund is based on the amount of income the fund receives. During the year we reduced the percentage of income the Income Fund pays, resulting in a reduced management fee for the fund.

The Growth and Income Fund has a higher cost structure, as it incurs higher costs for investment systems, custodial services, and brokerage expenses. During 2024, the management fee paid to the Board of Administration increased, with other expenses being flat.

The Board and management of MTA continue to be extremely conscious of both the significant confidence and trust placed in them by the Church and the importance of MTA continuing to provide appropriate levels of return, commensurate with the level of risk accepted by the Church and consistent with the Church's Responsible Investment Policy.

MTA is also careful to ensure that it has ample liquidity in the funds to meet demands for reduction or repayment of deposits.

For the Growth & Income Fund only, the following withdrawal policy applies:

When a depositor wishes to withdraw their total Growth & Income Fund deposit during the financial year, 10% of that deposit will be retained until the financial year end on 30 June. This will ensure that the depositor shares in the capital allocation at the end of the year, whether it is a capital accretion or a capital decrease. After the capital distribution has been completed at year-end, the depositor can close their deposit and receive the balance of their account.

Markets

The 2024 financial year was challenging, with most global equity markets gaining. However, most of those gains were in large growth companies, with many sectors of the market showing much more modest returns.

The New Zealand market was more disappointing, with the NZX50 Index falling 1.7% for the year to June 30.

Market	Index	Annual Return
World	MSCI World Total Return	+20.2%
Emerging Markets	MSCI Emerging Mkt Total Return	+12.6%
US	S&P 500 Total Return	+24.6%
Europe	Stoxx 600 Total Return	+14.4%
UK	FTSE 100 Total Return	+12.8%
Australia	ASX200 Accumulation	+12.1%
New Zealand	NZX50 Gross	-1.7%

Global bond yields increased significantly during the financial year, with the US 10-year bond yield rising from 3.88% to 4.40%, which is negative for bond prices and equity valuations. Since June 2024, interest rates have eased considerably with the US 10-year bond yield trading at 3.80% in August. This reduction reflects easing inflation, concerns about weak economic growth and rising unemployment in the US.

Over the financial year NZ 10-year bond yields were relatively unchanged, moving from 4.62% to 4.67%, but having moved in a wide range of 4.33% to 5.60% through the year. With inflation now at more moderate levels, interest rates are trending down, with 10-year bond yields at 4.19% in late-August 2024.

Some central banks began cutting their cash rates during the June 2024 quarter. Our own Reserve Bank has also started the easing process with a 0.25% cut in the official cash rate to 5.25% in August 2024. We expect further cuts to the official cash rate of 0.50% during 2024, with 1.75% of cuts in 2025, to a neutral level of approximately 3.0%.

The GDP growth outlook is mixed, with growth slowing overall, inflation easing and unemployment rising. In response Central Banks have started to cut official cash interest rates.

	Real GDP Growth		Inflation		Unemployment	
	2024F	**2025F**	**2024F**	**2025F**	**2024F**	**2025F**
Global	3.2%	3.1%	5.8%	3.8%		
New Zealand	0.2%	1.8%	2.9%	2.1%	4.8%	5.4%
Australia	1.6%	2.3%	2.9%	3.1%	4.3%	4.6%
US	2.5%	1.5%	3.0%	2.4%	4.0%	4.2%
European Union	1.1%	1.7%	2.5%	2.2%	6.7%	6.6%
UK	0.8%	1.3%	2.6%	2.2%	4.4%	4.5%
Japan	0.1%	1.2%	2.4%	1.9%	2.5%	2.4%
China	4.9%	4.5%	0.6%	1.5%	5.1%	5.1%

The above forecasts are for the 2024 and 2025 calendar years.

In the US market, where most of our equity investments are located, inflation has eased, while concerns have grown over the weak economy and rising unemployment. The US Federal Reserve is expected to begin cutting their Fed Funds Rate in September 2024. Many believe they have already waited too long to do so.

Investment Funds

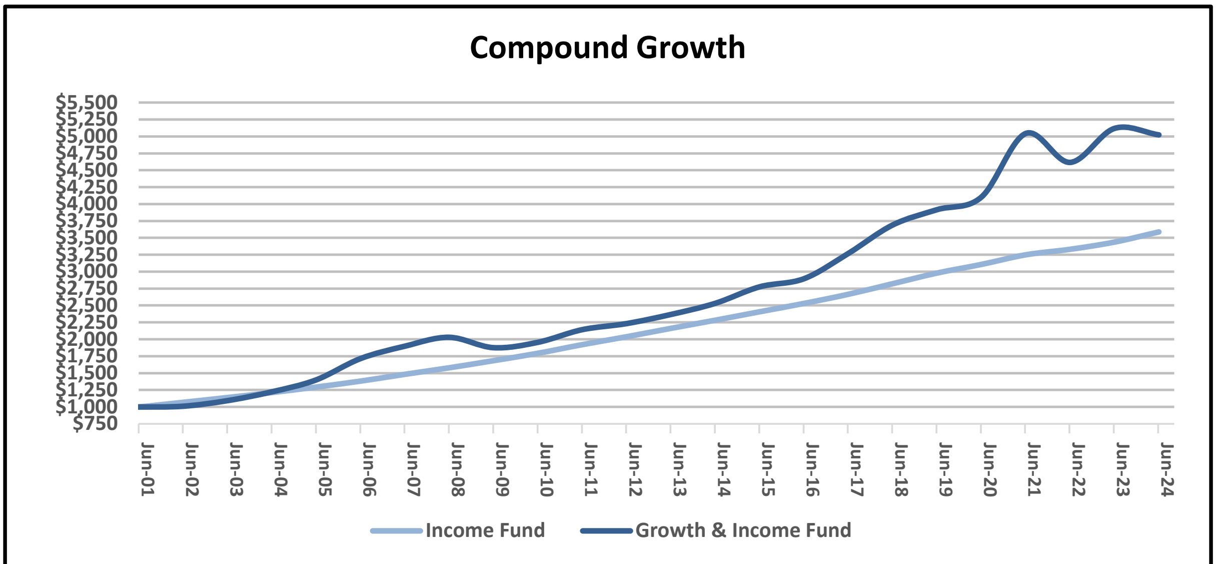
Income Distributions

The income distributions for both the Income Fund and the Growth and Income Fund (excludes capital distributions) were very pleasing. Although bank Term Deposits currently offer higher rates than MTA, we expect this situation to reverse over the coming year.

The income distribution rates for the 2024 financial year were:

	Jun 24	Mar 24	Dec 23	Sep 23	12 Month Average Return
Income Fund	4.37%	4.38%	4.29%	4.35%	4.35%
Growth &Income Fund	2.60%	2.21%	2.50%	2.40%	2.43%

Long-Term Performance



The above chart shows the value of a $1,000 investment in either Fund on 30 June 2001, with all distributions reinvested into the Fund.

Over the 23 years from June 2001 to June 2024 MTA has provided a compound return (including capital distributions) of 5.71% for the Income Fund and 7.27% for the Growth & Income Fund.

Over the last five years the respective compound returns were 3.79% for the Income Fund and 5.10% for the Growth and Income Fund.

Over the 45-year life of MTA, negative total returns have been experienced by the Growth and Income Fund in 1992, 2009, 2022 and 2024. The Growth and Income Fund will occasionally experience negative returns in the future.

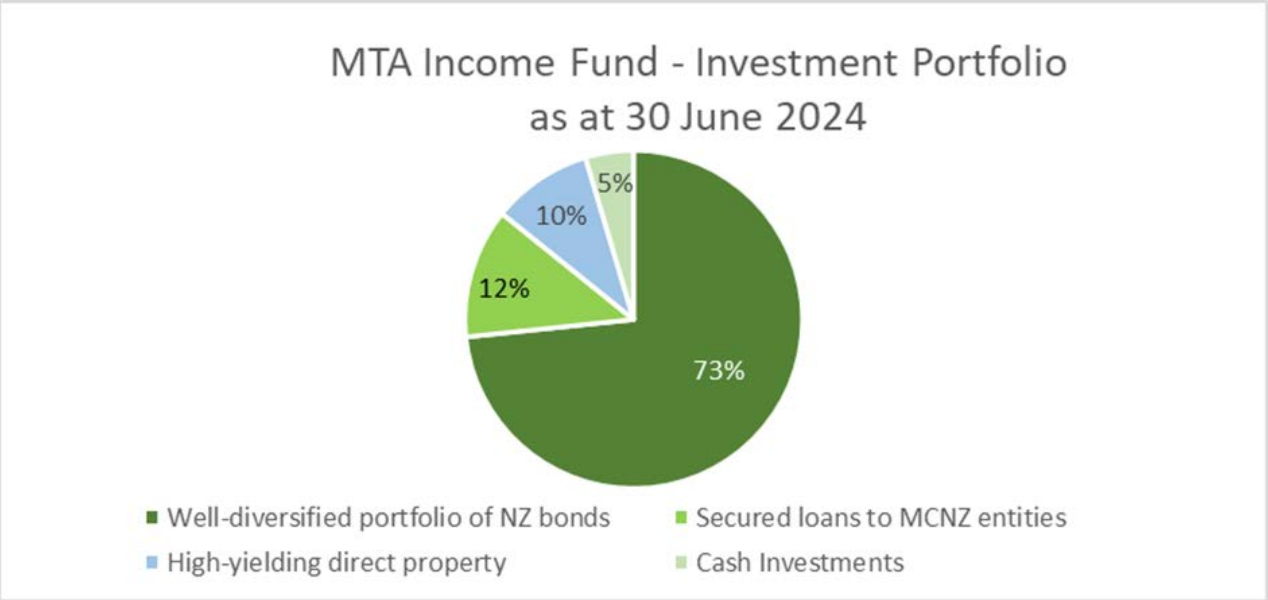
Past returns provide no indication of likely future returns.

Income Fund

Income Fund - Portfolio Performance			
Period	**Income**	**Capital Growth**	**Capital & Income**
1 Year	4.35%	0.04%	4.39%
2 Years (p.a.)	4.13%	-0.35%	3.78%
3 Years (p.a.)	3.59%	-0.23%	3.36%
4 Years (p.a.)	3.83%	-0.17%	3.66%
5 Years (p.a.)	3.93%	-0.14%	3.79%
10 Years (p.a.)	4.70%	-0.07%	4.63%
15 Years (p.a.)	5.22%	-0.05%	5.17%
20 Years (p.a.)	5.61%	-0.04%	5.58%

The returns in the above chart reflect compounded returns.

The Income Fund's objective is to provide income returns that are superior to those available in the general market, while maintaining low risk levels, as well as sufficient liquidity to allow Depositors to access their funds at any time, with no penalty.



In total the NZ bond portfolio currently has exposures with 23 different entities such as the NZ Government, local government, airports, electricity generators, transmission companies, large corporates, State Owned Enterprises and leading Australasian banks, providing a high level of diversification.

The credit grade of the Income portfolio is very strong, being 69.4% invested in A-grade or better securities on 30 June and 86.1% invested in bonds rated BBB+ and higher (investment grade).

The Income Fund reporting now separates the income return from the capital return. Only the income component can be forecast in advance.

The Income Fund’s annual income distribution rate for 2024 was 4.35%. The capital return component for 2024 was positive $61,000, as MTA’s valuers slightly increased the valuation of the Income Fund’s stake in the Izone property investment. This increased the total return for the year to 4.39%.

This Izone property’s rental is currently being reviewed. We expect this to result in a higher rental being paid and an improved valuation at June 2025. Commercial property valuations are also sensitive to bond yields. The recent reduction in bonds yield, which we expect to continue, should also be positive for property values over the 2025 financial year.

