Methodist Trust Association

ANNUAL REPORT

44th Annual Report and Accounts
30 June 2022

Chairman's Letter

Dear Depositor,

It is my pleasure to provide you with the Annual Report for the New Zealand Methodist Trust Association for the year ended 30 June 2022.

The 2022 financial year has been a particularly challenging one for the world economy as the improving Covid-19 trends have been offset by rising geopolitical tensions. World economies that had remained relatively resilient are now grappling with inflationary pressures due to resultant supply constraints and increased borrowings that were used to buffer the pandemic. With many countries experiencing stagflation at a micro level, the world share markets generally have dealt with the uncertainties with across-the-board reductions in equity values.

We continue to manage this challenging time with a view of mitigating the downside, whilst understanding that our general profile of Church client will hold for the medium/long term and will therefore ride through a short-term negative impact in their investment returns. In effect, matching what we see in the world markets.

We understand this can be very difficult for the Church community which has experienced above average returns in preceding years and are not used to seeing a decrease in balances held. We are confident however that the expertise available to us through our Board and management team should provide a high degree of comfort in the MTA and the security of investments held.

Governance

The Methodist Trust Association is governed by a Board of Trustees appointed by the Conference of the Methodist Church.

Having been through a refreshment period of Board membership in previous years, we have had stability of membership in the current year with only the retirement of a long-standing Trustee, David Hunt. David's wisdom will be missed, and we thank him for his contribution to the MTA over an extended period.

This year has seen excellent contributions from both new and experienced members of the Board and I am proud of the group that we have pulled together to run one of the most important Methodist Church Boards. Having recognised a gap in skills with retirements pending, we have recruited wisely, and I am extremely proud of the Members of my Board that I sit alongside in terms of both their work ethic and output.

Recognition

Our huge thanks as a Board again go to Stephen Walker, the Executive Officer of the Methodist Trust Association, for all his hard work this year in the face of extremely difficult times economically.

We look forward to working with him again this year as we drive towards our aim of excellent returns aligned with a socially responsible perspective.

Kind regards,

Dave Johnston

Dave Johnston
Chairman
Board of the New Zealand Methodist Trust Association

New Zealand Methodist Trust Association

44th Annual Report to Depositors 2022

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 by 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. For the Growth and Income Fund these changes in value are distributed as a capital distribution. For the Income Fund, where the changes in value are much smaller, they form part of the income distribution.

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 year to 30 June 2022 proved to be a disappointing year for the MTA’s depositors. After a strong start, markets turned down in 2022, ultimately resulting in a disappointing negative result for the Growth & Income Fund and lower than expected returns for the 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. Therefore, all income received is distributed to our depositors, so they are better able to meet the mission of the Church.

It has been a very challenging year for World Markets and the resulting total returns of 2.51% for the Income Fund and -8.48% for the Growth and Income Fund are disappointing.

It is worth remembering though that the 2021 return of +22.92% for the Growth & Income Fund was the highest return we have records for, since 2000.

Total deposits with MTA decreased by $4.2m during the year to a total of $313.6m on 30 June 2022. Over the past decade total deposits with MTA have grown by $99.6m.

During the 2022 financial year deposits in the Income Fund increased by $14.1m to $153.2m, due to additional deposits into the Fund.

Deposits in the Growth and Income Fund decreased by $18.3m to $160.4m, because of the capital decrease of $18.1m on 30 June 2022.

Income distributions to depositors for the year were $6.7m, with total distributions, including the capital decrease, being -$11.4m.

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, totalled $1.66m, an expense ratio on assets under management of 0.526%.

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%

As discussed in previous reports, the management fee structure for the Income Fund is based on the amount of income the Fund receives. As interest rates have declined the expense ratio for this fund has reduced proportionately. We now expect rising returns for the Income Fund, which will see the Fund’s expense ratio increase over the next few years.

The Growth and Income Fund has a higher cost structure, as it incurs higher costs for investment systems, custodial services, and brokerage expenses. During 2022 the management fee paid to the Board of Administration also increased. These higher costs are reflected in the higher expense ratio in the table above. For the Growth and Income Fund, total expenses increased by $243,000 from 2021, including higher management fees (+$192,000) and brokerage costs (+$25,000) due to higher transaction volumes.

The Board and management of MTA are extremely conscious of both the significant confidence and trust placed in them by the Church, as well as the importance of MTA continuing to provide appropriate levels of return, commensurate with the level of risk accepted by the Church, while also being consistent with the Church’s Responsible Investment Policy.

MTA does not charge a break rate or other penalty for the early repayment of depositors’ funds. MTA also ensures that there is always ample liquidity in the Funds to meet demands for the 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.

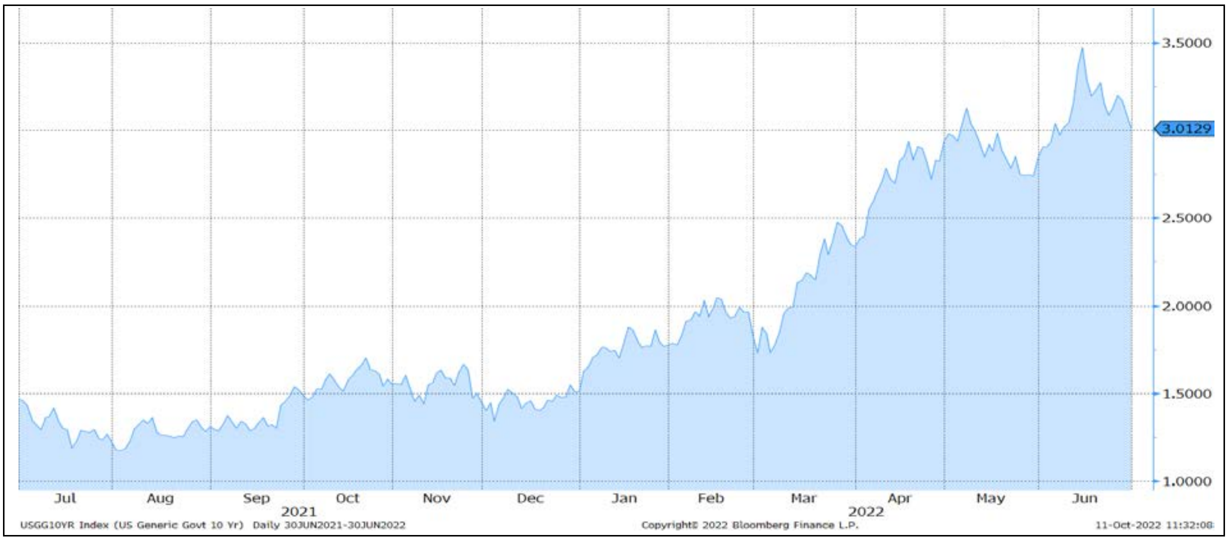
Markets

Markets performed well for the half-year to December, then abruptly changed for the worse. There were two factors that drove this change. The war in Ukraine disrupted supply chains and threatened oil and gas supplies, particularly in Europe. Sanctions imposed on Russia, ultimately resulted in limited supplies and higher prices for supplies.

