CHRISTIAN SAVINGS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 August 2023

CHRISTIAN SAVINGS LIMITED

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For the year ended 31 August 2023

Contents

CHRISTIAN SAVINGS LIMITED

DIRECTORY

Charity number	CC47731	
Company number	3499912	
Date of incorporation	18 August 2011	
Registered office and principal place of business	55 Hugo Johnston Drive, Penrose, Auckland (on 10th October 2023, moved to Level 3, 12 Heather Street, Parnell, Auckland)	
Principal activities	Receive deposits and finance property for Christian churches and other Christian organisations.	
Directors	Graham Shaw	James Stewart
	Glenn Teal	John McDougall
	Steven Moe	Kim Thibault
	John Roberts	Jenny Collings (Appointed 18 October 2023)
Bankers	ANZ Bank New Zealand Limited	
	ASB Bank Limited	
	Bank of New Zealand	
Solicitors	Anthony Harper	
	Parry Field Lawyers	
	Buddle Findlay	
Auditor	RSM Hayes Audit Level 1, 1 Broadway Newmarket, Auckland	
Trustee	Public Trust	

CHRISTIAN SAVINGS LIMITED

DIRECTORS' REPORT AND STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

For the year ended 31 August 2023

DIRECTORS' REPORT

The Board of Directors present their annual report including the financial statements of Christian Savings Limited (the "Company") for the year ended 31 August 2023 and the independent auditor's report thereon. The shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993, whereby pursuant to a decision of the shareholders of the Company who together hold at least 95% of the voting shares, they have agreed not to comply with paragraphs (a) and (e) to (j) of section 211(1) or section 211(2) of the Act.

STATEMENT OF RESPONSIBILITY

The Board of Directors is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

The Board of Directors is also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial statements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of duties and authority. Nothing has come to the attention of the Board of Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board of Directors to indicate that the Company will not remain as a going concern in the foreseeable future.

In the opinion of the Directors:

- the Statement of Comprehensive Income is drawn up so as to present fairly, in all material aspects, the financial result for the year ended 31 August 2023;
- the Statement of Changes in Equity is drawn up so as to present fairly, in all material respects, the changes for the year ended 31 August 2023;
- the Statement of Financial Position is drawn up so as to present fairly, in all material respects, the state of affairs as at 31 August 2023;
- the Statement of Cash Flows is drawn up so as to present fairly, in all material respects, the cash flows for the year ended 31 August 2023; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed on behalf of the Board of Directors:

DIRECTOR	DIRECTOR
14 November 2023	14 November 2023
DATE	DATE

CHRISTIAN SAVINGS LIMITED

Statement of Comprehensive Income

For the year ended 31 August 2023

	Note	Annual 31/08/2023 $000	Annual 31/08/2022 $000
Interest revenue	**6**	15,975	9,886
Other revenue		343	302
Total revenue		**16,318**	**10,188**
Finance costs	**7b**	(9,249)	(4,001)
Net margin		**7,069**	**6,187**
Expenses			
Employee benefits	**7a**	(1,821)	(1,344)
Reversal of/(provision for) credit loss		(130)	146
Depreciation and amortisation	**14**	(145)	(108)
Audit fees	**7c**	(97)	(83)
General expenses	**7d**	(1,272)	(987)
Total expenses		**(3,465)**	**(2,376)**
Other losses			
Gain on disposal of property, plant and equipment		16	-
Loss on disposal of equity investment	**18**	(37)	-
Profit for the year		**3,583**	**3,811**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**3,583**	**3,811**

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CHRISTIAN SAVINGS LIMITED

Statement of Changes in Equity

For the year ended 31 August 2023

	Note	Issued capital $000	Retained earnings $000	Total equity $000
As at 1 September 2021		**27,428**	**3,802**	**31,231**
Profit for the year		-	3,811	3,811
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**3,811**	**3,811**
New ordinary shares issued	**17**	610	-	610
Dividends paid	**17**	-	(680)	(680)
Total transactions with owners		**610**	**(680)**	**(70)**
At 31 August 2022		**28,038**	**6,933**	**34,971**
As at 1 September 2022		**28,038**	**6,933**	**34,971**
Profit for the year		-	3,583	3,583
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**3,583**	**3,583**
New ordinary shares issued	**17**	657	-	657
Dividends paid	**17**	-	(1,979)	(1,979)
Total transactions with owners		**657**	**(1,979)**	**(1,322)**
At 31 August 2023		**28,695**	**8,537**	**37,232**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CHRISTIAN SAVINGS LIMITED

Statement of Financial Position

As at 31 August 2023

	Note	31/08/2023 $000	31/08/2022 $000
Assets			
Cash and cash equivalents	8	38,530	60,011
Term deposits held with banks	9	-	9,000
Interest bearing loans	10,11	248,861	211,113
Interest receivable	12	617	405
Other receivables and prepayments	12	56	33
Investments in bonds	13	4,389	4,400
Investment in equity	18	360	495
Property, plant and equipment	14	295	292
Total Assets		**293,108**	**285,749**
Liabilities			
Deposits	16	252,487	248,636
Payables	15	3,389	2,142
Total Liabilities		**255,876**	**250,778**
NET ASSETS		**37,232**	**34,971**
Equity			
Issued capital	17	28,695	28,038
Retained earnings		8,537	6,933
TOTAL EQUITY		**37,232**	**34,971**

Signed on behalf of the Board of Directors:

DIRECTOR

DIRECTOR

14 November 2023

DATE

14 November 2023

DATE

The Statement of Financial Position should be read in conjunction with the accompanying notes.