For the Income Fund, **the annual income distribution rate for the June 2025 year is forecast to be approximately 4.40%**. This forecast incorporates our assumptions on the negative impact on Fund returns from reducing short-term interest rates over the year ahead.

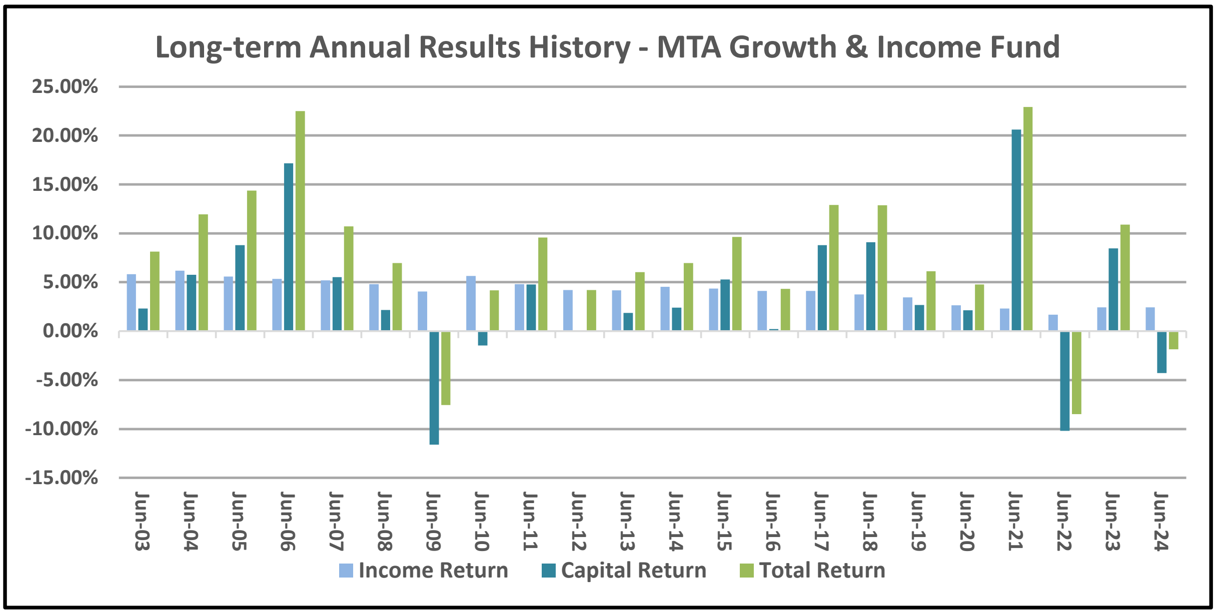
In determining its investment mix, MTA is aware that returns on your Income Fund investments must not only enable the Church to continue its operations in the short-term, but also allow the Church to enhance its resources in the longer term.

During 2024 we have needed to strike a balance between high short-term returns and locking in slightly lower but very attractive long-term rates, that will provide very attractive distributions in the years ahead. It would not have been in the best interests of the Church or depositors for MTA to sacrifice higher long-term income returns, to maximise short-term income today, especially as short-term interest rates have already started falling.

Over time the MTA Income Fund has provided income distributions at rates significantly higher than banks have offered. Over the past year the Fund bought some high quality, long-dated bonds, locking in attractive rates for over ten years in many cases. This should enable the Income Fund to provide attractive income returns over the years ahead.

We note the BNZ is currently offering 3-year term deposits at 4.60%. With this type of product, the bank may charge a break fee or other penalty if the investor wants their funds back before the 3-year term ends. We expect to provide depositors with similar returns, while they continue to have access to their funds at any time, without any penalties.

Growth and Income Fund

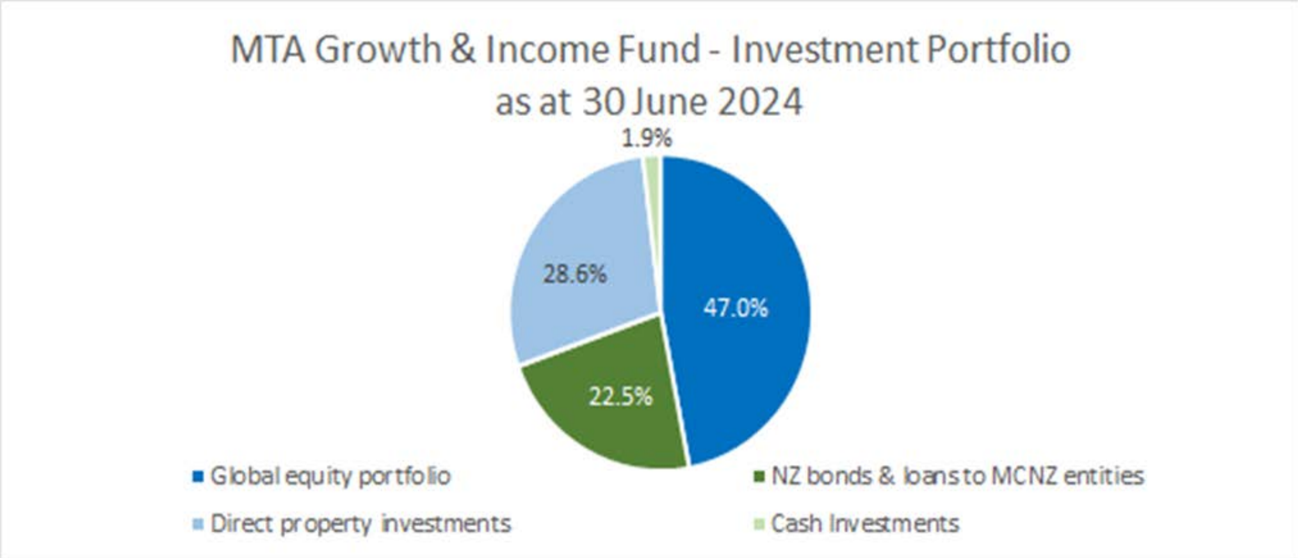


Growth & Income Fund - Portfolio Performance			
Period	Income	Capital Growth	Capital & Income
1 Year	2.43%	-4.29%	-1.87%
2 Years (p.a.)	2.43%	1.89%	4.32%
3 Years (p.a.)	2.18%	-2.32%	-0.14%
4 Years (p.a.)	2.22%	2.97%	5.18%
5 Years (p.a.)	2.30%	2.80%	5.10%
10 Years (p.a.)	3.12%	3.96%	7.09%
15 Years (p.a.)	3.64%	3.15%	6.78%
20 Years (p.a.)	3.97%	3.34%	7.32%

The Growth & Income Fund’s annual total return for the 2024 financial year was -1.87%, after a $7.6m capital decrease, due to a weak performance from the equity portfolio, together with a devaluation of the Fund’s Great North Road property, in Auckland.

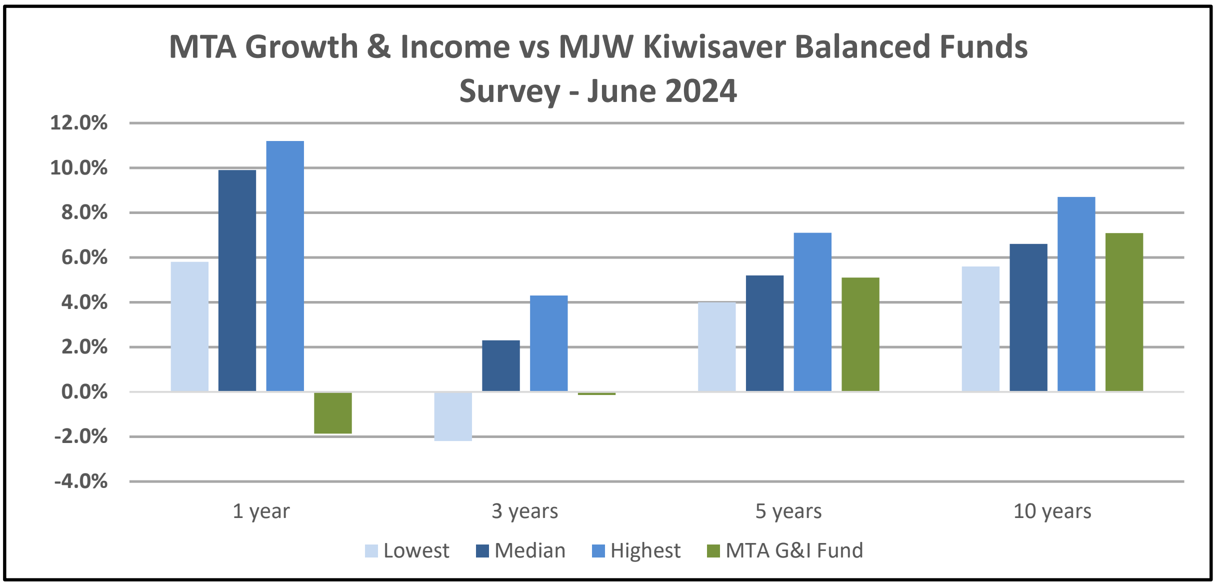
The fund’s longer-term returns remain solid and are comparable with those for similar investment funds.

The net result was a capital value decrease of -$3.3m (-1.87%) to depositors.



The Fund's longer-term returns remain strong and compare favourably against those for similar investment funds.

MTA benchmarks its returns against other comparable investment funds and in particular looks to compare itself to the Balanced Kiwi Saver funds, which have a similar asset allocation to the Growth and Income Fund.



The above chart, using returns from the Melville Jessup Weaver Return Survey, shows the Growth and Income Fund's returns were below average over the one and three-year periods. For the five and ten-year periods, the Fund's returns have been at and above average respectively.

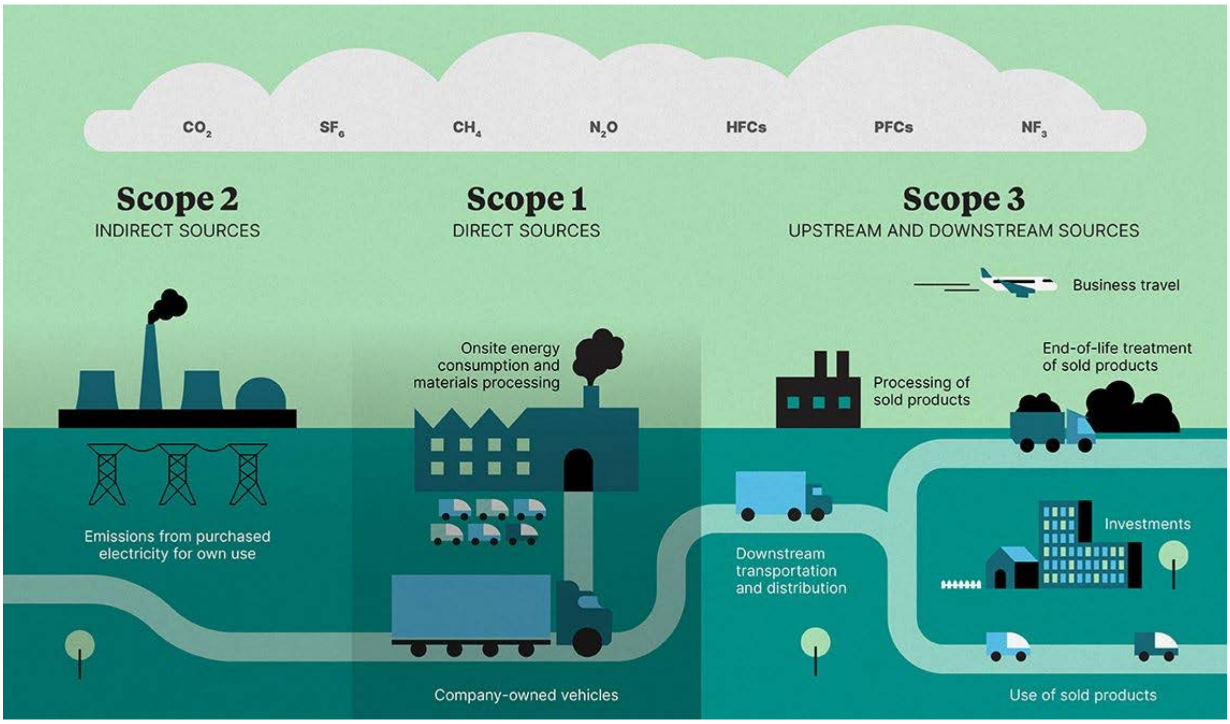
Climate Impact Assessment - Decade of Climate Justice vision ("Rekindle the Va of Papatuanuku")

The equity portfolio's greenhouse gas emission exposure on 30 June 2024 was at only 56.5% of the MSCI benchmark's level for scope 1 & 2 emissions, significantly better than the benchmark level.