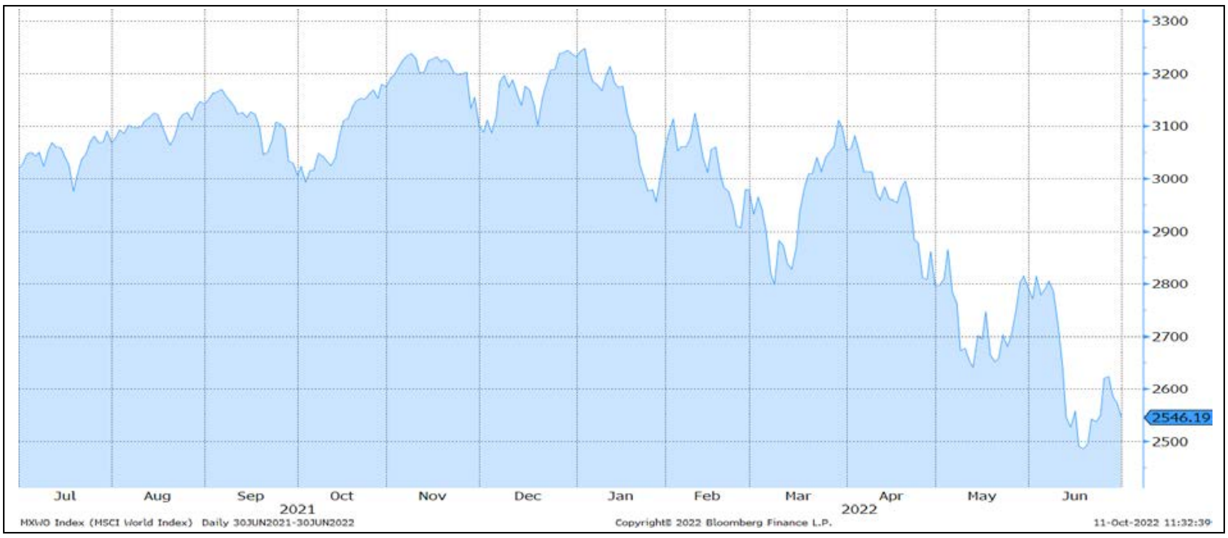
The supply disruptions and higher prices resulted in increased inflation, derailing the normalisation of inflation, which until that time had looked transitory in nature.

To combat inflation Central Banks around the world aggressively raised interest rates, which saw long-term bond yields rise (prices fall) and expectations of a recession rise. Equity prices have fallen, reflecting moderating earnings expectations in the expected poorer economic conditions as well as the lower value of those earnings due to the bond yield increases driving discount rates higher.

US 10-year bond yields have increased from 1.5% to 3.0% through the financial year



The MSCI World Equity Index below, shows equities performed well until December, but have weakened considerably since then



Most major developed equity markets produced negative returns for the June 2022 financial year.

The following table shows the home currency returns for the main developed equity markets of interest for the June 2022 year.

Market	Index	Annual Return
World	MSCI World Total Return	-14.3%
Emerging Markets	MSCI Emerging Mkt Total Return	-25.3%
US	S&P 500 Total Return	-10.6%
Europe	Stoxx 600 Total Return	-7.2%
UK	FTSE 100 Total Return	+5.8%
Australia	ASX200 Accumulation	-6.5%
New Zealand	NZX50 Gross	-14.1%

Within the MSCI Global Index, only the Energy (+26.6%) and Utilities (+0.7%) sectors produced positive results for the June 2022 financial year. The worst performing sectors were Communications Services (-29.8%), Consumer Discretionary (-27.8%), Industrials (-19.9%) and Information Technology (-12.1%).

In the major economic regions inflation is high, GDP growth is slowing and unemployment is rising. Central Banks have significantly raised interest rates in order to slow economies, which will bring down inflation.

	GDP Growth		Inflation		Unemployment	
	2022F	2023F	2022F	2023F	2022F	2023F
Global	2.9%	2.5%	7.2%	4.6%		
New Zealand	2.3%	1.8%	6.5%	3.5%	3.3%	3.8%
Australia	3.9%	2.0%	6.4%	4.5%	3.6%	3.8%
US	1.6%	0.7%	8.0%	3.8%	3.7%	4.2%
Eurozone	3.0%	0.2%	8.2%	5.2%	6.8%	7.1%
UK	3.5%	-0.2%	9.0%	6.5%	3.9%	4.4%
Japan	1.6%	1.5%	2.2%	1.5%	2.6%	2.5%
China	3.3%	5.0%	2.2%	2.3%	4.1%	3.9%

The above forecasts are for the 2022 and 2023 calendar years

The economic outlook globally is gloomy and uncertain. Although Central Banks have significantly raised rates, this phase has been over a much shorter period than is usual. The effect of interest rate increases on economic growth and inflation is lagged. We are yet to see how successful these increases will be in moderating inflation.

The US Federal Reserve has raised rates from 0.25% at the beginning of 2022, to 3.25% currently. It is expected to continue raising rates to 4.50%. In New Zealand the Reserve Bank has raised the OCR from 0.75% at the beginning of 2022 to 3.50% currently.

Recently there have been a few positive signs on US inflation, and inflation expectations seem well anchored. But there is greater long-term risk from runaway inflation, from doing too little, than from a recession from doing too much.

One significant trend we are seeing accelerate this year is an unwind of globalisation. This is being driven by Covid disruptions, together with global conflict. This trend is expected to continue.

Covid has highlighted the frailty of just-in-time supply chains. Not having a few low value parts has prevented many companies from producing finished products. In the case of semi-conductor equipment maker Applied Materials, a portfolio holding, this has held up the production of tools worth tens of millions, reducing revenues, earnings and increasing work in process inventories.

Secondly, global conflict is highlighting how dangerous it is to allow yourself to become economically reliant on countries with authoritarian regimes, which may suddenly cut off supply. Europe has learnt at huge cost that becoming dependent on Russian natural gas was a huge mistake.

But technological advances have also eliminated some of the initial drivers of outsourcing production to low-cost countries. Developments in labour-saving technology, including robotics and automation, in many cases make cost savings from outsourcing minimal. Any savings are often outweighed by logistical advantages, such as reduced transport, greater reliability and shorter lead-times.

Expensive and hard to find labour makes robotics and automation much more attractive. Automation also doesn’t get sick and can work 24/7.

These days there are also advances in office work efficiencies, with products like robotic process automation, which can automate repetitive manual tasks, improving accuracy and efficacy.