CHRISTIAN SAVINGS LIMITED

Statement of Cash Flows

For the year ended 31 August 2023

	Note	Annual 31/08/2023 $000	Annual 31/08/2022 $000
Cash flows from operating activities			
Interest received		15,712	9,720
Other revenue		222	431
Payments to suppliers		(1,011)	(1,045)
Payments to directors and employees		(1,870)	(1,372)
Grants, contributions and sponsorships paid		(58)	(43)
Finance costs		(7,833)	(3,394)
Net cash flows from operating activities	**19**	**5,162**	**4,297**
Cash flows from investing activities			
Net sale/(purchase) of investments		97	(397)
Net decrease/(increase) in term deposits with other financial institutions		9,000	18,000
Proceeds from sale of property, plant and equipment		54	1
Purchase of property, plant and equipment		(185)	(76)
Net advances to borrowers		(37,815)	(26,619)
Net cash flows from investing activities		**(28,849)**	**(9,091)**
Cash flows from financing activities			
Issue of ordinary shares		100	610
Proceeds from depositors		3,850	41,242
Net (decrease)/increase in depositor funds not yet processed		(321)	321
Dividends paid		(1,423)	(680)
Net cash flows from financing activities		**2,206**	**41,493**
Net increase/(decrease) in cash and cash equivalents held		**(21,481)**	**36,699**
Cash and cash equivalents held at beginning of year		60,011	23,312
Cash and cash equivalents held at end of year	**8**	**38,530**	**60,011**

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

STATEMENT OF ACCOUNTING POLICIES:

1 CORPORATE INFORMATION

The financial report of Christian Savings Limited (the "Company") for the year ended 31 August 2023 was authorised for issue in accordance with a resolution of the Directors on the date indicated on page 2.

The address of the registered office and principal place of business during the year was 55 Hugo Johnston Drive, Penrose, Auckland 1061, and then was moved to Level 3, 12 Heather Street, Parnell, Auckland. The nature of operations and principal business activities are to receive deposits and finance property for Christian churches and other Christian organisations.

The Company is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013.

2 BASIS OF PREPARATION

a) Statement of Compliance - The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with the New Zealand International Financial Reporting Standards (NZ IFRS), as appropriate for Tier 1 for-profit entities.

b) Measurement basis - The financial statements have been prepared on an historical cost basis.

c) Functional and presentation currency - The financial statements are presented in New Zealand dollars, which is the functional currency of the Company. All values are rounded to the nearest thousand dollars ($000). There has been no change to the functional currency during the year.

d) Changes in accounting policy - The Company previously applied Public Benefit Entity Standards for financial reporting purposes. As a result of assessing that the entity is "for-profit" for financial reporting purposes, given current dividend policy, the Company has qualified and elected to adopt the Tier 1 for-profit framework, being NZ IFRS, for the year ended 31 August 2023. NZ IFRS 1 has been applied in adopting the NZ IFRS accounting framework in the 2023 year, however no material measurement or recognition differences arose on transition to NZ IFRS. Terminology and disclosures have been amended where appropriate to align with NZ IFRS.

3 a) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

b) Investments and Other Financial Assets

Classification of financial assets

The Company classifies its financial assets as subsequently measured at amortised cost, based on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is classified as measured at amortised cost only if both the following conditions are met:
- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Recognition and measurement

Regular purchase and sale of financial assets were recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through Other Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets at amortised cost

Financial assets at amortised cost comprise trade receivables, other receivables (excluding prepayments), cash and cash equivalents, loans and advances and investment in bonds. These are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current.

c) Financial liabilities

Financial liabilities are recognised when an obligation arises and derecognised when it is discharged, cancelled or expired. Financial liabilities are initially recognised at fair value less transaction costs, except where they are designated at fair value, in which case transaction costs are expensed as incurred.

The Company's financial liabilities include deposits and payables.

The Company classified its financial liabilities as subsequently measured at amortised cost, as it has no held for trading or derivatives financial liabilities.

d) Impairment of Financial Assets

The Company applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost. Such assets may move through the following three stages based on their change in credit quality since their initial recognition:

Stage 1: 12 months ECL (Stage 1)
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL - not credit impaired (Stage 2)
For credit exposure where there has been a significant increase in credit risk since initial recognition, but that are not credit impaired, a lifetime ECL is recognised. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Stage 3: Lifetime ECL - credit impaired (Stage 3)
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Assessment of significant increases in credit risk
At each reporting date, the Company assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the expected life between that of the reporting date to that of the date of initial recognition.

The Company assesses whether the credit risk on a financial asset has increased significantly on an individual and collective basis. For the purposes of collective evaluation, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, date of initial recognition, remaining term to maturity, geographical location of the borrower and other relevant factors.

In determining what constitutes a significant increase in credit risk, the management has considered reasonable and supportable quantitative and qualitative information. For the majority of the portfolio, a significant increase in credit risk occurs when the past due arrears are over 30 days.

Subsequent improvement in credit quality
If, in a subsequent reporting period, the credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for credit losses reverts from full lifetime ECL to 12-months ECL.

Measurement of expected credit losses
The estimated amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Company and all the cash flows that the Company expects to receive. The amount of the loss is recognised using a provision for credit loss allowance.

The Company considers its historical loss experience and adjusts this for current observable data. In addition, the Company uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. The Company assesses a range of macroeconomic factors, which include, but are not limited to, unemployment, interest rates, gross domestic product, inflation and property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Collective assessment of credit loss allowances
For collective assessed provisions, expected credit losses are estimated based on the probability of default, loss given default, and the anticipated exposure at default.

Default
In defining default for the purposes of determining the risk of a default occurring, the Company applies a default definition consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers qualitative indicators when appropriate.

The probability of default ("PD")
This estimates the likelihood of default occurring (either over the lifetime of the financial instrument, or within 12 months from reporting period).

Exposure at default ("EAD")
An estimate of the exposure at a future default date, taking into account expected changes in the exposure after reporting date - for instance due to available borrowing facilities.

Loss given default ("LGD")
This is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including cash flows expected from collateral and other credit enhancements.

For credit-impaired financial assets that are assessed on an individual basis, a discounted cash flow calculation will be performed and consider multiple cash flow scenarios. However, no loans have been recognised in this category.

Write-off of financial assets
Financial assets (and the related impairment allowances) will be written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. No loans have been written off in the current and preceding periods.

Purchased or originated credit impaired assets
The Company has not purchased or originated credit impaired assets during the current reporting period.

e) Foreign Currencies
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

f) Income Tax
The Company is exempt from income tax due to its charitable status. Accordingly, no provision has been made for income tax.

g) Goods and Services Tax
All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

Effective from 1 September 2017, under section 20F of the Goods and Services Tax Act 1985 the Company elected to be subject to sections 11A (1) (q) and (r) and 20C of the Act.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

4 New Accounting Standards and Interpretations

There were no new accounting standards, interpretation or amendments to publish standards that were not yet in effect and that haven’t been applied that will have a material impact on future reporting disclosures, measurement and recognition requirements.

5 FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise cash and cash equivalents, term deposits with banks, investments in publicly traded bonds and community bonds, loans and advances, payables and interest bearing financial liabilities.