We are committed to transitioning to net-zero greenhouse gas emissions by 2050. This is needed to limit the increase in the global temperature to less than 1.5°C. Current science indicates that global warming beyond 1.5°C has potentially catastrophic impacts on the natural world and human society.

Our portfolio remains aligned with a potential temperature increase of 1.5°C by 2050.

Overview of greenhouse Gas scopes and emissions



Source: Oliver Wyman Forum

The seven main greenhouse gases are: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and Nitrogen Triflouride(NF_3).

We remain very focused on the environment more broadly, with particular focus on reducing pollution and waste through recycling, resource use and the circular economy. Improving effectiveness in these areas would contribute significantly to reducing greenhouse emissions.

We believe the equity portfolio is very well positioned with regard to recycling, resource use and the circular economy.

We have also sought to reduce emissions in our operations and to improve our service to depositors by:

1. 50% of Board meetings are held digitally on-line, reducing travel costs and emissions.
2. Board papers are now digital copies.
3. MTA's quarterly newsletter and statements are now emailed to depositors.

Responsible Investment

MTA's goal is to produce risk-adjusted returns that align with the values and principles of the Methodist Church, as well as our investors' return objectives. Putting our investors' interests first requires us to recognise and manage a wide range of global market risks and opportunities, including environmental, social and governance (ESG) factors and the impact that these factors may have on long-term investment returns.

The Board continues to work through a significant update of the Church's Responsible Investment policy.

Some areas of concern for the Church are not well addressed by our traditional revenue-based exclusion list methodology. Modern slavery in investee's supply chains is a good example. We aim to move to a research-based approach, which is now market best practice.

Many more companies are now flagged as requiring further research and investigation, totaling about 60% of the MSCI World Index by capitalization. This research informs management and the Board on whether those companies are an appropriate investment for the Church.

We access the information we use to implement the Church's Responsible Investment Policy, and to research flagged issues, from Institutional Shareholder Services Inc (ISS).

When the policy is approved by MTA's Board, we will then consult widely to explain our approach and receive feedback for improving the policy.

The Responsible Investment Policy is implemented by using values/ethical negative screens, and through the integration of Norm-Based research and ESG factors into our investment analysis and investment decision making process.

Values/Ethical Negative Screens

The Methodist Church of New Zealand excludes companies that derive >5% of their revenue from products and services not aligned to the social principles of the Methodist Church.

Ethical Screening

- Alcoholic beverages
- Adult Entertainment
- Civilian Firearms
- Conventional Weapons and munitions
- Gambling
- Privately operated correctional facilities
- Nuclear bases
- Tobacco

Controversial Weapons Screening

- Cluster munitions,
- Anti-personnel Mines,
- Depleted Uranium,
- Nuclear Weapons (all),
- Chemical Weapons,
- Biological Weapons,
- Incendiary Weapons
- White Phosphorus Weapons

Energy & Extractives

- Exposure to Fossil Fuel Activities - Coal, Oil and Gas

Norm-Based Research Integration

Norm-Based Research includes assessing investments against minimum standards of business practice based on national or international standards and norms such as the International Labour Organisation conventions, the OECD Guidelines for Multinational Enterprises, the UN Global Compact or the UN Guiding Principles on Business and Human Rights.

ISS research assists MTA by flagging any potential exposure, as well as providing detailed information on any issues. This enables MTA to make robust decisions regarding companies' adherence to global norms on anti-corruption, human rights, environmental protection and labour standards.

We use Norm-Based Research to assess supply chain risks (e.g. child/forced labour) and to identify and understand any companies with military equipment involvement.

Norm-Based Research covers:

- Anti-Corruption
- Environmental Protection
- Human Rights (including supply chain exposures)
- Labour Rights/Standards (including supply chain exposures)
- Military Equipment Involvement – we will not invest in companies involved in the production or development of weapons, or contractors with weapons-related contracts that are >5% of their revenues with weapons-related contracts.

Norm-Based Assessment, including controversies Screening of companies' incidents.

ISS continues to flag two of our holdings, UBS Group and Microsoft, with amber warnings for past failures.

For Microsoft the flag is characterised as labour rights and relates to its recently acquired subsidiary, Activision Blizzard.

For UBS Group the warning relates to a failure to pay its fair share of taxes in France between 2004 and 2012.

An amber warning is less serious than a red warning. This is usually due to the issue being either less serious or historic and remediated, as is the case with UBS. It does not preclude us from owning these investments.

We use all warnings or flagged potential breaches of our values, as a signal to fully investigate the issue, to determine whether we are comfortable with the current situation. If not, any holding will be exited in a timely manner.

In both the cases above, the issues raised are not current issues and did not happen under the current senior management teams.

At 30 June, the Funds had no exposure to any companies of continuing concern related to the above listed issues. In addition, no companies were flagged as having issues in their supply chains.

ESG Integration

We include Environmental, Social and Governance risks and opportunities into our investment analysis and investment decisions.

ESG risks and opportunities are assessed across a company's value chain.

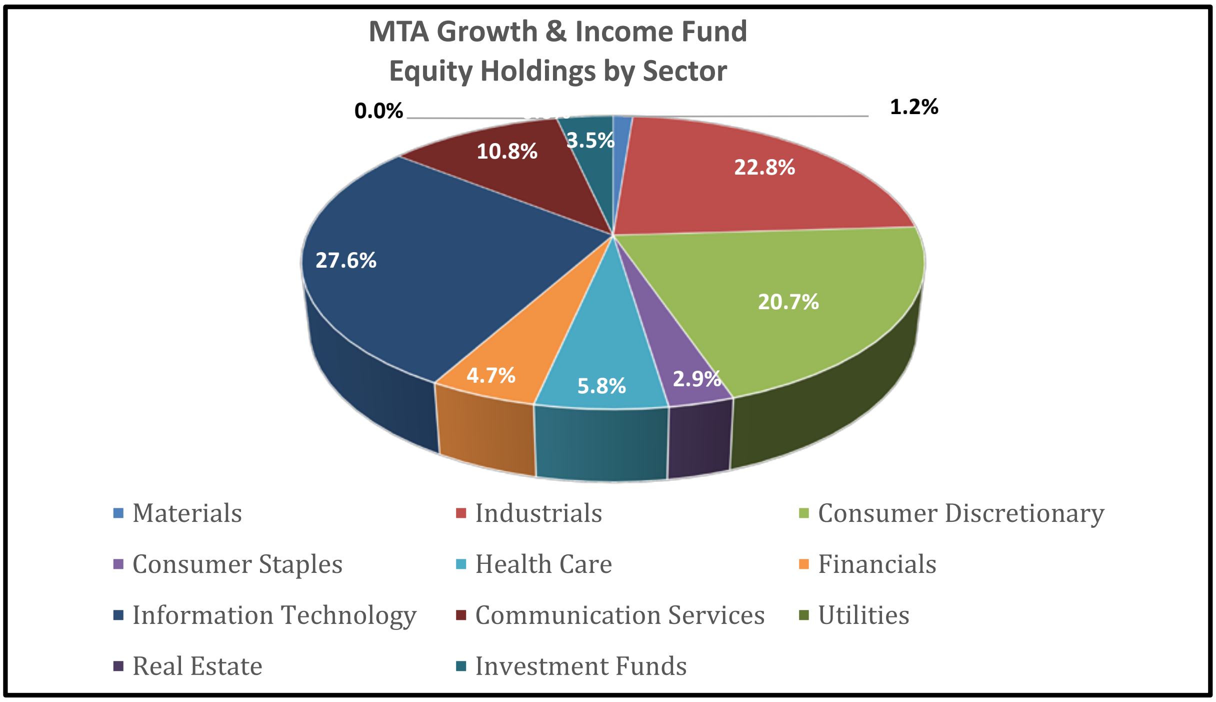
ESG Assessments include:

- Upstream risks related to a company's supply chain and natural resource usage.
- Operational risks related to a company's production and operational processes.
- Downstream impacts, positive and negative, from products and services sold.

The portfolio ESG assessment will give a more complete picture in time, as more companies are assessed, and disclosures improve. Currently, reliable data is available for larger companies, especially in North America and Europe.

Where data is available most of our holdings are rated highly by MSCI and mostly rate much higher than their industry peers.

The Growth & Income Fund's equity investments are listed in Appendix I, with the following pie-chart showing the Fund's sector breakdown on 30 June 2024.



MTA is confident that all its holdings comply with the Church's Responsible Investment Policy and expectations.

Board Membership

There were no changes to the Board during the 2024 financial year.

Appreciation

MTA thanks the Church for its continued support during 2024.

MTA also acknowledges the work of the staff of the Connexional Office seconded to the work of MTA.