We are also seeing some companies, like Shopify, adopt a work from anywhere approach. Even prior to Covid, Shopify was finding it difficult to attract staff to its Ottawa based head office. Having made this change, it can now attract talent globally.

One other recent development was the commercial launch of an autonomous taxi service (like Uber with no driver) in San Francisco by Cruise (owned by General Motors). Currently the service is limited to a certain night-time hours and certain areas in the city. But it is expected to be operating 24/7 throughout San Francisco by year end. It has also announced expansion to Phoenix, Arizona and Austin, Texas by year end. The volume of cars will ramp up next year as increased battery availability and production of their purpose-built vehicle, with no controls, allows rapid expansion.

In the near future this technology could be used for autonomous delivery vans and buses, as well as private vehicles. This opens up the potential for significant improvements in services. In the bus example, it would be economic to run smaller buses, more frequently, 24/7 and on many more routes, where there is demand.

Bill Gates once made the following astute observation about our poor grasp of how technology makes an impact over time. “People often overestimate what will happen in the next two years and underestimate what will happen in ten.”

Investment Funds

Income Distributions

The annual income distributions, for both the Income Fund and the Growth and Income Fund (excludes capital distributions), although disappointing compared with previous years and expectations, were nevertheless satisfactory, providing returns far superior to those available from bank term deposits. Investing in a BNZ twelve-month term deposit for the period would have returned only 1.20% for the year.

The income distribution rates for the 2022 financial year were:

	Jun 22	Mar 22	Dec 21	Sep 21	12 Month Average Return
Income Fund	0.00%	2.99%	3.58%	3.47%	2.51%
Growth &Income Fund	1.41%	1.67%	1.81%	1.90%	1.70%

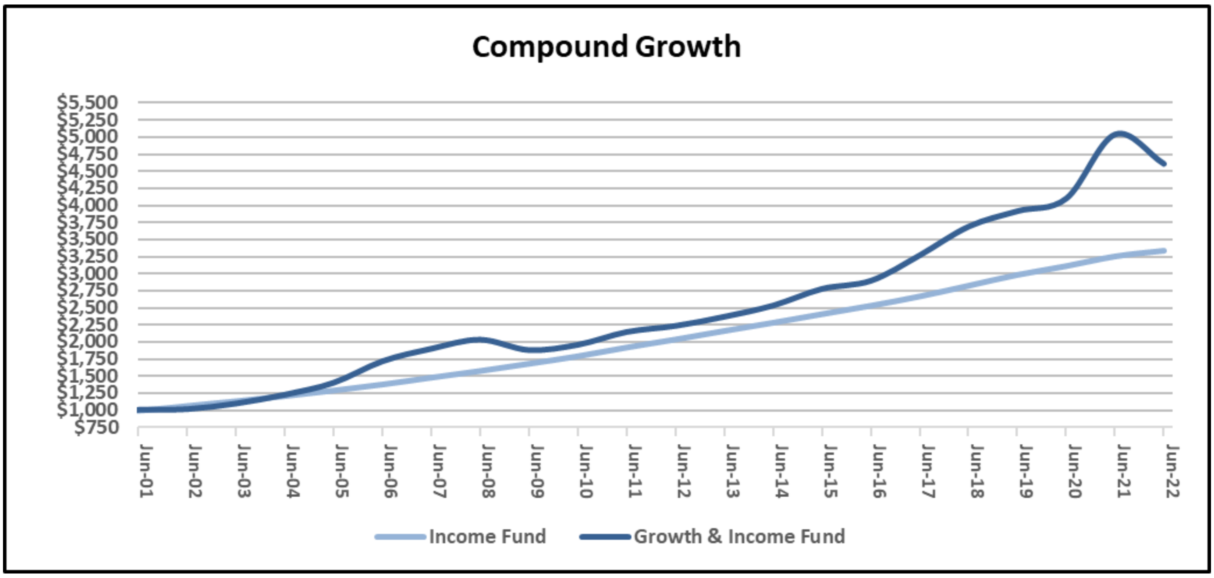
Long-Term Performance

Over the 21 years from June 2001 to June 2022 MTA has provided a compound return (including capital distributions) of 5.90% for the Income Fund and 7.55% for the Growth & Income Fund.

Over the last five years the respective compound returns were 4.56% for the Income Fund and 7.12% for the Growth and Income Fund.

In the 44-year life of MTA, the only financial years in which negative total returns have been experienced by the Growth and Income Fund were 1992, 2009 and now 2022. The Growth and Income Fund will occasionally experience negative returns in the future.

Past returns provide no indication of likely future returns.



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.

Income Fund

Income Fund - Portfolio Performance	
Period	**Income**
1 Year	2.51%
2 Years (p.a.)	3.54%
3 Years (p.a.)	3.79%
4 Years (p.a.)	4.24%
5 Years (p.a.)	4.56%
10 Years (p.a.)	5.04%
15 Years (p.a.)	5.55%
20 Years (p.a.)	5.86%

The Income Fund's annual distribution rate for the 2022 was 2.51%. Included in this return was a benefit from the small increase in valuation of the Fund's share of the Izone (The Warehouse's South Island) distribution centre in Rolleston. This gain added approximately 0.20% to the annual return. Valuation gains will be lumpy from year to year and will occasionally detract from the Fund's return.

The return was lower than the 3.20% return we had forecast in the 2021 Annual Report. This shortfall was entirely due to a capital loss in the international bond exposure held by the portfolio, which resulted from the large and rapid increase in US bond yields from 31 March 2022. The exposure was exited in early May.

For the Income Fund any capital gains, such as the Izone property revaluation, are treated as income, and are distributed to depositors.

We have maintained the high credit quality of bonds in the Fund's bond portfolio. Holdings in bonds rated BBB+ or higher represented 64% of the portfolio on 30 June 2022.

For the Income Fund, **the annual income distribution rate for the June 2023 year is forecast to be approximately 3.20%**.

Growth and Income Fund

Growth & Income Fund - Portfolio Performance			
Period	**Income**	**Capital Growth**	**Capital & Income**
1 Year	1.70%	-10.19%	-8.48%
2 Years (p.a.)	2.01%	4.05%	6.06%
3 Years (p.a.)	2.22%	3.41%	5.63%
4 Years (p.a.)	2.53%	3.23%	5.75%
5 Years (p.a.)	2.77%	4.37%	7.14%
10 Years (p.a.)	3.51%	4.02%	7.53%
15 Years (p.a.)	3.90%	2.20%	6.10%
20 Years (p.a.)	4.33%	3.56%	7.89%

The Growth & Income Fund's annual total return for the 2022 financial year was -8.48%, after a $18.1m capital decrease, reflecting the impact of weak global equity markets.

It is worth remembering though, that the 2021 return of +22.92% for the Growth & Income Fund was the highest return we have records for, since 2000. The combined return for the two years of 6.0% p.a.