The Company does not have any significant exposure to equity or commodity price risk.

The principal financial risks faced by the Company are credit risk, liquidity risk and interest rate risk, which are described in the remainder of this note. Since all the Company's activities are conducted in New Zealand and denominated in New Zealand Dollars, there is no exposure to currency risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk Management Programme

The Directors have overall responsibility for the establishment, oversight and ongoing compliance of the Company's risk management programme. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies also minimise any potential adverse effects of the risks it faces on financial performance. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products, services offered and emerging best practice.

Capital Management

The Company's capital is its equity, which comprises issued capital and retained earnings. When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain the security of the depositors' funds by maintaining an adequate capital level. The Directors monitor the capital on a monthly basis.

(a) Master Trust Deed Requirements

To meet the requirements of the Financial Markets Conduct Act 2013 ("the Act"), a Trust Deed was entered into on 24 August 2017. Public Trust was appointed as the Supervisor on 28 February 2020 (and prior to that, Sargon (NZ) Limited) to act in the best interests of the holders of debt securities by monitoring the compliance by the Company of its obligations, its Rules, the Master Trust Deed and applicable laws. In addition, Public Trust monitors the compliance of the following key ratios:

	31 August 2023	**31 August 2022**
Capital Ratio	14.2%	14.7%
Minimum capital ratio as per the trust deed.	8% with a credit rating; 10% without a credit rating	8% with a credit rating; 10% without a credit rating
Minimum capital ratio that must be set out in the trust deed under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.	8% with a credit rating; 10% without a credit rating	8% with a credit rating; 10% without a credit rating

The capital ratio is a measure of the extent to which the Company is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer financial assets the Company has to absorb unexpected losses arising out of its business activities.

	31 August 2023	31 August 2022
Related Party Exposures		
Aggregate exposure to related parties as calculated under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.	7.7%	5.5%
Maximum limit on aggregate exposures to related parties under the trust deed.	15% of capital	15% of capital
Maximum limit on aggregate exposures to related parties under trust deed that must be included under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.	15%	15%

Related party exposures are financial exposures that the Company has to related parties. A related party is an entity that is related to the Company through common control or some other connection that may give the party influence over the Company (or the Company over the related party). These related parties include, for example, loans to the church that our Directors or senior managers are or are closely related to officers of that church. Further detail is provided in Note 11.

	31 August 2023	31 August 2022
Liquidity Ratio		
Liquidity ratio calculated in accordance with the trust deed.	2.74:1	3.24:1
Minimum liquidity ratio requirements under the trust deed.	1.10:1	1.10:1

Liquidity requirements help to ensure that the Company has sufficient realisable assets on hand to pay its debts as they become due in the ordinary course of business. Failure to comply with liquidity requirements may mean that the Company is unable to repay investors on time, and may indicate other financial problems in its business.

The Company granted a security interest to Public Trust as it's supervisor, to secure our payment obligations under the deposits, over all present and after-acquired personal and real property.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to cash flow risks to its financial instruments due to the effects of fluctuations in the prevailing levels of market interest rates.

The Company manages interest rate risk in a number of ways as follows:

(i) Interest Rate Risk Management Process

Management reviews market interest rates being charged and adjusts its own rates accordingly for both Deposits and Loan Receivables in order to maintain expected internal rates of return.

(ii) Concentrations of Interest Rate Exposure and Maturities

Management endeavour to match the Company's term of borrowings against the profile of maturing assets. Where shortfalls are identified they are met from existing cash holdings. Borrowings issued at fixed rates expose the Company to cash flow interest rate risk.

(iii) Interest Rate Sensitivity Analysis

The interest bearing financial assets and financial liabilities of the Company are subject to interest rate changes and alterations. The sensitivity of these assets and liabilities to 1.0% movement in the interest rate risk on the Company's financial position and results arising from the interest rate risk is disclosed on page 16.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting payment obligations associated with its financial liabilities when they fall due. It includes the risk that the Company may have insufficient liquid funds, or may not be able to raise sufficient funds at short notice, to meet its payment obligations associated with financial liabilities when they fall due. This situation can arise if there is a significant mismatch of its financial assets and financial liabilities.

(i) Liquidity Risk Management

The Company manages liquidity risk in a number of ways. Management reviews cash flow forecast information in order to ensure contractual cash outflows can be met from current resources, facilities and expected cash inflows. This is done on a regular basis.

(ii) Concentrations of Liquidity Exposure

Sources of liquidity are regularly reviewed by management to maintain an appropriate diversification by provider, product and term. The Company's sources of funds are equity and depositor funds.

Maturity profile

The contractual cash flows presented below may differ significantly from actual cash flows. This occurs as a result of future actions by the Company and its counterparties, such as early or overdue repayments or refinancing of term loans and borrowings. Deposits and other public borrowings include customer term deposits and transactional accounts, which are at call. History demonstrates that such accounts provide a stable source of long term funding for the Company. The Company does not manage its liquidity risk on a contractual liquidity basis.

As at 31 August 2023	Note	On demand $000	0-6 months $000	7-12 months $000	13-24 months $000	25-60 months $000	+61 months $000	Total $000
Financial assets								
Cash and cash equivalents	5.61%	38,530	-	-	-	-	-	38,530
Investment in bonds	2.38%	-	50	50	1,090	1,798	1,899	4,887
Interest bearing loans	6.86%	-	25,166	26,792	29,623	74,441	292,153	448,175
Receivables		673	-	-	-	-	-	673
Total financial assets		39,203	25,216	26,842	30,713	76,239	294,052	492,265
Financial liabilities								
Deposits	4.85%	13,782	140,652	76,131	22,501	7,618	-	260,684
Payables		3,389	-	-	-	-	-	3,389
Total financial liabilities		17,171	140,652	76,131	22,501	7,618	-	264,073

As at 31 August 2022		On demand $000	0-6 months $000	7-12 months $000	13-24 months $000	25-60 months $000	+61 months $000	Total $000
Financial assets								
Cash and cash equivalents	3.02%	50,924	9,110	-	-	-	-	60,034
Term deposits held with banks	3.02%	-	9,054	-	-	-	-	9,054
Investment in bonds	2.33%	-	50	50	102	2,282	2,445	4,929
Interest bearing loans	5.02%	-	19,313	12,724	29,036	57,284	210,852	329,209
Receivables		438	-	-	-	-	-	438
Total financial assets		51,362	37,527	12,774	29,138	59,566	213,297	403,664
Financial liabilities								
Deposits	2.50%	13,241	143,773	60,212	28,336	8,463	-	254,025
Payables		2,142	-	-	-	-	-	2,142
Total financial liabilities		15,383	143,773	60,212	28,336	8,463	-	256,167

Note = Weighted average interest rate

The Company is unable to reliably estimate the expected maturity of the depositors funds as they are regularly rolled over. The average reinvestment rate for the last 12 months is approximately 83% (August 2022: approximately 84%), which is expected to enable any liquidity gap to be managed.