Dave Johnston

David Johnston
Chair
Methodist Trust Association

Stephen Walker
Executive Officer
Methodist Trust Association

Appendix I Growth & Income Fund Equity Holdings at 30 June 2024

Region	Name	Sector	Industry	Holding	Market Value (NZD)	Weight
New Zealand	ArborGen Holdings	Materials	Materials	1,330,000	186,200	0.2%
New Zealand	Comvita Limited	Consumer Staples	Household & Personal Products	1,474,055	1,606,720	1.9%
New Zealand	EBOS	Health Care	Health Care Equipment & Services	39,253	1,264,732	1.5%
New Zealand	Fisher & Paykel Healthcare Corp Ltd	Health Care	Health Care Equipment & Services	26,550	798,624	1.0%
New Zealand	Ryman Healthcare Limited	Health Care	Health Care Equipment & Services	396,776	1,412,523	1.7%
New Zealand	The a2 Milk Company Ltd	Consumer Staples	Food, Beverage & Tobacco	108,087	767,418	0.9%
					6,036,216	**7.3%**
Australia	Brambles	Industrials	Commercial & Professional Services	71,000	1,130,491	1.4%
					1,130,491	**1.4%**
Europe	Husqvarna AB Series B	Industrials	Capital Goods	485,684	6,391,163	7.7%
Europe	Novonesis	Materials	Materials	8,200	823,945	1.0%
Europe	Temenos N Ord	Information Technology	Software & Services	24,250	2,744,364	3.3%
Europe	Tomra Systems Ord	Industrials	Capital Goods	207,920	4,081,668	4.9%
Europe	UBS Group AG	Financials	Financial Services	48,620	2,347,356	2.8%
Europe	Wise plc	Financials	Financial Services	110,402	1,560,651	1.9%
					17,949,147	**21.7%**
Americas	BionTech SE	Health Care	Pharmaceuticals, Biotechnology	3,550	468,053	0.6%
Americas	Garmin Ltd	Consumer Discretionary	Semiconductors & Semiconductor Equipment	4,620	1,234,931	1.5%
Americas	General Motors Co	Consumer Discretionary	Automobiles & Components	93,020	7,090,581	8.6%
Americas	Manhattan Associates Inc	Information Technology	Software & Services	5,580	2,260,106	2.7%
Americas	Microsoft	Information Technology	Software & Services	5,130	3,761,860	4.5%
Americas	MongoDB Inc	Information Technology	Software & Services	7,150	2,932,263	3.5%
Americas	Neurocrine Biosciences Inc	Health Care	Pharmaceuticals, Biotechnology	3,720	839,701	1.0%
Americas	New York Times Cl A	Communication Services	Media & Entertainment	69,401	5,831,050	7.0%
Americas	NICE Ltd	Information Technology	Software & Services	18,970	5,352,372	6.5%
Americas	Owens Corning Ord	Industrials	Capital Goods	9,940	2,833,104	3.4%
Americas	Palo Alto Networks, Inc. Common Stock	Information Technology	Software & Services	5,370	2,986,848	3.6%
Americas	Rocket Lab USA Inc	Industrials	Capital Goods	567,660	4,470,497	5.4%
Americas	Sabre Corporation	Consumer Discretionary	Consumer Services	776,922	3,397,042	4.1%
Americas	Shopify Cl A Sub VTG Ord	Information Technology	Software & Services	18,710	2,027,556	2.4%
Americas	Skyline Champion Corporation	Consumer Discretionary	Consumer Durables & Apparel	48,770	5,421,112	6.5%
Americas	Ziprecruiter CL A Ord	Communication Services	Media & Entertainment	207,637	3,096,670	3.7%
Americas	Zuora, Inc. Class A	Information Technology	Software & Services	48,341	787,574	1.0%
					54,791,318	**66.2%**
	Listed Equities				**79,907,173**	**96.5%**
New Zealand	Pioneer Capital Partners II	Investment Funds	Investment Funds	2,000,000	334,351	0.4%
New Zealand	Pioneer Capital Partners III	Investment Funds	Investment Funds	1,000,000	850,705	1.0%
New Zealand	Pioneer Capital Partners IV	Investment Funds	Investment Funds	1,500,000	795,192	1.0%
New Zealand	Kode Biotech Ltd	Investment Funds	Investment Funds	111,500	390,250	0.5%
New Zealand	Public Infrastructure Partners	Investment Funds	Investment Funds	1,000,000	529,660	0.6%
	Private Equity Funds				**2,900,158**	**3.5%**
	Total Equities				**82,807,330**	**100.0%**

Sector Summary	Weight
Energy	0.0%
Materials	1.2%
Industrials	22.8%
Consumer Discretionary	20.7%
Consumer Staples	2.9%
Health Care	5.8%
Financials	4.7%
Information Technology	27.6%
Communication Services	10.8%
Utilities	0.0%
Real Estate	0.0%
Investment Funds	3.5%
Total	**100.0%**

Industry Group	Weight
Materials	1.3%
Capital Goods	10.1%
Commercial & Professional Serv	1.4%
Automobiles & Components	8.0%
Consumer Durables & Apparel	4.4%
Retailing	1.1%
Food, Beverage & Tobacco	0.7%
Household & Personal Products	3.7%
Health Care Equipment & Servic	3.6%
Pharmaceuticals, Biotechnology	4.6%
Diversified Financials	1.6%
Software & Services	37.6%
Semiconductors & Semiconducto	5.2%
Media & Entertainment	10.0%
Utilities	1.5%
Real Estate	0.4%
Investment Funds	5.0%
Total	**100.0%**

Performance Report

New Zealand

Methodist Trust Association

30 June 2024

Table of Contents

Directory

BOARD OF TRUSTEES:

REGISTERED OFFICE:

50 Langdons Road
Papanui
Christchurch 8041

NATURE OF BUSINESS:

The Association is authorised to receive funds by way of deposits from groups under the general direction of the Conference of the Methodist Church of Aotearoa New Zealand, and to invest these funds in selected commercial investments for the benefit of its depositors. *(Section 10: 14.3.1 of the Laws and Regulation of the Methodist Church of New Zealand Te Hāhi Weteriana O Aotearoa*). The Association's business is to support the mission of the Methodist Church of New Zealand and therefore all of its income is distributed to its depositors, so they are better able to meet the mission of the Church.

REGISTRATION NUMBERS:

Charities Services Registration Number:	CC22846
Charitable Trust Registration Number:	212136

INDEPENDENT AUDITOR:

PKF Goldsmith Fox Audit Limited
Chartered Accountants
100 Moorhouse Ave
Christchurch

Statement of Service Performance

General

The New Zealand Methodist Trust Association was formally incorporated under the Charitable Trusts Act 1957 on the 23rd of August 1977. It is also known as the Methodist Trust Association or simply, the MTA.

History

Prevailing inflationary pressures in 1976 meant that the investments of many of the smaller Church Trusts were reducing in real value. A report from the Investment Board was presented to the Methodist Church of New Zealand Conference in 1976 that set out the investing arrangements within the Church at that time.

Conference recognised that there was a need to amalgamate the funds held by smaller trusts of the Church, to enable larger amounts of capital to be invested for better returns. The intention was to pool the resources of the Church and help the Church continue with its Mission within New Zealand.

The report recommended that the MTA be established, with the main objective being "to make secure and rewarding investments consistent with Christian ethics". Conference accepted this recommendation, and the Methodist Trust Association was registered in 1977.

There are a number of documents that the MTA uses to ensure that the objectives set out within its constitution, the Laws and Regulations of the Methodist Church of New Zealand and the Decisions of the Conference of the Methodist Church are adhered to.

The guiding documents include the Trust's:

- Constitution
- Statement of Investment Policies and Objectives (SIPO)
- Responsible Investment Policy
- Strategic Plan

Why Does the Methodist Trust Association Exist?

The primary objective of the Methodist Trust Association is to amalgamate available funds into a Common Fund and to invest those funds so that it provides an investment service to the Methodist Church of New Zealand. These funds, along with the net income earned on those invested funds are returned to depositors. The only equity that the MTA has is the reserve for building maintenance and a small amount of general reserves which represent undistributed income.

The MTA exists to receive monies which are ultimately the property of the Conference of the Methodist Church of New Zealand (the Church) and to collaboratively invest those funds for the benefit of the Church. The MTA does not receive deposits that are not ultimately the property of the Conference of the Methodist Church of New Zealand.

The MTA is by its nature and constitutional arrangements an internal investment fund for the Methodist Church of New Zealand. It is not therefore required to produce investment statements or prospectuses for intending depositors, as the MTA and the depositors are jointly and severally owned by the Conference of the Methodist Church of New Zealand.

The operation of the MTA is also governed by the Laws and Regulations of the Methodist Church of New Zealand and, where not inconsistent with New Zealand secular law, the MTA is required to follow these Laws and Regulations and relevant Conference decisions.

In addition, the MTA provides investment advice and guidance on responsible investment within the Methodist Church. The Board see this as an important role as the Methodist Church seeks to deal with many of the social issues affecting New Zealand and the world in which we live.

The MTA is a registered charitable trust under the provisions of the Charitable Trusts Act 1957 and is also a registered charity under the Charities Act 2005. The MTA functions at all times to maintain and protect its charitable nature and status.

What did the Methodist Trust Association do during the Year?

Depositor and Returns to Depositor Information

The following table outlines key information not found elsewhere within the Performance Report. This information provides context regarding who the MTA supports, and how that support is measured.

Key Measures	2024	2023
Total Number of Depositors	218	224
Total Number of Depositors Accounts	611	612
Total Amount of Depositors Funds	$321.6 million	$332.2 million
Increase (Decrease) to Depositors Funds (in dollars) from previous year	($10.6 million)	$18.6 million
Returns on the Income Fund (Income) – simple average	4.35%	3.92%
Returns on the Income Fund (Capital)	0.04%	(0.73%)
Returns on the Growth and Income Fund (Income)	2.43%	2.43%
Returns on the Growth and Income Fund (Capital)	(4.29%)%	8.46%
Income Distributions to Depositors	$10.9 million	$10.1 million
Capital Distributions to Depositors	($7.5) million	$12.4 million
All investments comply with the criteria detailed in the SIPO	Yes	Yes

Responsible Investment

The Methodist Trust Association's goal is to produce strong risk-adjusted returns that also align with the values and principles of the Church. Putting depositors' interests first requires the MTA to recognise and manage a wide range of global market risks and opportunities, including environmental, social and governance (ESG) factors and the impact that these factors may have on long-term investment returns.

To achieve this:

- ESG factors are integrated into the investment decision-making process, both as a source of risk mitigation and an opportunity for enhanced returns.
- Norm-Based Research is integrated into the investment decision-making process as an input to active ownership strategies.
- MTA employs values/ethical screens, to avoid certain companies and industries that do not align with the Church's values and standards.

MTA is a member of the Church Investors Group in the UK, which represents institutional investors from many mainstream Church denominations and church related charities, mainly based in the UK and Europe.

Meetings and discussions with the Church Investors Group are helpful in keeping the MTA up to date with developments in practice and thinking on Responsible Investment.

The Methodist Church of New Zealand contracted with Institutional Shareholder Services (ISS) in April 2022. ISS is a leading provider of corporate governance and responsible investment solutions, market intelligence, and fund services for institutional investors and corporations globally. ISS empowers investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics and insight. In the main materiality thresholds used in the exclusion screens are set at 5% of revenues but there are some funds where thresholds are set at different levels.

None of the companies that MTA owns appear on ISS' values, ethical or energy and extractives (coal, oil & gas) screens. ISS's norm-based research also doesn't flag any issues which concern MTA, for the companies MTA owns. The MTA Board is confident that all its holdings comply with the Church's Responsible Investment Policy and expectations.