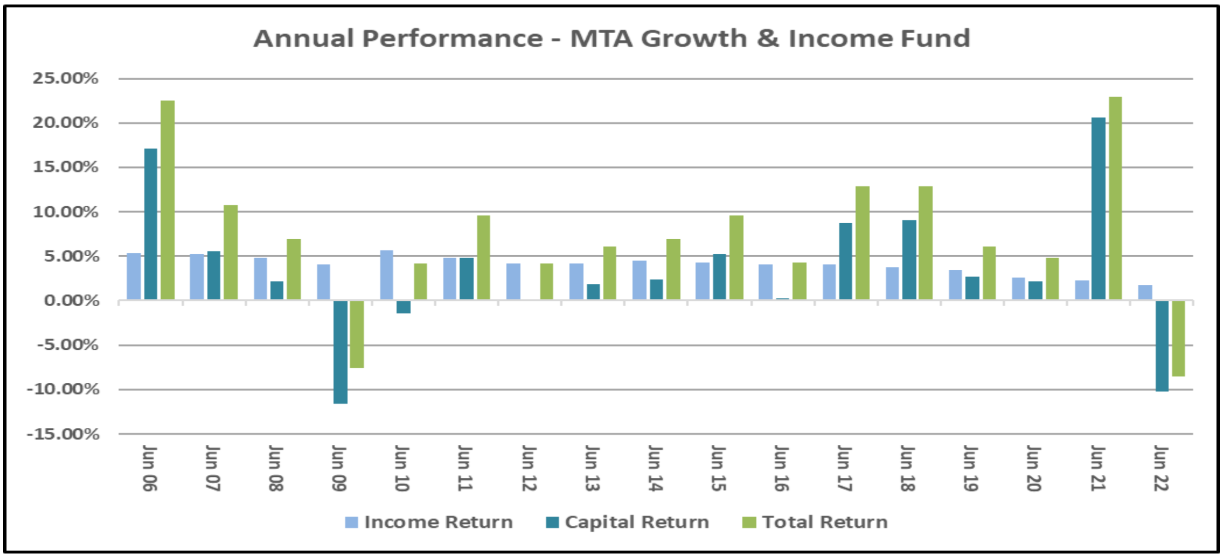
Our balance date of June 30 was also close to the recent market low on June 16th.

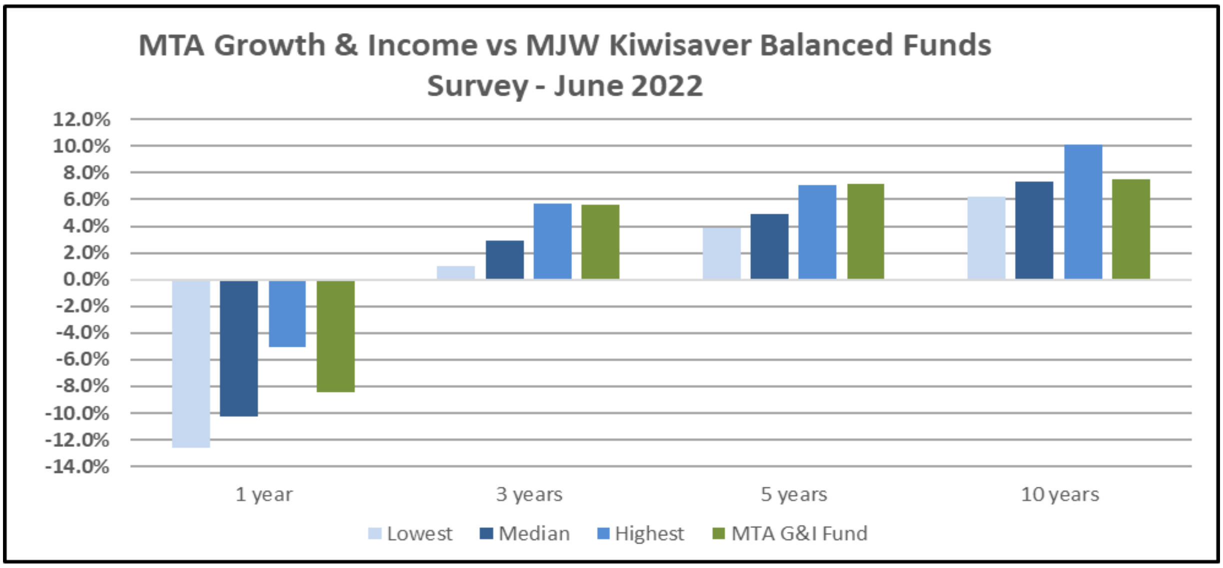
MTA has revalued the Growth and Income Fund's properties, resulting in a $3.3m increase in the aggregate property valuations.

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

The Fund's equity portfolio fell 21.8% for the financial year, resulting in a $21.4m decrease in the aggregate equity valuations.

At Balance Date the Growth and Income Fund held a well-diversified portfolio of equities (48.4%); property (35.2 %); fixed interest (15.4%); and cash (1.0%).





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 to be above the median for June 2022 financial year. For the three and five-year periods, the Fund's returns have been approximately equal to the highest performing funds. The ten-year return is slightly above the median fund's return.

Responsible Investment

MTA's goal is to produce strong risk-adjusted returns that also align with the values and principles of the Methodist Church, together with our investors' objectives. Putting our investors' interests first requires us to recognize 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:

- We employ values/norms-based screens, to avoid certain companies and industries that do not align with the Church's values and standards.
- All companies considered for investment are screened against our exclusion lists before any in-depth analysis is undertaken.
- ESG factors are integrated into our investment decision-making process, both as a source of risk mitigation and an opportunity for enhanced returns.

The Church's Responsible Investment Policy is a living document, subject to regular review and improvement.

During the year MTA contracted with Institutional Shareholder Services (ISS), a leading global provider of market intelligence, corporate governance and responsible investment solutions. ISS now provides us with the abovementioned values and norms-based screens for companies not aligned with the Church's values, ESG information, and a wide range of information about company exposures which give us greater depth of information to assist us in managing our investments responsibly.