Interest rate repricing profile

The tables below summarise the Company's exposure to interest rate repricing risk. It includes the financial instruments at their carrying amounts, categorised by the time period of contractual re-pricing.

As at 31 August 2023	Not interest bearing	0-3 months	4-6 months	7-12 months	13-24 months	25-60 months	+61 months	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets								
Cash and cash equivalents	-	38,530	-	-	-	-	-	38,530
Investment in bonds	-	-	-	-	1,000	1,570	1,819	4,389
Interest bearing loans	-	90,838	36,787	46,327	73,497	1,406	6	248,861
Receivables	673	-	-	-	-	-	-	673
Total financial assets	673	129,368	36,787	46,327	74,497	2,976	1,825	292,453
Financial liabilities								
Deposits	1,496	90,105	60,250	72,701	21,303	6,632	-	252,487
Payables	3,389	-	-	-	-	-	-	3,389
Total financial liabilities	4,885	90,105	60,250	72,701	21,303	6,632	-	255,876

As at 31 August 2022	Not interest bearing	0-3 months	4-6 months	7-12 months	13-24 months	25-60 months	+61 months	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets								
Cash and cash equivalents	-	60,011	-	-	-	-	-	60,011
Term deposits held with banks	-	8,000	1,000	-	-	-	-	9,000
Investment in bonds	-	-	-	-	-	2,072	2,328	4,400
Interest bearing loans	-	78,256	21,839	33,740	75,121	2,138	19	211,113
Receivables	438	-	-	-	-	-	-	438
Total financial assets	438	146,267	22,839	33,740	75,121	4,210	2,347	284,962
Financial liabilities								
Deposits	1,523	95,602	59,481	58,105	26,407	7,519	-	248,637
Payables	2,142	-	-	-	-	-	-	2,142
Total financial liabilities	3,665	95,602	59,481	58,105	26,407	7,519	-	250,779

Interest rate risk sensitivity

The table below summarises the sensitivity of financial assets and liabilities to a 1.0% movement in interest rates on the Company's financial position and results. The carrying value of the assets and liabilities were used as the basis for the analysis and financial modelling was used to determine the impact on interest income of possible changes in rates.

As at 31 August 2023

	Carrying amounts $000	-1.0% impact on surplus and equity $000	+1.0% impact on surplus and equity $000
Financial assets			
Cash and cash equivalents	38,530	(385)	385
Investment in bonds	4,389	-	-
Interest bearing loans	248,861	(1,143)	1,143
Receivables	673	-	-
Total financial assets	292,453	(1,528)	1,528
Financial liabilities			
Deposits	252,487	1,165	(1,165)
Payables	3,389	-	-
Total financial liabilities	255,876	1,165	(1,165)
Total increase/(decrease)		(363)	363

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. The Company's assets that are subject to credit risk are short term bank deposits, loans and advances and other assets.

(i) Credit risk management process

The Company manages credit risk in a number of ways as follows:

- Seeking collateral or security over the loans and advances. In the normal course of business, the Company is exposed to credit risk from loans and advances. Security for such receivables is generally mortgages over real property taken under the Property Law Act 2007. Every application is subject to an approval process. When lending is over $5 million, this is subject to final approval and ratification by a Lending Committee of 3 Directors.

- Other financial instruments subject to credit risk include bank balances (cash and cash equivalents). This risk is mitigated through the placement of these funds with financial institutions that have a strong credit rating.

- Monitoring loans on a regular basis for debt recoverability.

(ii) Concentrations of credit exposure

The Company has provided funding for 409 loans to Christian churches and Christian affiliated organisations and a small number of individuals as at 31 August 2023 (2022: 395 loans).

At balance date $37.4 million was held with the ANZ Bank New Zealand Limited (2022: $47.4 million).

The 2 largest borrowers together comprise 16% of the Gross Finance Receivables (2022: 17%).

Significant exposures to inidividual counterparties and groups of closesly related counterparties:

	31/08/2023	31/08/2022
Loans and advances		
- Representing more than 10% but less than 20% of equity	5	9
- Representing more than 20% but less than 30% of equity	5	2
- Representing more than 30% but less than 40% of equity	1	1
- Representing more than 40% but less than 50% of equity	2	1
- Representing more than 50% but less than 60% of equity	0	1
- Representing more than 60% but less than 70% of equity	1	0

RSM

Sector and geographic concentrations of receivables

	31/08/2023 $000	%	31/08/2022 $000	%
Christian churches	146,750	58.9%	131,754	62.4%
Community and wellbeing care services	39,481	15.9%	28,608	13.5%
Housing providers	24,517	9.8%	20,944	9.9%
Education services	18,852	7.6%	14,085	6.7%
Other	19,447	7.8%	15,778	7.5%
	249,047	100.0%	211,169	100.0%

Most loans and advances are to Christian churches, which usually refer to entities with a building for the primary purposes and activities of Christian worship, gathering, etc. Most Christian churches are registered on the Charities Register. Community and wellbeing care services include charities that primarily provide community care, residential care, retirement villages, etc. Housing providers are providers whose primary purposes and activities are to provide community housing or affordable housing, regardless of whether being a registered community housing provider or not on the Community Housing Regulatory Authority (CHRA). Most community housing organisations are also charities on the Charities Register. Education services include early childhood care, primary and higher education.

Apart from the above sector classifications, all other charities and non-charities are classified under "Other", considering the significance of the balance.