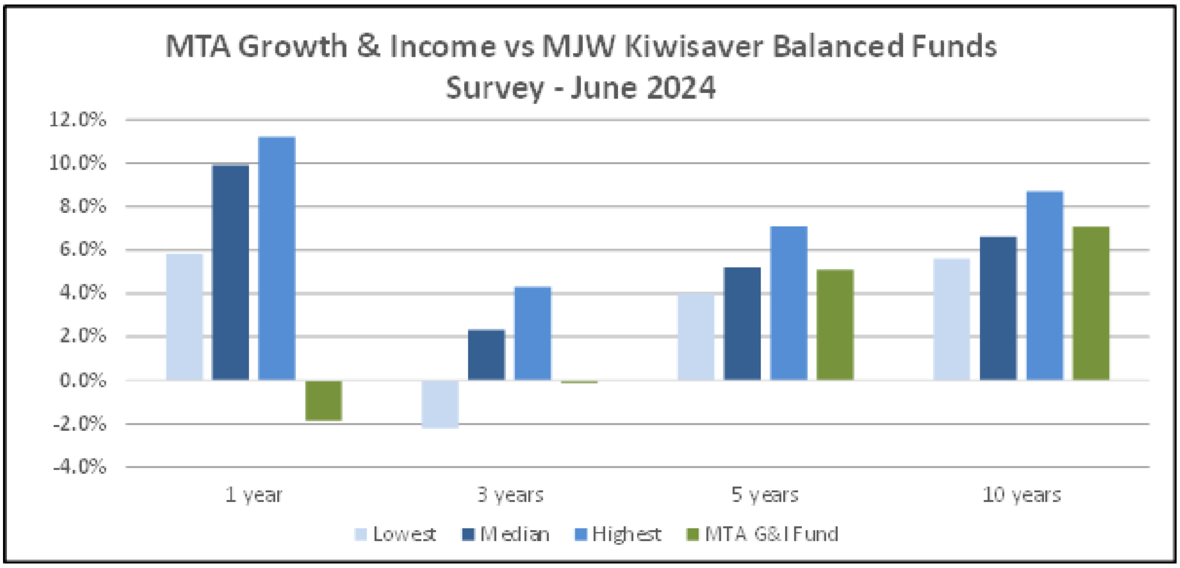
Investment Benchmarking

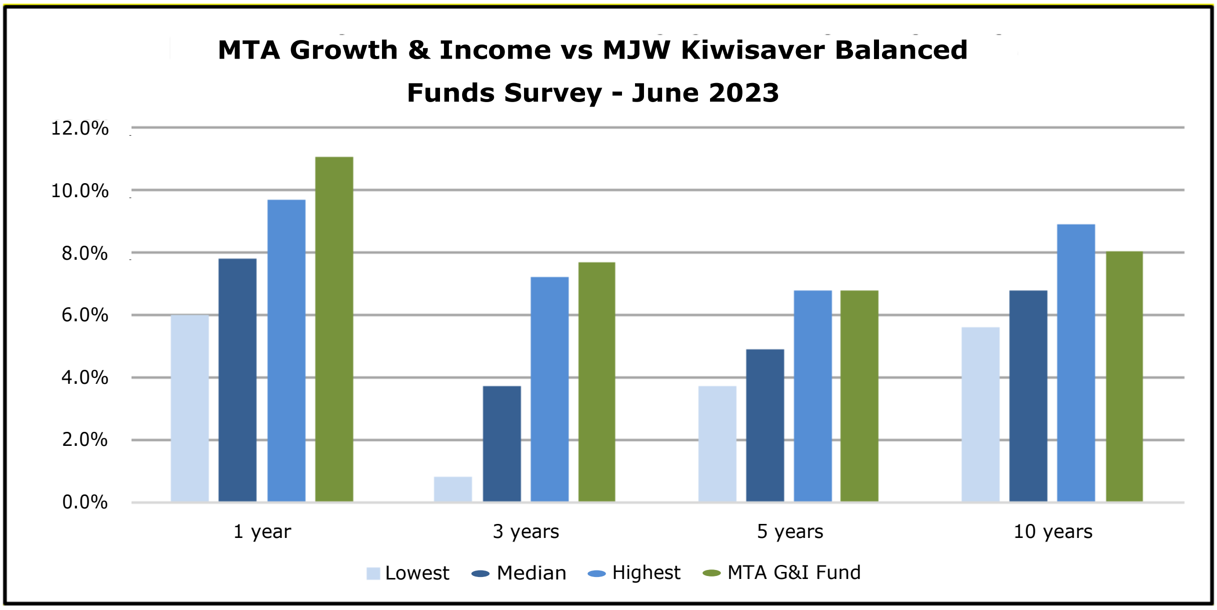
The MTA benchmarks its returns against a number of investment funds and in particular looks to compare itself to the Balanced Kiwi Saver funds, which have a similar asset allocation to the Growth and Income Fund.

The following charts, using returns from the Melville Jessup Weaver Return Survey which are used for comparative purposes. The same basis (the Melville Jessup Weaver Return has been used by the MTA in previous years).

In 2023 the Growth and Income Fund's returns were better than the highest performing survey funds for both the 1 and 3-year periods, while the 5-year return was level with the highest return. The ten year return has improved to now be well above the median survey fund's return.

In 2024 the MTA 1 and 3 year returns was well below the survey results with the 5 year returns at about the median returns while the 10 year returns are higher than the median.




MTA Growth & Income vs MJW Kiwisaver Balanced Funds Survey - June 2023
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
1 year
3 years
5 years
10 years
Lowest
Median
Highest
MTA G&I Fund

Methodist Church of New Zealand
Te Hāhi Weteriana O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the Year Ended 30 June 2024

	NOTES	2024	2023
REVENUE			
Dividends Received		700,932	908,125
Company Debenture Interest		5,887,572	5,315,584
Other Interest Received		2,035,061	1,462,520
Interest Received - Bank Deposits		131,580	120,797
Money Market Interest		246,213	180,511
Gross Rental Income		4,070,848	4,112,923
Realised Gains from Trading Activities	7	8,652,971	6,451,639
Unrealised Gains from Trading Activities	7	322,194	13,089,927
Other Revenue		150,000	137,832
TOTAL REVENUE		**22,197,372**	**31,779,859**
EXPENSES			
Management Fee Expense	5, 17	1,526,952	1,431,071
Rental Property Expenses		349,552	427,220
Realised Losses from Trading Activities	8	1,097,925	1,325,474
Unrealised Losses from Trading Activities	8	15,604,740	5,875,000
Other Expenses	6	220,054	223,809
TOTAL EXPENSES		**18,799,223**	**9,282,574**
SURPLUS ATTRIBUTABLE TO DEPOSITORS FOR THE PERIOD		**3,398,149**	**22,497,284**
LESS AMOUNTS DISTRIBUTED TO DEPOSITORS			
Capital Accretion Distributed	11,13	(7,530,786)	12,381,366
Income Distributed	11,13	10,934,085	10,110,878
TOTAL AMOUNTS DISTRIBUTED TO DEPOSITORS		**3,403,299**	**22,492,244**
TRANSFERRED TO (FROM) DEPOSITORS FUNDS		**(5,151)**	**5,042**

Methodist Church of New Zealand
Te Hāhi Weteriana O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

STATEMENT OF CHANGES IN TRUST FUNDS
For the Year Ended 30 June 2024

	NOTES	2024	2023
Building Maintenance Reserve	14		
Opening Balance 1 July		1,616,618	1,489,291
Increase (Decrease) in Building Maintenance Reserve		111,272	127,327
Closing Balance 30 June		1,727,890	1,616,618
Accumulated Comprehensive Revenue and Expenses	14		
Opening Balance 1 July		(8,502)	(13,544)
Increase (Decrease) in Accumulated Comprehensive Revenue and Expense		(5,151)	5,042
Closing Balance 30 June		(13,653)	(8,502)
Total of Trust Funds		**1,714,237**	**1,608,117**

Methodist Church of New Zealand
Te Hāhi Weteriana O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	NOTES	2024	2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	9	8,211,628	13,752,598
Receivables		256,172	10,809
Current Portion of Loans		1,573,000	-
Current Portion of Company Debentures		21,269,428	10,078,662
Accrued Dividends and Interest		943,724	810,846
Total Current Assets		**32,253,952**	**24,652,915**
Non-current Assets			
Shares		79,907,173	83,401,715
Company Debentures		125,227,578	137,997,888
Private Equity		3,429,700	3,464,050
Loans	15	19,249,254	26,231,419
Investment Property	8	64,150,000	66,500,000
Total Non-current Assets		**291,963,705**	**317,595,072**
TOTAL ASSETS		**324,217,656**	**342,247,987**
LIABILITIES			
Current Liabilities			
Creditors	9,15	655,700	7,913,314
Income Received in Advance		80,965	73,685
Other Financial Liabilities	10	156,116	478,311
Total Current Liabilities		**892,782**	**8,465,310**
Non Current Liabilities			
Amounts Due to Depositors (Depositors Funds)	11	321,610,638	332,174,560
Total Non Current Liabilities		**321,610,638**	**332,174,560**
TOTAL LIABILITIES		**322,503,419**	**340,639,870**
TOTAL NET ASSETS		**1,714,237**	**1,608,117**
TRUST EQUITY AND RESERVES			
Reserves		1,727,890	1,616,618
Accumulated Comprehensive Revenue and Expense		(13,653)	(8,502)
TOTAL TRUST EQUITY AND RESERVES		**1,714,237**	**1,608,117**

Signed by:
Dave Johnston
7FF4D8F3B96D41B...
Chairperson
21 October 2024

Signed by:
198299CAB00849B...
Secretary
21 October 2024

Methodist Church of New Zealand
Te Hāhi Weteriana O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

CASH FLOW STATEMENT
For the Year Ended 30 June 2024

	2024	2023
Cash flows from Operating Activities		
Receipts from Exchange Transactions		
Dividends Received	700,775	907,923
Company Debenture Interest	5,754,694	5,168,933
Other Interest Received	2,035,061	1,462,520
Interest Received - Bank Deposits	131,580	120,797
Money Market Interest	246,213	180,511
Gross Rental Income	4,078,128	4,154,085
Other Revenue	150,000	137,832
	13,096,451	12,132,601
Payments		
Management Fee Expense	1,502,982	1,489,731
Rental Property Expenses	246,060	300,086
Other Expenses	217,733	221,919
	1,966,775	2,011,736
Net Cash flows from Operating Activities	11,129,676	10,120,865
Cash Flows from Investing Activities		
Receipts from Investing Activities		
Shares	30,185,237	43,512,158
Company Debentures	24,948,122	25,326,181
Private Equity	-	1,412,184
Loans	20,282,165	2,792,253
	75,415,524	73,042,776
Payments		
Shares	38,637,871	21,579,533
Company Debentures	23,950,958	40,201,895
Loans	14,873,000	9,900,000
	77,563,670	71,681,428
Net Cash flows from Investing Activities	(2,148,146)	1,361,348
Cash Flows from Financing Activities		
Receipts		
From Depositors	50,456,780	40,574,501
	50,456,780	40,574,501
Payments		
Income and Capital Distributions to Depositors	1,682,913	2,446,054
Repayments to Depositors	63,296,366	44,509,498
	64,979,279	46,955,552
Net Cash flows from Financing Activities	(14,522,499)	(6,381,051)
Net Increase / (Decrease) in Cash	(5,540,969)	5,101,162
Opening Cash	13,752,598	8,651,436
Closing Cash	8,211,628	13,752,598
This is represented by:		
Cash and Cash Equivalents	8,211,628	13,752,598

Notes to the Financial Statements

1. Reporting Entity

The reporting entity is New Zealand Methodist Trust Association (the "MTA" or "Association"). The MTA is domiciled in New Zealand and is a charitable organisation registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

The financial statements comprising the MTA are presented for the year ended 30 June 2024.

These financial statements and the accompanying notes summarise the financial results of activities carried out by the MTA. The Association is authorised to receive funds by way of deposits from groups under the general direction of the Conference of the Methodist Church of Aotearoa New Zealand, and to invest these funds in selected commercial investments for the benefit of its depositors. Deposits from groups that are not under the general direction of the Conference will not be accepted.

These financial statements have been approved and were authorised for issue by the Board of Trustees on 21 October 2024.

2. Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, MTA is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability, and it is not defined as large.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3. Changes in Accounting Policy

No changes to the accounting policies have been applied in the preparation of the financial statements.

While not a change in accounting policy, the MTA has changed the reporting of Depositors Funds (see note 25 for further information).

4. Summary of Accounting Policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to these financial statements.

4.1 Basis of Measurement

These financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of investment properties, financial instruments and certain financial instruments measured at amortised cost.

4.2 Functional and Presentational Currency

The financial statements are presented in New Zealand dollars ($), which is the MTA's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Offshore balances in bank accounts are revalued into New Zealand dollars on balance date using exchange rates on balance date.

Purchases and sales of offshore investments are valued into New Zealand dollars on the day the transaction occurred. Investment balances are then revalued again on balance date.