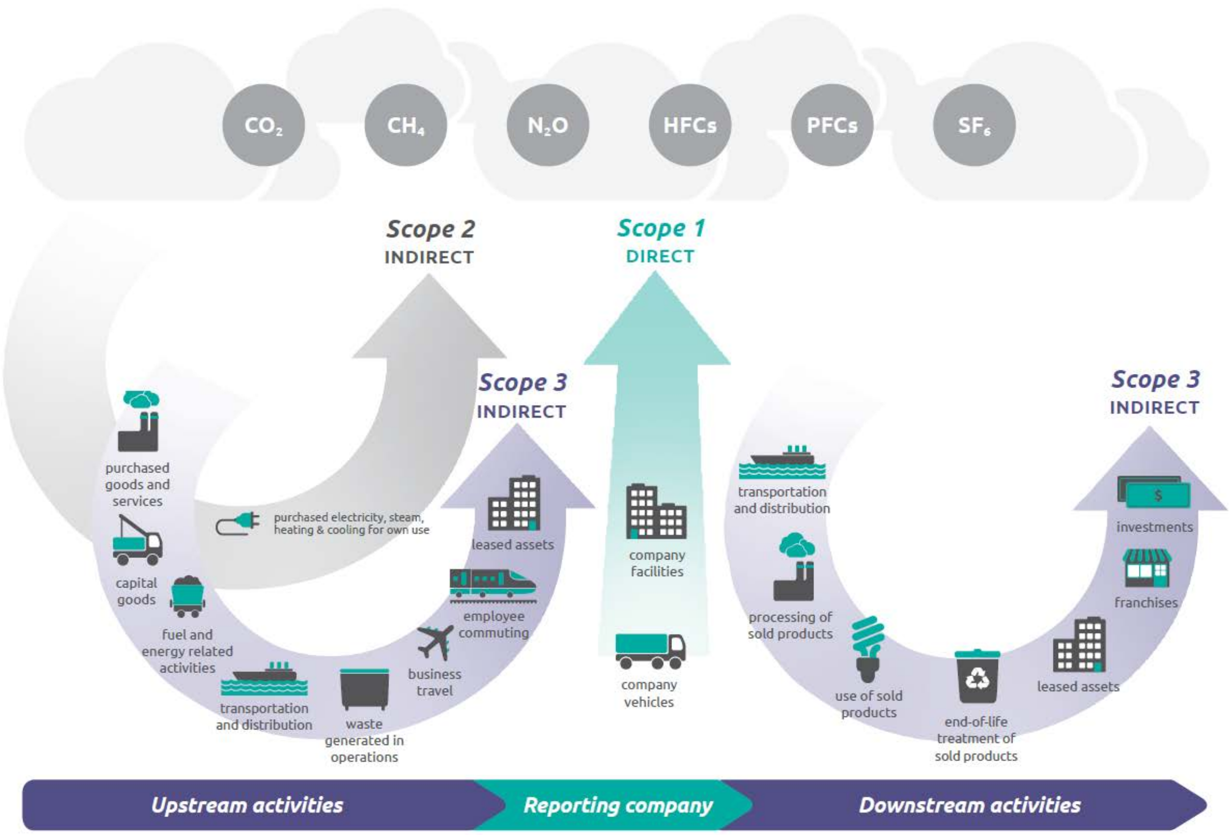
This new information also gives us greater visibility into company supply chains, which will greatly improve our ability to identify human rights issues, including modern slavery.

Our aim is to streamline our process and replace all our current exclusion lists with ISS data, providing significant efficiencies and more up-to-date information. The Responsible Investment Policy will be updated to reflect this once we have checked that the ISS information covers all our requirements and consulted with interested parties.

Also included in the ISS data is the capability to measure the equity portfolio's carbon footprint (greenhouse gas emissions exposure) and benchmark it against the global equity benchmark and its alignment with the global goal of keeping the global temperature increase to no more than 1.5° C by 2050.

The equity portfolio greenhouse gas emission exposure on 30 June 2022 was at 18.8% of the benchmark's level for scope 1 & 2 emissions (see diagram below for definitions), significantly better than the benchmark level. The individual company exposure measures are backward looking, using prior financial year disclosures. We expect current exposures to have improved from those previously disclosed levels.

Overview of greenhouse Gas scopes and emissions



Source: Greenhouse Gas Protocol

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

Our portfolio in its current state is aligned with a potential temperature increase of 1.5^{o} C by 2050. We also expect this to improve further over the coming years as the companies we invest in continue to reduce their carbon intensity and footprint.

The environment and climate change have been major focuses for us in stock selection, so it is gratifying to now be able to more accurately measure what we are doing and achieving. We have also invested in a number of companies involved in recycling and circular systems.

As environmental disclosure standards improve around the world, the quality of information will get even better and more useful.

Greenhouse gas emissions are only one important measure of environmental impact. We are also very interested in resource use, recycling and the transition to a circular economy.

We live in a finite world. It's not possible to keep using raw materials in the way we are currently, without substantial reuse and changed usership models. According to a report by the United Nations, by 2015 almost 12 tonnes of resources were extracted per person. The world generates 2 billion tonnes of municipal solid waste annually.

Our primary focus is on plastics, as that is the biggest problem. Without a change in course there will be more plastic than fish in the ocean by 2050. We already likely consume between 0.1 to 5 grams of microplastic per week (5gm is a credit card worth).

Greater recycling also reduces greenhouse gas emissions. Using recycled material to replace virgin material, saves energy expended on extracting, processing and transporting that material. The US Environmental Protection Agency states:

- Aluminum can be recycled using less than 5 percent of the energy used to make the original product.
- Producing new plastic from recycled material uses only two-thirds of the energy required to manufacture it from raw materials.
- Recycling steel and tin cans saves between 60 and 74 percent of the energy used to produce them from raw materials.

Europe is a front runner on climate legislation. But even there much work needs to be done. About 45 million tonnes of plastics are brought into the market in Europe annually. 85% of all the plastics brought into the market there ends up in incineration (24m tonnes) and landfill (14m tonnes).

After 30 years of trying hard to recycle, only 15% is recycled, and the problem with that 15% is that it is mostly down-cycled into low-value products.

Brand owners want recycled material to meet their sustainability agendas, and they are willing to pay premium prices for it. Most consumer goods companies now have targets for using recycled material in their products.

But the market needs high volumes of higher-quality recycled material to replace virgin material.

There are sophisticated sorting plants that can recover recyclable materials out of mixed waste streams. Basically, you could take your household waste at home, put it into a modern sophisticated sorting plant, and the material will be sorted out.

This is important, because manual sorting, like we do in NZ, results in huge amounts of recyclable material going into landfill.

Then, to create high-quality recycled material, you need to wash and sort the material in the recycling process. You need to make it clean and sort it into the highest purities by plastic type.

This is being done currently in some areas of Europe. The technology has been developed by Tomra Systems, a portfolio holding.