	31/08/2023 $000	%	31/08/2022 $000	%
Auckland/Northland	134,777	54.1%	117,712	55.7%
Bay of Plenty	6,419	2.6%	4,232	2.0%
Canterbury/Westland	31,927	12.8%	30,155	14.3%
Central Districts	7,778	3.1%	7,654	3.6%
Otago/Southland	8,542	3.4%	7,129	3.4%
Top of the South *	13,972	5.6%	10,430	4.9%
Waikato	26,412	10.6%	18,629	8.8%
Wellington	19,220	7.7%	15,228	7.2%
	249,047	100.0%	211,169	100.0%

* Top of the South includes the Tasman, Nelson and Marlborough regions.

6 REVENUE

	31/08/2023 $000	31/08/2022 $000
Interest Revenue		
Interest Income (bonds)	88	85
Interest Income (customer loans)	13,831	8,938
Interest Income (bank deposits)	2,056	863
	15,975	9,886

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

(i) Interest
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(ii) Services
Revenue from the rendering of services is recognised upon performance of the services to the customers.

7 EXPENSES

	31/08/2023 $000	31/08/2022 $000
(a) Employee benefit expenses		
Wages and salaries	(1,683)	(1,305)
Kiwisaver	(41)	(38)
Contractors	(58)	-
Other employee benefit expenses	(39)	(1)
	(1,821)	(1,344)
(b) Finance costs		
Fees incurred	(17)	(12)
Interest expenses	(9,232)	(3,989)
	(9,249)	(4,001)
(c) Audit fees		
Audit of financial statements	(48)	(42)
Audit of interim financial statements	(47)	(40)
Other services		
- Audit of series of depositor registers	(2)	(1)
	(97)	(83)
(d) General expenses		
Lease expenses	(101)	(66)
Other administration expenses	(1,171)	(921)
	(1,272)	(987)

8 CASH AND CASH EQUIVALENTS

	Interest rates	31/08/2023 $000	31/08/2022 $000
Cash at bank	Nil - 5.70%	38,530	50,924
Short term bank deposits	N/A	-	9,087
		38,530	60,011

Recognition and Measurement

Cash at bank and short term deposits earn interest at fixed and floating rates. The carrying amounts of cash at bank and short term deposits represent fair value. There are no restrictions on the cash and cash equivalent balances.

Cash and cash equivalents in the statement of financial position comprise cash at bank, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

9 TERM DEPOSITS HELD WITH BANKS

	31/08/2023 $000	31/08/2022 $000
Bank term deposits	-	9,000
	-	9,000

Recognition and Measurement
The short term bank deposits earn interest at fixed rates for the term of the deposit. The fair value of the above deposits approximates the recorded amounts as at the reporting dates.

Maturity analysis		
Between 3 and 12 months	-	9,000
	-	9,000

10 INTEREST BEARING LOANS

	31/08/2023 $000	31/08/2022 $000
Gross loans and advances	249,047	211,169
Collective credit loss provision	(186)	(56)
Interest bearing loans	248,861	211,113

The gross interest bearing loans are analysed as follows:

Current	34,786	21,326
Non-current	214,261	189,843
	249,047	211,169

The loan-to-value ratio is based on the latest valuation data provided to the Company, which generally is at the time of loan origination / renewal / review.

	31/08/2023 $000	31/08/2022 $000
Loan to value ratio of less than 60%	214,591	178,744
Loan to value ratio of between 60% and 80%	34,017	31,922
Loan to value ratio of more than 80%	383	400
Car Loans	56	103
	249,047	211,169

The loans and advances are summarised as follows:

Loans without a significant increase in credit risk ("Stage 1")

Not past due	247,577	210,989
Past due 1 - 30 days	813	180
Past due 31 - 60 days	24*	-
Provision for credit loss	(172)	(56)
	248,242	211,113

*The loans past due 31 - 60 days was $24,632 and owed by one customer at 31 August 2023. Although the overdue amount of $770 was past due over 30 days, it has been communicated between both parties and is expected to be fully repaid before it's past due more than 90 days, therefore the loan is considered to be without significant increase in credit risk.

Loans with a significant increase in credit risk ("Stage 2")

Past due - more than 180 days	633*	-
Provision for credit loss	(14)	-
	619	-

*The outstanding loan was fully repaid subsequent to balance date.

The table below shows the movement in provision for expected credit loss.

Year ended 31 August 2023	**Collective provision 12-months ECL**	**Collective provision lifetime ECL - significant increase in credit risk**	**Total**
Balance at beginning of year	(56)	-	(56)
Debit to profit or loss	(116)	(14)	(130)
Balance at end of year	(172)	(14)	(186)

Year ended 31 August 2022	**Collective provision 12-months ECL**	**Collective provision lifetime ECL - significant increase in credit risk**	**Total**
Balance at beginning of year	(201)	-	(201)
Credit to profit or loss	145	-	145
Balance at end of year	(56)	-	(56)

The Company does not apply internal credit ratings to its loan portfolio.

The movement in the credit loss provision in 2023 was primarily as a result of the net growth in the interest bearing loans and an overlay for inflation and cost of living pressures during the year that has been added to reflect the current economic conditions. The management regularly reviews the loan provisioning and makes any necessary adjustments where needed.

Movement in gross loans and advances during the year is below.

	31/08/2023 $000	**31/08/2022 $000**
Balance at beginning of year	211,169	184,550
Add		
New loans to new clients	9,028	24,933
New loans to existing clients	30,924	42,751
Interest capitalised	63	4
Less		
Net lending / (repayments) on existing facilities	(2,137)	(41,069)
Balance at end of year	249,047	211,169

Credit quality - security

	31/08/2023 $000	31/08/2022 $000
Secured by first mortgage over property assets	247,991	211,066
Secured by second mortgage over property assets	-	-
Secured over (general / specific) assets registered under the Personal Property Securities Act 1999	1,056	103
	249,047	211,169

Recognition and Measurement

Interest bearing loans are carried at amortised cost using the effective interest method. Gains or losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are disclosed as non-current in the notes.

The Company primarily provides loans to Christian churches and Christian related organisations subject to a mortgage registered against the property concerned. Loans approved at balance date, but not yet drawn totalled $10,692,000, rounded to the nearest thousand dollars (August 2022: $31,005,000). The loans and advances are made to organisations that are non-rated by an external rating agency.

The Directors are not aware of any reason for concern regarding the quality of the net loans and advances. No loans have been considered to be in impairment during the current financial year.

Use of judgement - collective credit loss provision consideration:

A collective provision of $185,790 (August 2022: $55,919) was recognised as at year end in consideration of the forecast changes in unemployment rates and gross domestic production in New Zealand. A total of $7,410,270 (August 2022: $1,323,511) of loans were restructured to a period of interest only or reduced repayments at 31 August 2023, while assessing the impact of the current financial environment on their organisation.