4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the MTA 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 non-exchange transactions
The MTA does not derive any revenue from non-exchange transactions.

Revenue from exchange transactions

Interest and dividend revenue
Interest and dividend revenue is recognised as it accrues, using the effective interest method through the Statement of Comprehensive Revenue and Expense.

Rental Revenue
Rental revenue is recognised on a straight-line basis in the Statement of Comprehensive Revenue and Expense.

4.4 Financial Instruments

Financial assets and financial liabilities are recognised when the MTA becomes a party to the contractual provisions of the financial instrument.

The MTA derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the MTA has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the MTA has transferred substantially all the risks and rewards of the asset; or
- the MTA has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

(a) Financial assets

Financial assets within the scope of *PBE IPSAS 41 Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, or amortised cost financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The MTA's financial assets are classified as financial assets at fair value through surplus or deficit, or amortised cost financial assets.

The MTA's financial assets include cash and cash equivalents, loans and receivables, held-to-maturity investments, or held for trading financial assets.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

(b) Financial assets at fair value through the Statement of Comprehensive Revenue and Expense

Financial assets at fair value through the Statement of Comprehensive Revenue and Expense (also known as through "surplus or deficit") include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through the Statement of Comprehensive Revenue and Expense upon initial recognition. All derivative financial instruments fall into this category, except for those designated as hedging instruments or a derivative that is a financial guarantee contract. The MTA's investments in equities fall into the category of held for trading financial assets through the Statement of Comprehensive Revenue and Expense.

All financial assets including shares and overseas bank accounts held in foreign currencies are revalued on an annual basis at balance date. It is the MTA's policy to distribute such revaluations or devaluations to the accounts of the Income Fund and Growth and Income Fund depositors. In the event of a deposit being withdrawn, in total, net accretion distributions are reversed to deferred capital distributions and redistributed from realised capital profits as available. Realised capital profits are distributed as credits to Depositors and previous accretion revaluations thus realised are reversed from deferred capital distribution.

As it is the MTA's policy that at least 10% of maturing deposits be retained when depositors have funds in a Growth and Income deposit It is therefore highly unlikely that any depositors' accounts in Growth and Income would become overdrawn in the event of a capital decretion.

In respect to revaluations in the Income Fund, the policy of MTA is to take either in part or in full the revaluations or devaluations directly to the Statement of Comprehensive Revenue and Expense and distribute these to depositors. In the event of a deposit being withdrawn, in total, net accretion or decretion are added or deducted from other deposits held by the depositor.

The basis for determining Fair Value is as follows:

Shares/Venture Capital and Infrastructure
Fair values are established at balance date using prices quoted at balance date using active market prices.

This class of financial asset is normally held to maturity.

Investment Properties
Fair values are established at balance date by independent valuation by a registered valuer.

Other Financial Assets and Liabilities

Other Financial Assets and Liabilities relate to the MTAs hedging policies. Hedges in place as at balance date are recorded at fair value using exchange rates that would have applied if the hedges in place at balance date had been closed out.

(c) Company Debentures (Bonds)/Transferable Certificates/Government and Local Body Stock

Fixed income securities are carried at amortised cost. The business management model for these assets is to hold them to maturity.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The MTA's cash and cash equivalents and receivables from exchange transactions fall into this category of financial instruments.

(e) Expected Credit Loss (ECL) allowance

An expected credit loss (ECL) model is used to recognise and calculate impairment losses for all financial assets not classified as Fair Value through Surplus or Deficit (the Statement of Comprehensive Revenue and Expense) . The following financial assets that are measured at amortised cost are subject to the impairment provisions of PBE IPSAS 41 Financial Instruments:

- Cash and cash equivalents;
- Trade and other receivables;
- Listed and Unlisted fixed income securities carried at amortised cost, and
- Loans issued by the Association.

The impairment loss for cash and cash equivalents is considered immaterial.

The simplified approach to providing for ECL is applied to trade and other receivables and lease receivables. The simplified approach involves making a provision at an amount equal to lifetime expected credit losses. The allowance is assessed on a portfolio basis based on the number of days overdue and taking into account the historical loss experience and incorporating any external and future information.

The general model prescribed is adopted for individual financial assets or groups of financial assets held at amortised cost or FVOCRE. Applying the general model involves:

- Assessing whether there has been a significant increase in credit risk since initial recognition.
- Measuring 12-month ECL for assets not significantly deteriorated and lifetime ECL for assets that have significantly deteriorated or for which lifetime ECL is applicable.

The MTA's investments in listed and unlisted fixed income securities and loans receivable that meet the criteria for being classified as financial assets at amortised cost and which are therefore subject to the general ECL model.

The Association assesses these financial assets at each reporting date for any significant increase in the credit risk since initial recognition.

An asset is considered to have experienced significant credit deterioration if there has been a significant increase in credit risk since initial recognition, based on qualitative and quantitative factors, such as changes in credit ratings, financial condition of the borrower, and payment status.

The associations investments in listed and unlisted fixed income securities and loans receivables are considered to have low credit risk and/or the credit risk has not increased significantly since initial recognition.

As a result, the impairment loss recognised is limited to 12-month expected credit losses. The MTA considers these financial assets to have low credit risk because there is a low risk of default, and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date or a shorter period if the expected life of the financial asset is less than 12 months.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written-off when the MTA has no reasonable expectations of recovering a financial asset.

(f) Financial liabilities

The MTA's financial liabilities include trade and other creditors and depositors funds.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through the Statement of Comprehensive Revenue and Expense) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through the Statement of Comprehensive Revenue and Expense.

Trade and Other Creditors are unsecured and usually paid within 30 days of recognition.

4.5 Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.6 Short Term Investments

Short term investments comprise term deposits, company debentures (bonds) and loans which have a term of greater than three months and less than 12 months and therefore do not fall into the category of cash and cash equivalents.

4.7 Nature and Purpose of Reserves

The MTA creates and maintains reserves in terms of specific and general requirements.

Building Maintenance Reserve
A provision for maintenance has been calculated at 1% per annum on the original purchase cost of the buildings.

Undistributed Realised Capital Reserve

The MTA Board makes decisions from time to time to not fully distribute all of its realised capital reserves and hold them back for the following financial year. The Board makes decisions on the distribution of any realised capital reserves held at each quarterly distribution.

Undistributed Comprehensive Revenue and Expense for the Period

When the full amount of comprehensive revenue and expenses is not fully distributed to depositors in the current financial year, they are then made available in the following financial year for distribution.

4.8 Investment Properties

Investment properties are properties held either to earn rental Income or for capital appreciation or for both, but not for sale in the ordinary course of business, for supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. Investment properties acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Subsequent to initial recognition, investment properties are measured at fair value as determined by an independent registered valuer. Fair value is determined without any deductions for transaction costs that may be incurred on sale or other disposal. Any gain or losses arising from a change in the fair value of the investment property are recognised as a surplus or deficit in the period that it is incurred through the Statement of Comprehensive Revenue and Expense.

4.9 Significant Judgments and Estimates

In preparing the financial statements, the Board is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The MTA has based its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the MTA. Such changes are reflected in the assumptions when they occur.

The key significant judgements and estimates used in the preparation of these financial statements relate to the fair values estimated for investment properties (Note 10).

4.10 Income Tax

Due to its charitable status, the MTA is exempt from Income tax.

4.11 New standards, amendments and interpretations

The MTA is currently assessing the impact of or has implemented a number of new standards or amending standards issued by the External Reporting Board. At this time the MTA has no plans to early adopt them prior to the effective date issued by the External Reporting Board.

PBE IPSAS 1 Presentation of Financial Statements
Amendments were issued in May 2024 for the need to disclose audit firms services which will become effective for accounting periods on or after 1 January 2024. This amendment has been adopted.

PBE IFRS 17 Insurance Contracts
The MTA has assessed the effects of this Standard and has determined that it has no effect on these accounts or the operation of the MTA (effective from accounting periods on or after 1 January 2026).

2022 Omnibus Amendments to PBE Standards
These amendments are effective for reporting periods beginning on or after 1 January 2023 (early application permitted). The MTA has assessed the effect of this standards and has determined that it has no material effect on these accounts or the operation of the MTA.

5. Management Fee Expense

The Board of Administration administers the investments and provides other secretarial services to the MTA by the direction of Conference. The Board of Administration is paid a management fee for this work. The MTA deem the Board of Administration to be a related party, and further disclosures are made under Note 17. As at 30 June 2024 an amount of $381,738 was payable to the Board of Administration (also see notes 11 and 17).

6. Other Expenses

Corporate costs are shared between the funds using the amounts of the depositors' funds held at balance date. Shared corporate costs include:

	2024	2023
Investment Information Systems	46,901	47,231
Brokerage	76,177	82,174
Custody Security Services	53,900	51,605
Governance Expenses	9,750	9,000
Audit fee	16,500	14,750
Travel Costs	3,955	2,779
Subscriptions	3,837	169
Printing and Stationery Costs	2,907	7,826
Other Expenses	6,129	8,277
Totals	**220,054**	**223,809**

PKF Goldsmith Fox Audit Limited provides audit services to the MTA. PKF Goldsmith Fox Audit Limited does not provide any non-audit services to the MTA (2023:Nil). Also see note 15.

7. Realised and Unrealised Gains

Realised gains of $8,652,971 (2023:$6,451,639) consist of gains made in the trading of equities. Unrealised gains in 2024 of $322,194 consist of hedging gains while in 2023 unrealised gains of $13,089,928 consisted of gains in equities, exchange rates and hedging.

8. Realised and Unrealised Losses

Realised losses of $1,097,925 in 2024 consist of losses on bonds and hedging (2023:$1,325,474). Unrealised losses in 2024 of $15,604,741 included losses on equities, property and exchange rates (2023:$5,875,000-unrealised losses on property only).

9. Cash and Cash Equivalents

Part of cash and cash equivalents (2024: $37,763 – 2023: $455) includes the MTA's share of the common bank account held in the name of the Methodist Church of New Zealand – Board of Administration. This account is held with the Bank of New Zealand and is used for the operating transactions of the funds administered by the Connexional Office of the Board of Administration of the Methodist Church of New Zealand. The arrangement gives the Bank of New Zealand the right of offset over any balance.

The bank interest received by MTA through the banking arrangement is included in Other Interest Received in the Statement of Comprehensive Revenue and Expense for the year.

The MTA use an external custodian to hold most of its financial assets. The external custodian has cash accounts in the name of the MTA, and these are also included in cash and cash equivalents as the accounts are liquid and able to be drawn down within 30 days.

Included within Cash and Cash Equivalents are a number of overseas bank accounts. As at balance date an unrealised exchange losses of $39,733 was recognised (2023: $66,661 – Gain).

10. Investment Properties

	2024	2023
Great North and Newton Road, Auckland	$36,500,000	$39,000,000
Izone Drive, 30 Link Drive Rolleston, Christchurch	$27,650,000	$27,500,000
	$64,150,000	$66,500,000

Reconciliation between the carrying amounts of investment property at the beginning and end of the period:

Great North and Newton Road, Auckland

	2024	2023
Beginning Carrying Value	$39,000,000	$42,500,000
Net gains or (losses) from fair value adjustments	($2,500,000)	($3,500,000)
End of the Period Carrying Value	$36,500,000	$39,000,000

Izone Drive, 30 Link Drive Rolleston, Christchurch

	2024	2023
Beginning Carrying Value (MTA Share)	$27,500,000	$29,875,000
Net gains or (losses) from fair value adjustments	$150,000	($2,375,000)
End of the Period Carrying Value (MTA Share)	$27,650,000	$27,500,000

Valuations have been provided by:

Great North and Newton Road, Auckland

The valuation of this investment property as at 30 June 2024 was performed by Mr. S Keenan and Mr. G Tee of Savills New Zealand independent registered valuers from Savills New Zealand. Savills New Zealand are experienced valuers with extensive market knowledge in the types and location of investment property owned by the Trust.