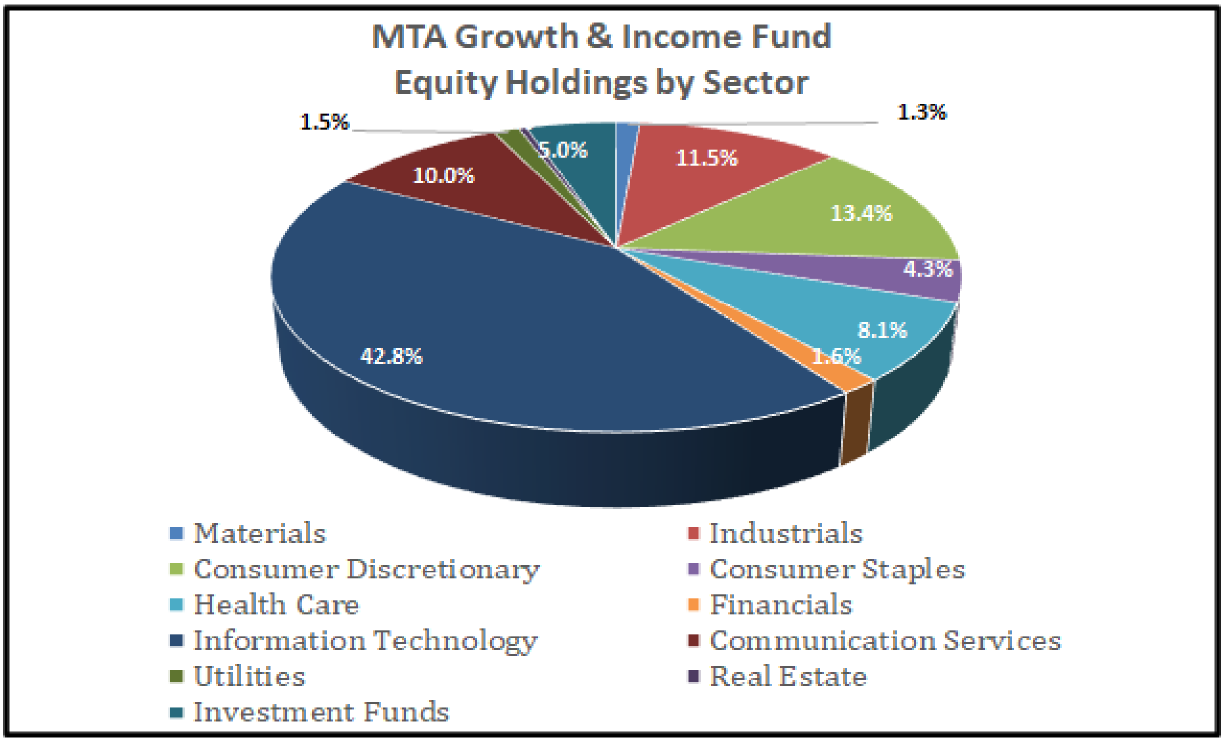
Improvements are also happening with other materials. Aluminium recycling rates are extremely high at about 90%. But what is recovered and recycled is always a mix of aluminium. Because it's a mix, you can only use it for low-quality applications. You need pure alloys for high value products, which again needs sophisticated sorting plants.

Several companies in the portfolio are involved in recycling or developing circular economy products and services.

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 this group is helpful in keeping MTA up to date with developments in practice and thinking on Responsible Investment.

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 2022.



MTA does not own any companies listed on any of the exclusion lists we currently use. MTA is confident that all its holdings comply with the Church's Responsible Investment Policy and expectations.

Board Membership

There were no additions to the Board during the 2022 financial year.

During the 2022 financial year David Hunt retired from the Board. The Board thanks David for his wisdom and years of service.

Appreciation

MTA thanks the Church for its continued support during 2022.

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 2022**

Region	Name	Sector	Industry	Holding	Market Value (NZD)	Weight
New Zealand	ArborGen Holdings	Materials	Materials	1,330,000	279,300	0.3%
New Zealand	Comvita Limited	Consumer Staples	Household & Personal Products	928,507	2,943,367	3.7%
New Zealand	EBOS	Health Care	Health Care Equipment & Services	53,053	2,069,598	2.6%
New Zealand	Fisher & Paykel Healthcare	Health Care	Health Care Equipment & Services	26,550	530,469	0.7%
New Zealand	Mercury NZ	Utilities	Utilities	71,700	405,105	0.5%
New Zealand	Meridian Energy	Utilities	Utilities	164,000	767,520	1.0%
New Zealand	Precinct Properties New Zealand	Real Estate	Real Estate	251,429	344,458	0.4%
New Zealand	Ryman Healthcare	Health Care	Health Care Equipment & Services	30,000	267,000	0.3%
New Zealand	The a2 Milk Company	Consumer Staples	Food, Beverage & Tobacco	108,087	532,869	0.7%
New Zealand	The Warehouse Group	Consumer Discretionary	Retailing	265,698	898,059	1.1%
New Zealand	Vista Group International	Information Technology	Software & Services	357,749	608,173	0.8%
					9,645,918	**12.0%**
Australia	Brambles	Industrials	Commercial & Professional Services	91,700	1,086,101	1.4%
Australia	CSL	Health Care	Pharmaceuticals, Biotechnology	6,190	1,841,837	2.3%
					2,927,939	**3.6%**
Europe	Deutsche Boerse	Financials	Diversified Financials	4,760	1,277,122	1.6%
Europe	Husqvarna	Industrials	Capital Goods	371,954	4,388,831	5.5%
Europe	Novozymes	Materials	Materials	8,200	789,647	1.0%
Europe	Temenos	Information Technology	Software & Services	3,480	476,973	0.6%
Europe	Volkswagen	Consumer Discretionary	Automobiles & Components	5,410	1,158,850	1.4%
Europe	Worldline	Information Technology	Software & Services	6,390	380,059	0.5%
					8,471,483	**10.5%**
Americas	Advanced Drainage Systems Inc	Industrials	Capital Goods	23,070	3,341,774	4.2%
Americas	Applied Materials Inc	Information Technology	Semiconductors & Semiconductor Equipment	28,730	4,190,754	5.2%
Americas	Cerence	Information Technology	Software & Services	28,830	1,169,799	1.5%
Americas	Charles River Laboratories	Health Care	Pharmaceuticals, Biotechnology	2,000	688,228	0.9%
Americas	Descartes Systems	Information Technology	Software & Services	30,910	3,085,035	3.8%
Americas	General Motors	Consumer Discretionary	Automobiles & Components	102,580	5,239,532	6.5%
Americas	Monday.Com	Information Technology	Software & Services	1,680	278,721	0.3%
Americas	MongoDB Inc	Information Technology	Software & Services	12,070	5,037,255	6.3%
Americas	Neurocrine Biosciences Inc	Health Care	Pharmaceuticals, Biotechnology	7,320	1,146,973	1.4%
Americas	New York Times	Communication Services	Media & Entertainment	88,061	3,951,274	4.9%
Americas	NICE	Information Technology	Software & Services	20,760	6,425,317	8.0%
Americas	Palo Alto Networks Inc	Information Technology	Software & Services	7,960	6,323,195	7.9%
Americas	PTC Inc	Information Technology	Software & Services	9,410	1,609,295	2.0%
Americas	Sabre Corporation	Information Technology	Software & Services	327,560	3,065,936	3.8%
Americas	Skyline Champion Corporation	Consumer Discretionary	Consumer Durables & Apparel	45,960	3,505,023	4.4%
Americas	Trex Company	Industrials	Capital Goods	4,590	401,717	0.5%
Americas	Ziprecruiter	Communication Services	Media & Entertainment	170,497	4,063,631	5.1%
Americas	Zuora, Inc	Information Technology	Software & Services	124,211	1,787,855	2.2%
					55,311,311	**68.8%**
	Listed Equities				**76,356,650**	**95.0%**
New Zealand	Pioneer Capital Partners II	Investment Funds	Investment Funds	2,000,000	787,303	1.0%
New Zealand	Pioneer Capital Partners III	Investment Funds	Investment Funds	1,000,000	850,592	1.1%
New Zealand	Pioneer Capital Partners IV	Investment Funds	Investment Funds	1,500,000	873,782	1.1%
New Zealand	Kode Biotech Ltd	Investment Funds	Investment Funds	111,500	390,250	0.5%
New Zealand	Pencarrow IV Fund	Investment Funds	Investment Funds	200,000	27,000	0.0%
New Zealand	Public Infrastructure Partners	Investment Funds	Investment Funds	1,000,000	1,120,890	1.4%
	Private Equity Funds				**4,049,817**	**5.0%**
	Total Equities				**80,406,467**	**100.0%**