Other than the collective provision for impairment outlined above, management do not consider there is a requirement for any further impairment provision. This results from loans being secured by a mortgage registered against the property concerned, and low loan to value ratio's imposed for both commercial and residential lending. Please see note 11 for details on the related party loans.

The other terms and conditions for the loans and advances are:

- Variable interest rates currently range from 7.90% to 10.00% (August 2022: 5.44% to 7.29%). The interest rates are subject to review by the Company and are benchmarked against the residential variable rates offered by the five main trading banks in New Zealand.

11 RELATED PARTY TRANSACTIONS

The Company does not have an immediate controlling entity due to no individual shareholder holding over 50 percent of the ordinary shares.

The Baptist Union of New Zealand is determined to be the ultimate controlling entity for financial reporting purposes. This is on the premise that it controls Baptist Savings Trust Board (largest shareholder), among other minority Baptist shareholding entities, with an aggregate shareholding of 44.9% (August 2022: 45.6%). Deposits from the Baptist Union are included under 11(d) below.

(a) Key management and personnel compensation

Key management and personnel compensation for the year ended 31 August 2023, and the year ended 31 August 2022 are set out below. The key management personnel are all the Directors of the Company and the Senior Management with the greatest authority for the strategic direction and management of the Company. The Directors of the Company receive remuneration for their services as Directors (from the current year, Nil as at August 2022) and receive reimbursement for out of pocket expenses.

	31/08/2023 $000	**31/08/2022 $000**
Senior management remuneration	555	488
Directors' fees	72	-

(b) Other transactions with key management personnel

Parry Field Lawyers provided legal and consulting services of $5,990 to the Company during the year (August 2022: $15,150). Steven Moe is a Director of the Company and a Partner with Parry Field Lawyers.

Gemelli Consulting Limited provided financial and consulting services of $25,774 to the Company during the year (August 2022: $14,250). James Stewart is a Director of the Company and Gemelli Consulting Limited.

On the 5th of July 2022, the Company invested in a 10% share of Money Sweet Spot Limited for $360,000. James Stewart is a Director of the Company and Money Sweet Spot Limited.

Deposits from key management personnel and persons or entities closely related to them amounted to $6,294,050 (August 2022: $1,162,924). Interest paid during the year was $20,449 (August 2022: $11,763).

There were no other transactions with key management personnel or entities relating to them, other than the transactions set out above.

(c) Interest bearing loans to related parties

	Relationship	**Type of balance**	**31/08/2023 $000**	**31/08/2022 $000**
Bethlehem Baptist Church	Close family member of officer	Secured Loan	1,045	1,096
Canterbury-Westland Baptist Association	Subsidiary of ultimate controlling entity	Secured Loan	230	-
Baptist Union of New Zealand	Ultimate controlling entity	Secured Loan	1,000	-
Tabernacle Seismic Strengthening Trust	Common officer	Secured Loan	-	198
Wellington Central Baptist Church	Common officer	Secured Loan	551	597
Total loans to related parties			**2,826**	**1,891**

Interest earned from the above loans to related parties amounted to $166,237 during the year (August 2022: $87,294).

These loans are not past due and not impaired.

(d) Transactions with the controlling entities

	Relationship	Type of balance	31/08/2023 $000	31/08/2022 $000
Baptist Union of New Zealand	Ultimate controlling entity	Deposits	1,551	1,115
Baptist Savings Trust Board	Subsidiary of ultimate controlling entity	Deposits	203	303

Deposits from entities controlled by the Baptist Union of New Zealand (BU, trading as Baptist Churches of New Zealand) amounted to $15,258,918 (August 2022: $15,603,320) plus accrued interest of $214,232. Interest paid on the deposits amounted to $457,291 (August 2022: $209,405).

(e) Transactions with investees

	Type of Transaction	31/08/2023 $000	31/08/2022 $000
Community Funding Limited Partnership	Management fee revenue[1]	-	13
Community Funding Limited Partnership	Deposits held	-	188
Money Sweet Spot Limited	Marketing materials cost reimbursement	-	10

On 31 July 2023 the Company sold its shareholding in Community Funding Limited Partnership (Community Funding LP). Therefore, the latter ceased to be an associate on 31 July 2023.

[1] During the period the Company provided operational support services to Community Funding LP, which included financial accounting, legal services and management support services. A service level agreement and management fee is in place between the Company and Community Funding LP for these services.

12 RECEIVABLES

	31/08/2023 $000	31/08/2022 $000
Interest receivable	617	405
GST receivable	9	6
Trade receivables	17	0
Prepayments	30	27
	673	438

Recognition & Measurement
Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms of between 30 and 90 days. Due to their short term nature, they are not discounted. Collectability of trade receivables is assessed on an ongoing basis. Please see "impairment of financial assets" for details.

13 INVESTMENTS IN BONDS

	31/08/2023 $000	31/08/2022 $000
Investment in Community Bond	1,000	1,000
Investments in publicly traded bonds	2,068	2,072
Investments in wholesale bonds	1,321	1,328
	4,389	4,400

Recognition & Measurement
The bonds are held at amortised cost, as they are held with the intention of collecting cashflows solely from principal and interest.

14 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 August 2023	Software Capitalised $000	Leasehold Improvements $000	Motor Vehicles $000	Computer Equipment $000	Furniture and Fittings $000	Total $000
At beginning of the year	186	174	156	40	30	586
Additions	-	-	164	21	-	185
Disposals	-	-	(100)	(21)	-	(121)
	186	174	220	40	30	650
Accumulated depreciation						
At beginning of the year	80	117	60	21	16	294
Charge for the year	37	49	41	14	4	145
Eliminated on disposal	-	-	(63)	(21)	-	(84)
	117	166	38	14	20	355
Carrying amount						
At 1 September 2022	106	57	96	19	14	292
At 31 August 2023	69	8	182	26	10	295

Year ended 31 August 2022	**Software Capitalised $000**	**Leasehold Improvements $000**	**Motor Vehicles $000**	**Computer Equipment $000**	**Furniture and Fittings $000**	**Total $000**
At beginning of the year	186	174	100	26	30	516
Additions	-	-	56	20	-	76
Disposals	-	-	-	(6)	-	(6)
	186	174	156	40	30	586
Accumulated depreciation						
At beginning of the year	42	95	29	13	12	191
Charge for the year	38	22	31	14	4	108
Eliminated on disposal	-	-	-	(6)	-	(6)
	80	117	60	21	16	294
Carrying amount						
At 1 September 2021	144	79	71	13	18	325
At 31 August 2022	106	57	96	19	14	292

Recognition and Measurement

All plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. The cost includes costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated on a straight-line basis over the estimated life of the assets as follows:

Leasehold improvements	8 years
Vehicles	4-5 years
Furniture and fittings	2-8 years
Computer equipment	3-4 years
Software capitalised	5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the statement of revenue and expense.