The fair value of investment property has been determined using the capitalisation of net revenue and discounted cash flow methods. These methods are based on market evidence and use assumptions including future rental revenue, anticipated maintenance costs, and appropriate capitalisation or discount rates. The major assumptions made in the valuation report are:

Capitalisation of net revenue

- Net revenue, which takes into account future rental revenue and anticipated maintenance costs, ranges from $250 to $530 per square metre (2023: $180 to $440 per square metre) with the valuation adopting an estimated annual net market rent of $2,067,800 (2023: $2,067,800). An increase (decrease) in net revenue would increase (decrease) the fair value of investment property.
- Capitalisation rates range from 4.19% to 7.83% (2023: 4.50% to 9.00%) with the valuation adopting a capitalisation rate of 5.5% (2023: 5.13%). An increase (decrease) in the capitalisation rate would decrease (increase) the fair value of investment property.

Discounted Cashflows

- Discount rates range from 6.00% to 9.70%. (2023:4.50% to 9.00%) with the valuation adopting a discount rate of 8% (2023:7.50%). An increase (decrease) in the discount rate would decrease (increase) the fair value of investment property.

- Annual net market rent of $2,067,800 projected to grow by 2.68% for the 10 years projected cashflows.
- A total capital expenditure over the 10 years period of $568,685 ($87 per square metre) (2023: $583,439), whilst the total expenditure over the entire cashflow period (including the investment property's terminal value) was $607,259 ($91 per square metre) (2023: $622,625 - $95.61 per square metre)
- An estimated terminal yield of 5.63% (2023: 5.25%) to capitalise the terminal value of the investment property (being the estimated annual net market rent at end of year 10 of projected cashflows divided by the terminal yield).
- It is assumed that the investment property is sold at the beginning of year 11 at the terminal value calculated above. (2023: same assumption)
- Assuming 50% likelihood that existing tenants are retained, and a 12 month period for finding a new tenant if this does not happen, equating to loss of six months of rent in projected cashflows. (2023: same assumptions)
- Letting and agent fees are assumed to be 15% of the first year of lease gross income for new tenancy with 0% incentives offered to new tenants. (2023: same assumptions)

This investment property is tenanted by Auckland Auto Collection Limited trading as John Andrew Ford.

The last rent review was 1 March 2021 and then every five years on 1 March, with the next being 1 March 2026.

Izone Drive, 30 Link Drive Rolleston, Christchurch

The valuation of this investment property as at 30 June 2024 was performed by Mr. S. Ansley (Registered Valuer) and Grayson Papatua (Graduate Valuer) of CVAS (CHC) Limited trading as Colliers. Colliers are experienced valuers with extensive market knowledge in the types and location of investment property owned by the Trust.

The fair value of investment property has been determined using the capitalisation of net revenue and discounted cash flow methods. These methods are based on market evidence and use assumptions including future rental revenue, anticipated maintenance costs, and appropriate capitalisation or discount rates. The major assumptions made in the valuation report are:

<u>Capitalisation of net revenue</u>

- Net revenue, which takes into account future rental revenue and anticipated maintenance costs, ranges from $170 to $200 per square metre for office and amenities (2023: $245 to $270) and $95-$140 per square metre of warehouse accommodation (2023: $105 to $130 per square metre) with the valuation adopting an estimated annual net market rent of $4,654,632 (2023: $4,260,476). An increase (decrease) in net revenue would increase (decrease) the fair value of investment property.
- The market capitalisation ranges from 5.55% to 6.57%, however this range did not include local sales of similar scale and lease contractual arrangements with the valuation adopting a capitalisation rate of 8.25% (2023: 7.50%) to reflect the property specific characteristics in the valuation. An increase (decrease) in the capitalisation rate would decrease (increase) the fair value of investment property.
- This investment property annual rent was market reviewed in March 2024 to the market rent applied in the valuation. However, the tenant has disputed this new market rent and the parties are yet to resolve the rent payable from March 2024 until the next rent review in March 2027. To reflect the

potential impact of a market rent lower than the estimated market rent, the valuers have made an adjustment to the capitalised market value reducing it by $961,478 to reflect the impact of the parties agreeing a rent lower than the estimated market rent for the next three years. This equates to a 20% discount of the market annul rent, or an annual rent of $4,376,160 (also see Note 22).

Discounted Cashflows

- Discount rates range from 7.28% to 8.70%. (2023 6.78% to 9.04%) however this range did not include local sales of similar scale and lease contractual arrangements with the valuation adopting a capitalisation rate of with the valuation adopting a discount rate of 9.25% (2023:8.75%) to reflect the property specific characteristics in the valuation. An increase (decrease) in the discount rate would decrease (increase) the fair value of investment property.
- Annual net market rent of $4,376,160 projected to grow by 2.00% for the 10 years projected cashflows.
- A total capital expenditure over the 10 years period of $759,409 undiscounted (present value $496,419) (2023: $710,869/$478,580), whilst the total expenditure over the entire cashflow period (including the investment property's terminal value) was $900,216 undiscounted (present value $817,540) (2023: $871,933/$780,485)
- An estimated terminal yield of 8.5% (2023:8.125%) to capitalise the terminal value of the investment property (being the estimated annual net market rent at end of year 10 of projected cashflows divided by the terminal yield).
- It is assumed that the investment property is sold at the begging of year 11 at the terminal value calculated above. (2023: same assumption)
- Assuming 60% likelihood that existing tenants are retained, and a 12 month period for finding a new tenant if this does not happen, equating to loss of 4.8 months of rent in projected cashflows. (2023: same assumptions)
- Letting and agent fees are assumed to be 6.14% of the first year of lease gross income for new tenancy with 0% incentives offered to new tenants. (2023: same assumptions)

The MTA has a 50% holding in the property. The other 50% share is held by TIM Nominees Limited which is not related to the MTA or the Methodist Church.

This investment property is tenanted by The Warehouse South Island Distribution Centre. The Warehouse Limited has leased the property for a term of 10 years commencing 20 March 2017. The last rent review was in 2024. The next rent review will occur in 2027. Rents will increase based upon the lesser of Consumers Price Index or market rent. Modified ratchet provisions prevail also.

The contract rent review effective from 20 March 2024 is subject to unresolved differences as at balance date. The Tenant has disputed the MTAs notice but the tenant has yet to provide counter notice to the rent.

11. Creditors

An amount of $381,738 in Creditors represents Management Fees payable to the Board of Administration (2023 - $357,768). Also see Note 17.

As at balance date there were no unsettled purchases of investments (2023: $7,528,313).

No amounts were payable to depositors who closed their deposit account part way through the year but entitled to a distribution at the end of the financial year (2023: $0).

The balance in Creditors relate to other expenses accrued by the MTA that are made in the ordinary course of business.

12. Other Financial Assets/Liabilities

Currency profits and losses are accrued over each accounting year and recognised as part of the annual capital accretion/decretion calculation.

MTA hedges its foreign exchange exposures in respect of its offshore equity and bond investments. The hedging benchmark level for offshore equity is 50%, with hedging allowed within a range of 0-100% hedged. The hedging benchmark level for offshore bonds is 100%, with hedging allowed within a range of 95-105% hedged.

Foreign currency exposures are quantified by the best assessment of the actual exposure. For equities this will generally be each investment's functional reporting currency, *"the currency of the primary economic environment in which the entity operates"*.

The MTA uses forward exchange contracts to manage its foreign currency exposure. Changes in the fair value of the contracts are recorded in the surplus or deficit of the period (See the Statement of Comprehensive Revenue and Expense).

As at 30 June 2024 the MTA had a forward exchange contract with a fair value loss of $156,116 (2023 – $478,311-loss). The hedging contracts in place at balance date are as follows:

Fair Value of Hedging Contracts 30 June 2024

Purchase Date	Purchase Amount	Currency	Maturity Date	Gain (Loss)
31 May 2024	Buy $NZ694112.54 AT 0.9206	AUD	17 October 2024	(8,057)
31 May 2024	Buy $NZ291,9254.66 at 0.5635	EUR	17 October 2024	10,636
31 May 2024	Buy $NZ918,536.99 at 0.4812	GBP	17 October 2024	890
31 May 2024	Buy $NZ3,249,197.66 at 6.4499	SEK	17 October 2024	(16,601)
31 May 2024	Buy $NZ30,535,685.12 at 0.6123	USD	17 October 2024	(142,984)
			Total	**(156,116)**

Fair Value of Hedging Contracts 30 June 2023

Purchase Date	Purchase Amount	Currency	Maturity Date	Gain (Loss)
15 June 2023	Buy $NZ701,273.05 at 0.9204	AUD	28 September 2023	7,008
15 June 2023	Buy $NZ1,582,267.39 at 0.5615	EUR	28 September 2023	(25,920)
15 June 2023	Buy $NZ1,730,436.10 at 6.5636	NOK	28 September 2023	(4,585)
15 June 2023	Buy $NZ3,229,374.43 at 6.6174	SEK	28 September 2023	(293)
15 June 2023	Buy $NZ30,942,728.44 at 0.6126	USD	28 September 2023	(454,521)
			Total	**(478,311)**

Realised losses on hedging contracts for the 12 months ended 30 June 2024 amounted to $648,365 (2023 – $1,062,963 losses). Also Note 8.

13. Amounts Due to Depositors – Depositors Funds

Depositors in the MTA pool their funds so that the MTA is able to make investments. The balances in the Statement of Financial Position represent the amounts that the MTA would need to repay to depositors in the normal course of business as at balance date.

The movement during the year is accounted for as follows:

	2024	2023
Opening Balance	$332,174,560	$317,850,408
Add Income Distributions During the Year	$10,934,085	$10,110,878
Add/Minus Capital Distributions During the Year	($7,530,786)	$12,381,366
Add Increased deposits by Depositors	$50,456,188	$43,388,382
Less withdraws by Depositors	($64,423,409)	($51,556,474)
Closing Balance	**$321,610,638**	**$332,174,560**

14. Equity Reserves

Building Maintenance Reserve

	2024	2023
Opening Balance-Building Maintenance Reserve	$1,616,618	$1,489,291
Add Current Year's Provision	$127,328	$127,327
Less Building Maintenance Costs	($16,056)	-
Closing Balance-Building Maintenance Reserve	**$1,727,890**	**$1,616,618**

The building maintenance reserve has been calculated at 1% per annum on the original purchase cost of the buildings. The amount added to the reserve for 30 June 2024 was $127,328 (2023: $127,327). There was $16,056 of actual work costs undertaken on the John Andrew Ford building during the year (2023: $0).

Accumulated Comprehensive Revenue and Expenses

This account represents the amount of undistributed accumulated comprehensive revenue and expense that is carried forward at the end of the financial year and available for distribution to depositors in future periods. It is not held by the MTA for its own purposes.

15. Auditor's Remuneration

PKF Goldsmith Fox Audit Limited provides audit services to the MTA and is paid to provide those services.

Total amount recognised for as an audit expense is $16,500 (2023: $14,750). No non-audit services were provided by PKF Goldsmith Fox Audit Limited for the period ending 30 June 2024 (2023: Nil). Also see Note 6.

16. Distributions to Depositors

Distributions have been calculated on the basis of revenue derived from investments and revaluations of investments made by the Income Fund and the Growth and Income Fund less corporate expenses which are allocated pro-rata over both the Income Fund and the Growth and Income Fund. Corporate Expenses are allocated equally over the participants in Income Fund and also the Growth and Income Fund by using the amounts of the depositor's funds held at balance date.