Sector Summary	Weight
Energy	0.0%
Materials	1.3%
Industrials	11.5%
Consumer Discretionary	13.4%
Consumer Staples	4.3%
Health Care	8.1%
Financials	1.6%
Information Technology	42.8%
Communication Services	10.0%
Utilities	1.5%
Real Estate	0.4%
Investment Funds	5.0%
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

Methodist Trust Association

30 June 2022

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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.

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	2022	2021
Total Number of Depositors	223	221
Total Number of Depositors Accounts	598	593
Total Amount of Depositors Funds	$313.6 million	$317.9 million
Increase (Decrease) to Depositors Funds (in dollars) from previous year	($4.2 million)	$21.0 million
Returns on the Income Fund	2.51%	4.57%
Returns on the Growth and Income Fund (Income)	1.70%	2.32%
Returns on the Growth and Income Fund (Capital)	(-10.18%)	22.92%
Income Distributions to Depositors	$6.7 million	$9.7 million
Capital Distributions to Depositors	($18.1 million)	$30.6 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:

- The MTA employ values/norms-based screening, to avoid certain companies and industries that do not align with the Church's values and standards.
- All companies considered for investment are screened against the exclusion lists before any in-depth analysis is undertaken.
- ESG factors are integrated into our investment decision-making process, both as a source of risk mitigation and an opportunity for enhanced returns.

The MTA is a member of both the Responsible Investment Association Australasia and 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 these groups are helpful in keeping the MTA up to date with developments in practice and thinking on Responsible Investment.

The MTA does not have the capacity itself to analyse the global equity markets to determine its own exclusion list of companies that are not aligned with the Church's values and acceptable corporate behaviour norms.

To efficiently achieve responsible investment goals the MTA makes use of readily available exclusion lists, which the Board assess as a means in aggregate match the Church's values well.

This approach obliges the MTA to use the criteria set by the source of each list we use, to determine the materiality of each company's involvement for each of our categories of concern. This may result in our aggregate exclusion list lagging some other lists, as the MTA's approach relies on any one of the lists that we use to make the decision to exclude a company, after their due consideration of all the relevant information.

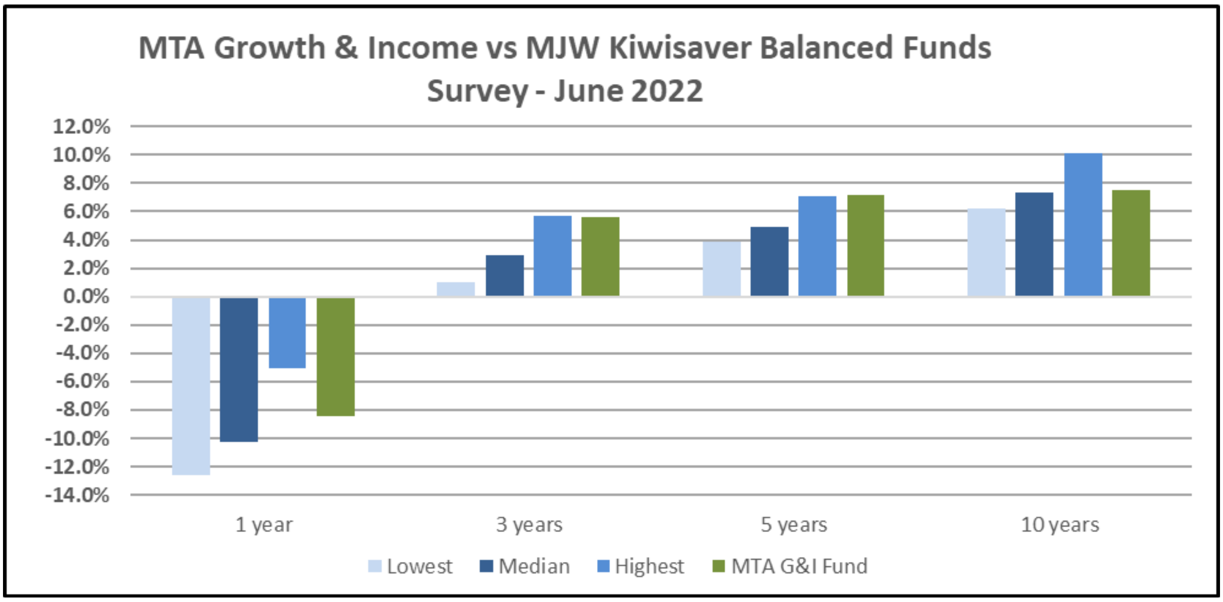
The MTA does not own any companies listed on any of the exclusion lists it uses. The MTA Board is confident that all its holdings comply with the Church's Responsible Investment Policy and expectations.