Software capitalised acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Software capitalised are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for software capitalised with a finite useful life are reviewed annually, and the amortisation expense is recognised in the profit and loss in the expense category consistent with the asset's function.

15 PAYABLES

	31/08/2023	31/08/2022
	$000	$000
Trade creditors and accruals	294	126
Accrued interest on deposits	2,743	1,328
Employee entitlements	96	73
Withholding Tax	116	51
Deferred contribution from landlord	5	9
Deferred income	135	234
Other	-	321
	3,389	2,142

Trade payables generally have terms of 30 days and are interest free. They are of a short duration and are not discounted.

Recognition and Measurement
Trade and other payables are carried at amortised cost, and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid.

Wages and salaries and annual leave liability for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of reporting date are recognised in respect of employees' services rendered up to reporting date and measured at amounts expected to be paid when the liabilities are settled.

Other liabilities comprise of amounts due that do not bear interest and are repayable within 12 months from reporting date.

16 DEPOSITS

Deposits placed with the Company were made for the following terms:

	31/08/2023	31/08/2022
	$000	$000
On Call	13,782	13,119
Less than one year	210,449	200,841
One year to two years	21,308	27,037
Two years and over	6,948	7,639
	252,487	248,636

Interest rates range from zero to 6.20% p.a. (August 2022: zero to 4.80%). The policy for managing liquidity risk is described in note 5(c).

The deposits are analysed as follows:

Current	224,231	213,960
Non-current	28,256	34,676
	252,487	248,636

Sector and geographic concentrations of deposits

	31/08/2023 $000	%	31/08/2022 $000	%
Household	128,495	50.9%	120,503	48.5%
Christian churches	39,639	15.7%	43,421	17.5%
Community and wellbeing care services	12,949	5.1%	12,478	5.0%
Education services	7,810	3.1%	13,235	5.3%
Other charities	37,265	14.8%	33,720	13.6%
Other	26,329	10.4%	25,279	10.2%
	252,487	100.0%	248,636	100.0%

Majority of the deposits were made by households, including individuals and deceased individuals. Christian churches usually refer to entities with a building for the primary purposes and activities of Christian worship, gathering, etc. Most Christian churches are registered on the Charities Register. Community and wellbeing care services include charities that primarily provide community care, residential care, retirement villages, etc. Education services include early childhood care, primary and higher education.

Apart from the above sector classifications, all other charities are combined, including charitable community housing providers, considering the significance of the balance.

Other are those who are not household nor charities, e.g. family trusts and companies.

	31/08/2023 $000	%	31/08/2022 $000	%
Auckland	121,194	48.0%	125,416	50.4%
Bay of Plenty	23,436	9.3%	28,805	11.6%
Canterbury	24,587	9.7%	19,416	7.8%
Central	15,110	6.0%	14,930	6.0%
Otago/Southland	9,305	3.7%	8,932	3.6%
Others	1,786	0.7%	1,905	0.8%
Top of the South *	6,102	2.4%	5,402	2.2%
Waikato	24,509	9.7%	22,696	9.1%
Wellington	26,458	10.5%	21,134	8.5%
	252,487	100.0%	248,636	100.0%

* Top of the South includes the Tasman, Nelson and Marlborough regions.

Recognition and Measurement
All loans and borrowings and deposits are initially recognised at the fair value of the consideration received, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the loans and borrowings using the effective interest method.

Borrowing costs are recognised as an expense when incurred. Other expenditure is recognised when incurred on an accrual basis.

17 ISSUED CAPITAL

Christian Savings Limited effected the following share transactions during the year ended 31 August 2023:

	31/08/2023 Number	31/08/2023 Value $000	31/08/2022 Number	31/08/2022 Value $000
Opening balance	29,687,581	28,038	29,159,581	27,428
Issue of share capital	486,110	657	528,000	610
Closing balance	30,173,691	28,695	29,687,581	28,038

Each ordinary share entitles the holder to participate in dividends, if any, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on shares held.

All shareholders of Christian Savings Limited must themselves be New Zealand registered charities.

Dividends of $0.02 per share were paid on 27 February 2023 (2022: nil) and $0.0465 on 29 August 2023 (30 August 2022: $0.035) and issued on a pro rata basis, based on the timing of share issuance during the year.

18 INVESTMENT IN EQUITY

On the 5th of November 2019, the Company invested in a 40% share of Community Funding LP for $800,000. On the 30th of November 2021, the Company sold 31% share for $465,250, reducing its shareholding to 9%. On 12th April 2023, the Company invested $18,000 in response to a capital call based on the shareholding. On 31 July 2023 the remaining shareholding was sold for $115,847.

Community Funding LP provides low cost finance to New Zealand’s Community Housing Providers to build new, safe and affordable homes for New Zealanders. Community Funding LP enables investors, philanthropists and foundations to invest in a meaningful and ethical way to help develop thriving, diverse and inclusive communities.

On the 5th of July 2022, the Company invested in a 10% share of Money Sweet Spot Limited for $360,000. The investment is held at cost, which is considered to approximate fair value.

Money Sweet Spot Limited's vision is to have a positive impact on society by increasing access to responsible lending for families and individuals, in a long-term and financially sustainable way.

	Annual 31/08/2023 $000	**Annual 31/08/2022 $000**
Investment in Community Funding LP	-	135
Investment in Money Sweet Spot Limited at cost	360	360
	360	495

19 RECONCILIATION OF PROFIT TO NET OPERATING CASH FLOW

	Annual 31/08/2023 $000	**Annual 31/08/2022 $000**
Profit for the year	3,583	3,811
Adjustments for non-cash items		
Depreciation & amortisation	145	108
Gain on sale of property, plant and equipment	(17)	-
Increase/(decrease) in collective provision	130	(146)
Loss on sale of investment	37	-
	295	(38)
Working capital movements impacting operating cashflows		
(Increase) in accrued interest receivable	(263)	(166)
(Increase)/decrease in receivables	(22)	3
(Decrease)/increase in employee entitlements	24	(28)
Increase in payables	130	120
Increase in accrued interest payable	1,415	595
	1,284	524
Net cash inflow from operating activities	5,162	4,297

20 Fair value

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities.