17. Related Party Transactions

Conference of the Methodist Church of New Zealand

The MTA was constituted by resolution of the Conference of the Methodist Church of New Zealand to accept deposits from groups and organisations within the Methodist Church of New Zealand and to invest these funds in appropriate commercial investments. The MTA operates equitably on behalf of all depositors with substantially all annual net revenue paid to depositors by quarterly distribution.

Unless otherwise stated, all the entities recorded here as related parties report to the Conference of the Methodist Church of New Zealand. The New Zealand Methodist Trust Association also reports to the Conference of the Methodist Church and this link establishes a related party transaction.

PACT 2086 Trust

The MTA has commonality of control with the PACT 2086 Trust, due to shared Board Members. PACT 2086 Trust is a depositor of the MTA. The amount of those deposits at balance date was $99,201 (2023:$104,592). Its depositors are treated no differently to any other deposit.

Board of Administration, Methodist Church of New Zealand

Both the Board of Administration and the MTA were constituted by Conference. The MTA therefore believes that transactions that are material and significant to the MTA should be disclosed to the users of the financial statements.

Management Fee Expense

The calculation of the management fee paid to the Board of Administration was agreed by the MTA in July 2022 as a fixed amount. The agreed amount for the 12 months ending 30 June 2024 was $1,526,952 (2023 - $1,431,071). The management fee is to be adjusted from 1 July by the Consumer Price Index issued by StatsNZ for the 12 months ending 31 March. The management fee expense on the Income Funds is charged at 6.00% (2023 7.00%) of rental and other investment income with the balance of the annual management fee expense charged to the Growth and Income Fund. This Management Fee is paid to the Board of Administration, Methodist Church of New Zealand (also see Note 5 and 11).

Loan

In September 2016 a loan facility was put in place between MTA and the Board of Administration to help fund the development of the Board of Administration's Connexional Office and Archives Building in Papanui, Christchurch. This was rolled over by the MTA in 2024 until 2028. The total amount that may be advanced to the Board of Administration is $2,200,000 plus interest. To secure the loan, the MTA has a registered mortgage over the land and buildings at 50 and 54 Langdons Road, Papanui, Christchurch. As at balance date, the amount outstanding on the loan was $2,085,953 (2023: $2,102,612).

Other Methodist Church Entities - Loans
All the investment loans that the MTA have on their balance sheet relate to entities that report to or are under the control of the Conference of the Methodist Church of New Zealand. While these entities do not meet the formal definition of a related part under *PBE IPSAS 20 - Related Party Disclosures*, the MTA has disclosed its commitments for loans under Note 20.

Leonard Knight Limited
As at balance date, David Johnston is the Chairperson of the MTA. He is also the Managing Director of Leonard Knight Limited, a chartered accountancy firm located in Auckland. MTA made payments of $9,000 to Leonard Knight Limited (2023: $9,000). Leonard Knight Limited have not provided any accounting or audit services to the MTA.

No other trustee of MTA is paid a remuneration.

18. Key Management Personnel

The key management personnel are classified as:

- Members of the governing body (Board of Trustees);
- Senior Management Group, responsible for reporting to the governing body.

David Johnston is the current Chairperson (also see Note 17 regarding payments made to Leonard Knight Limited).

No close members of the family of any of the key management personnel have received payments or remuneration.

No individual member of key management personnel or close family members of the key management personnel have been advanced a loan or have a loan outstanding either during the reporting period or at year end.

The Board does receive key management personnel services from the Board of Administration Methodist Church of New Zealand. The MTA have assessed the Board of Administration as a related party and have disclosed in Note 17. The management fee expense disclosed in Note 17 includes key management personnel services but not as a separate identifiable amount and therefore the aggregate remuneration cannot be calculated.

The aggregate remuneration paid and the number of persons (measured in full-time-equivalents (FTE's) for Senior Management Group) receiving remuneration is as follows:

	2024	2023
Number of Individuals (FTEs)	1.0	1.0

19. Financial Assets – Credit, Liquidity, Interest Rate Risks

Credit Risk:
Financial assets which potentially subject the MTA to credit risk principally consist of bank balances, investments and other receivables.

Liquidity Risk:
Liquidity risk is the risk that the MTA may encounter difficulty in raising funds to meet its financial commitments as they fall due. The MTA has internal procedures in place to manage such risk.

Interest Rate Risk:
Interest rates have a material effect on the performance of the MTA as its main objective is to earn revenue from investments. The MTA is subject to fluctuations in interest rates on term deposits and company debentures and uses short term and long-term investment strategies to minimise the impact to the MTA.

At balance date, the MTA's financial instruments are subject to the following interest rate fluctuations:

	Interest Rate Yield		**Interest Rate Review Period**
	2024	**2023**	
Deposits on Call	5.00%	3.72%	Simple annual average floating daily rate
Debentures/Bonds	0.73% to 6.19%	0.73% to 6.22%	Fixed to maturity (Yields)

Liabilities (Depositors Funds)	**2024**	**2023**
Income Fund	4.29% to 4.38%	(3.55% to 4.26%) quarterly
Growth and Income Fund	2.21% to 2.60%	(1.89% to 2.87%) quarterly

The liabilities to depositors exclude the capital accretion distributions made to depositors in the June distributions and only reflects income distributions made.

Fair Values
The carrying amounts of financial assets are considered to be fair value for all the MTA's financial assets, except for Company Debenture and other fixed income securities at amortised cost. The fair value of these assets at 30 June 2024 was $142,486,346 (2023:$139,863,006).

20. Capital Commitments

The MTA has approved a loan to the Board of Administration of the Methodist Church of New Zealand of up to $2,200,000 for five years secured by a second mortgage over property at 50 and 54 Langdons Road, Christchurch (CT 684673 and 684674) in May 2022. This was a rollover of an existing loan that had expired. As at balance date $2,085,953 (2023: $2,102,612) was payable by the Board of Administration (also see Note 17).

In March 2023 the MTA had approved a loan to the Grafton Downs Limited of up to $15,000,000 for two years secured by a first mortgage over property at 173 Sim Road, Paerata, Auckland (title reference NA847/276). During the year ending 30 June 2023 the loan was drawn down to the value of $7,400,000 but

$1,173,000 was further advanced during the year ending 30 June 2024 and $7,000,000 repaid during that year with a balance outstanding as at 30 June 2024 of $1,573,000 (2023:$7,400,000 (also see Note 17).

The MTA has approved a loan to the Airedale Property Trust of up to $13,000,000 for five years secured by a first mortgage over on all the land in NA 48C/1002 being Lot 1 DP73772 and Lot 9 DP22201. As at 30 June 2024 the whole of the loan was fully paid (2023: $13,000,000).

The MTA has approved a loan to the Everil Orr Village Holdings Limited of up to $13,000,000 for three years from the date of the first drawdown (being December 2023) secured by a mortgage over on all the land in NA 48C/1002 being Lot 1 DP73772 and Lot 9 DP22201. As at 30 June 2024 the whole of the loan had been fully drawn down. Airedale Property Trust holds 100% of the shares in Everil Orr Village Holdings Limited.

The MTA has approved two loans to Wesley Wellington Mission Incorporated. One loan is up to $5,700,000 for twenty five years secured by a first mortgage over property at 249 Rata Street, Naenae, Lower Hutt (title reference WN715/22. As at balance date $3,019,961 (2023: $3,228,807) was payable by Wesley Wellington Mission Incorporated. The second loan is up to $2,700,000 for five years from the date of the first down (expiry date of June 2028) secured by a mortgage over property at 249 Rata Street, Naenae, Lower Hutt (title reference WN715/22. As at balance date $1,143,023 (2023: $500,000) had been drawn down (also see Note 15).

21. Contingent Assets and Liabilities

There are no contingent assets or liabilities at the reporting date. (2023: $Nil).

22. Events after the Reporting Date

The valuer for the IZone Drive investment property (see Note 10, page 19) noted that the market rent for the property was due for review in March 2024 and that the tenant had disputed the new market rent. At balance date that dispute remained unresolved. On 15 October 2024 the MTA received a lump sum amount for the arrears of the difference between the new market rent and the rent that had been in place prior to 31 March 2024. However, as at the date of signing of these accounts the MTA has not received written confirmation that the dispute has been resolved or settled.

23. Description of Funds

Income Fund

This fund primarily holds investments where the focus is on investment yield however it does hold an investment in a property held for long term income purposes.

Growth and Income Fund

This fund holds a mixture of investments whose primary focus is on growth but with some income.

24. Going Concern

These financial statements have been prepared on a going concern basis. The MTA currently enjoys the support of and is reliant on its depositors and the Conference of the Methodist Church of New Zealand in order to carry out its charitable work within the Methodist Church of New Zealand. The Board of the MTA have conducted an appraisal of ability to continue into the foreseeable future and the Board believes that the MTA will be able to meet its financial and regulatory obligations for the foreseeable future and that the going concern assumption adopted in the preparation of these financial statements is appropriate.

25. Other Information

As the MTA is a Fund of the depositors the net assets of MTA belong to the depositors. The MTA financial statements, as presented, do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the MTA be unable to continue as a going concern and meets its debts as and when they fall due as the Board believes that this is highly unlikely as an outcome.

There are no other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the MTA.

The MTA changed its classification of Depositors Funds from being part of the Net Equity to Non Current Liabilities on the Statement of Financial Position. It did this on the basis that Depositors Funds are not funds of the MTA but an obligation to repay depositors at some future time.

PKF Goldsmith Fox Audit

INDEPENDENT AUDITOR'S REPORT

To the Trustees of the New Zealand Methodist Trust Association

Report on the Audit of the Financial Statements and Service Performance Information

Opinion

We have audited the performance report of the New Zealand Methodist Trust Association (the "Association"), which comprise the financial statements on pages 6 to 27, and the service performance information on pages 2 to 5. The complete set of financial statements comprise the statement of financial position as at 30 June 2024, and the statement of comprehensive revenue and expenses, statement of changes in trust funds, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements and statement of service performance present fairly, in all material respects:

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

in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime ('PBE IPSAS RDR') issued by the New Zealand Accounting Standards Board.

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees those matters which we are required to state to them in the 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 Trustees, as a body, for our audit procedures, for this report, or for the opinion we have formed.

Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information* (NZ). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Service Performance Information* section of our report.

We are independent of the Association 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 Association.

Trustees' Responsibilities for the Financial Statements and Service Performance Information

The Trustees are responsible on behalf of the Association for:

a) The preparation and fair presentation of the financial statements and statement of service performance in accordance with PBE IPSAS RDR;

b) Service performance criteria that are suitable in order to prepare service performance information in accordance with PBE IPSAS RDR; and

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

In preparing the financial statements, the Trustees are responsible, on behalf of the Trust, for assessing the Association'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 Trustees either intend to liquidate the Trust or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements and Service Performance Information
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole and the 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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the service performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial statements and the service performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain an understanding of the process applied by the Association to select what and how to report its service performance.
- Evaluate whether the service performance criteria are suitable so as to result in service performance information that is in accordance with PBE IPSAS RDR.
- Evaluate the overall presentation, structure, content of the financial statements and statement of service performance and whether the financial statements and statement of service performance represents the underlying transactions, events and service performance information in accordance with PBE IPSAS RDR in a manner that achieves fair presentation.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Goldsmith Fox Audit.

PKF Goldsmith Fox Audit Limited

Christchurch, New Zealand

21 October 2024