	As at 31 August 2023		As at 31 August 2022	
	Carrying amounts	**Estimated fair value**	**Carrying amounts**	**Estimated fair value**
Financial assets				
Cash and cash equivalents	38,530	38,530	60,011	60,011
Term deposits held with banks	-	-	9,000	9,000
Investments in bonds	4,389	3,860	4,400	3,913
Interest bearing loans	248,861	244,871	211,113	208,264
Receivables	673	673	438	438
Total financial assets	292,453	287,934	284,962	281,626
Financial liabilities				
Deposits	252,487	246,616	248,636	245,246
Payables	3,389	3,389	2,142	2,142
Total financial liabilities	255,876	250,005	250,778	247,388

Fair value estimation

For financial instruments not presented in the Company's balance sheet at their fair value, fair value is estimated as follows:

Cash and cash equivalents

For cash assets, the carrying amount is equivalent to the fair value as assets are short term in nature.

Term deposits held with banks

For term deposits with a term less than 12 months, the carrying amount is equivalent to the fair value as assets are short term in nature.

Investment in bonds

For investments in public traded and wholesale bonds, Level 1 valuation inputs are used, which are quoted prices in active markets at balance date. For investment in community bond, the carrying amount approximately equals to the fair value, which is estimated using Level 3 unobservable inputs.

Interest bearing loans

Fair values have been estimated using Level 3 unobservable inputs. The valuation uses a discounted cash flow model with reference to the weighted average interest rate of the loan portfolio on reporting date.

Receivables

For receivables, the carrying amount is equivalent to the fair value using Level 2 valuation inputs.

Deposits

Fair values have been estimated using Level 3 unobservable inputs. The valuation uses a discounted cash flow model with reference to the weighted average interest rate of the deposit portfolio on reporting date.

Payables

For payables, the carrying amount is equivalent to the fair value using Level 2 valuation inputs.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 valuation estimates have inputs that other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 relates to financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

21 SUBSEQUENT EVENTS

On the 10th of October 2023, the Company relocated to the new premises at level 3, 12 Heather Street, Auckland.

Other than that, there has not arisen in the interval between the balance date and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

22 COMMITMENTS

The Company had no known material capital commitments as at 31 August 2023 (August 2022: Nil).

Lease commitments for office premises at 55 Hugo Johnstone Drive, Auckland:

	Annual 31/08/2023 $000	Annual 31/08/2022 $000
Amounts due not more than 1 year	83	52
Amounts longer than 1 and not longer than 5 years	-	69

The Company relocated to the new premises at level 3, 12 Heather Street, Auckland in October 2023, and resolved the remaining lease liability at 55 Hugo Johnston Drive, Auckland with a final and full settlement in November 2023, which is included in the commitment value above.

Recognition and Measurement
Rather than being recognised as the lease liability and corresponding right of use asset in accordance with NZ IFRS 16, payments made under leases (net of incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease, due to immateriality.

23 CONTINGENCIES

There were no known material contingent liabilities as at 31 August 2023 (August 2022: Nil).

24 CREDIT RATING

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts, in other words, its creditworthiness.

It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

On 2nd February 2023 the Company was re-affirmed by Fitch Ratings Inc. with a credit rating of BB+ (Outlook stable) (August 2022:BB+ (Outlook stable)).

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Independent Auditor's Report

To the shareholders of Christian Savings Limited

Opinion

We have audited the financial statements of Christian Savings Limited, which comprise:

- the statement of financial position as at 31 August 2023;
- the statement of comprehensive income for the year ended 31 August 2023;
- statement of changes in equity for the year ended 31 August 2023;
- statement of cash flows for the year ended 31 August 2023; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 3 to 30 present fairly, in all material respects, the financial position of the Christian Savings Limited as at 31 August 2023, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. The matter identified on the next page was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Interest bearing loans - valuation

Description of the key audit matter

As disclosed in note 10 of the financial statements, interest-bearing loans amounted to $248.9m (2022: $ 211.1m) and represent the most significant assets of Christian Savings Limited. The loan portfolio is also concentrated with the top 10 loan counterparties by value representing approximately 50% of the total loan book.

Where the repayment terms of loans have not been complied with by the counterparty, these are required to be disclosed within the financial statements, which amounted to $1,470,000 (2022: $180,000).

In addition, the company applies judgment as to whether significant increases in credit risk have occurred based on both past due information, and other observed and forward-looking indicators.

At year end loans amounting to $1,470,000 were past due, of which $633,000 was considered to have a significantly higher degree of credit risk than when originated.

A collective allowance for credit losses of $185,790 (2022: $55,919) has been recognised at 31 August 2023.

The audit risk in relation to the allowance for credit losses relating to loan advances is considered to be a key audit matter as it requires the application of judgement and use of subjective assumptions by the company in determining the probability of default and extent of loss in the event of default, in order to determine the estimate of expected credit losses.

How our audit addressed the key audit matter

We evaluated and assessed the design and operating effectiveness of controls over the loan origination, loan administration and credit risk monitoring processes, including the registration of securities. We also confirmed a sample of loan balances directly with the borrowers.

At period end, we considered if there was any non-compliance with repayment terms or other indicators of a significant increase in credit risk and if so, considered whether appropriate disclosure was made and whether the provision for expected credit losses is adequate.

We performed analysis to assess the level of collective credit loss allowances relative to observable industry data in order to gain comfort that the company's reported level of collection provisioning was unlikely to be materially misstated. For loans that were past due at balance date, we evaluated the level of security held and collections received subsequent to balance date.

We also evaluated the related disclosures within the financial statements in relation to the interest-bearing loans, ensuring these were consistent with the findings from the work performed above.

Other information

The directors are responsible for the other information. The other information is contained on pages 1 to 2 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible on behalf of the company for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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) 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. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Jason Stinchcombe.

RSM

RSM Hayes Audit
Auckland

15 November 2023