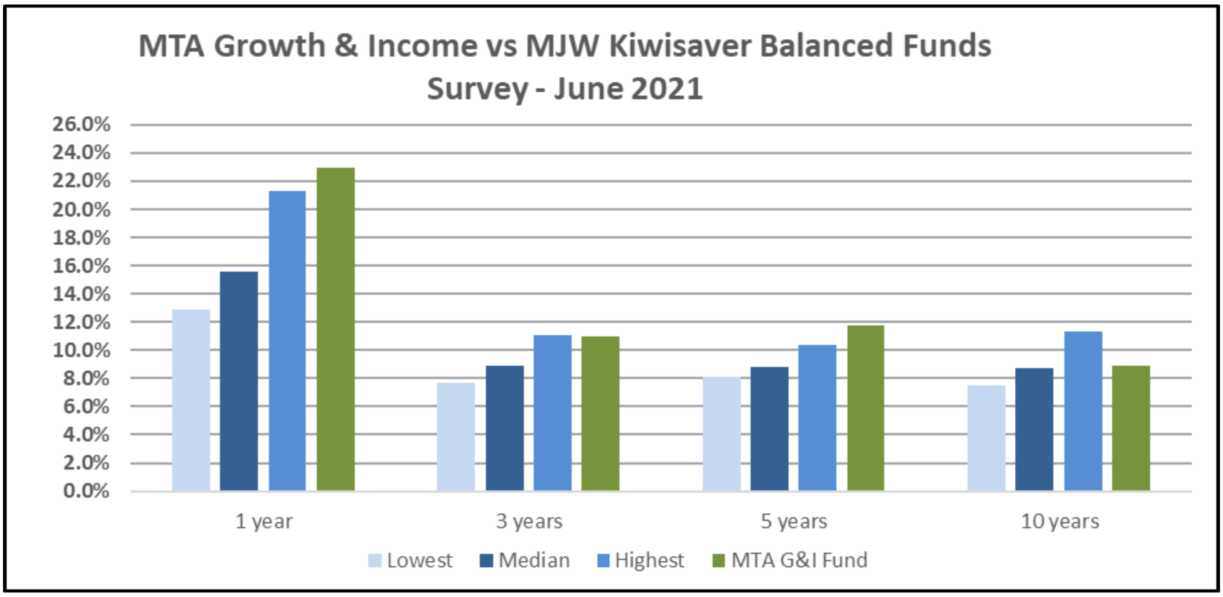
Investment Benchmarking

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. These graphs show that in 2021 the Growth and Income Fund returns to be well above the highest returns for the one and five-year periods, and roughly equal the highest three-year return. The strong returns over recent years have lifted the ten-year returns to now also be above average.

In 2022 the MTA returns were better than the median losses encountered which pulled the 3 and 5 year returns down. Over 5 and 10 years the returns were on par with the median.




MTA Growth & Income vs MJW Kiwisaver Balanced Funds Survey - June 2021
26.0%
24.0%
22.0%
20.0%
18.0%
16.0%
14.0%
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 Weterianna O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the Year Ended 30 June 2022

	NOTES	2022	2021
REVENUE			
Dividends Received		1,140,450	936,420
Company Debenture Interest		3,436,871	3,636,950
Other Interest Received		1,041,977	1,374,022
Interest Received - Bank Deposits		59,495	11,359
Money Market Interest		65,115	19,785
Gross Rental Income		3,837,378	3,751,315
Other Revenue		113,028	58,188
TOTAL REVENUE		**9,694,314**	**9,788,039**
EXPENSES			
Management Fee Expense	5, 14	1,338,700	1,124,808
Rental Property Expenses		597,188	360,915
Other Expenses	6	322,295	244,078
TOTAL EXPENSES		**2,258,183**	**1,729,801**
SURPLUS FOR THE PERIOD		**7,436,131**	**8,058,238**
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Realised Gains (Losses)			
Realised Gains (Losses) on Sale of Investments		9,610,141	8,832,276
Realised Hedging Gains (Losses)	10	(5,897,671)	3,250,657
Realised Exchange Rate Gains (Losses)		(113,376)	(58,074)
Unrealised Gains (Losses)			
Revaluation of Investments - Bonds and Shares		(26,611,435)	13,095,637
Revaluation of Investments - Property	8	3,625,000	8,250,000
Unrealised Hedging Gains (Losses)	10	(484,013)	(1,032,796)
Exchange Rate Gains (Losses)	7	183,858	(210,417)
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		**(19,687,496)**	**32,127,283**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD		**(12,251,365)**	**40,185,521**
SURPLUS ATTRIBUTABLE TO DEPOSITORS		**(12,251,365)**	**40,185,521**
LESS AMOUNTS DISTRIBUTED TO DEPOSITORS			
Capital Accretion Distributed	13	(18,087,713)	30,561,339
Income Distributed	13	6,702,246	9,686,175
TOTAL AMOUNTS DISTRIBUTED TO DEPOSITORS		**(11,385,467)**	**40,247,514**
TRANSFERRED TO (FROM) DEPOSITORS FUNDS		**(865,898)**	**(61,993)**

Goldsmith Fox PKF Audit

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

STATEMENT OF CHANGES IN DEPOSITORS FUNDS
For the Year Ended 30 June 2022

	NOTES	2022	2021
Depositors Funds			
Opening Balance 1 July		317,850,408	296,817,077
Increase (Decrease) in Depositors Funds		(4,225,444)	21,033,331
Closing Balance 30 June		313,624,964	317,850,408
Undistributed Capital Reserve	11		
Opening Balance 1 July		307,580	224,468
Increase (Decrease) in Undistributed Capital Reserves		(307,580)	83,112
Closing Balance 30 June		-	307,580
Building Maintenance Reserve	11		
Opening Balance 1 July		1,361,965	1,236,089
Increase (Decrease) in Building Maintenance Reserve		127,326	125,876
Closing Balance 30 June		1,489,291	1,361,965
Accumulated Comprehensive Revenue and Expenses			
Opening Balance 1 July		544,774	664,815
Transfers from Undistributed Capital Reserves		307,580	(58,048)
Increase (Decrease) in Accumulated Comprehensive Revenue and Expense		(865,898)	(61,993)
Closing Balance 30 June		(13,544)	544,774
Total Net Amount Due to Depositors		**315,100,711**	**320,064,727**

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	NOTES	2022	2021
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	8,651,436	16,587,479
Receivables		31,107	158,749
Current Portion of Loans		-	27,237,223
Current Portion of Company Debentures		14,029,923	11,655,496
Accrued Dividends and Interest		664,195	547,321
Total Current Assets		**23,376,661**	**56,186,268**
Non-current Assets			
Shares		76,929,725	87,148,281
Company Debentures		119,808,272	90,980,588
Private Equity		5,170,600	4,343,390
International Fixed Interest Deposits		-	18,995,828
Loans	14	19,123,672	3,778,778
Investment Property	8	72,375,000	68,750,000
Total Non-current Assets		**293,407,269**	**273,996,866**
TOTAL ASSETS		**316,783,930**	**330,183,134**
LIABILITIES			
Current Liabilities			
Creditors	9	1,146,180	8,507,218
Income Received in Advance		53,023	53,023
Other Financial Liabilities	10	484,013	1,558,166
Total Current Liabilities		**1,683,216**	**10,118,407**
TOTAL LIABILITIES		**1,683,216**	**10,118,407**
NET ASSETS		**315,100,711**	**320,064,727**
NET AMOUNTS DUE TO DEPOSITORS			
Depositors Funds		313,624,964	317,850,408
Reserves	11	1,489,291	1,669,545
Accumulated Comprehensive Revenue and Expense		(13,544)	544,774
TOTAL NET AMOUNTS DUE TO DEPOSITORS		**315,100,711**	**320,064,727**

These Financial Statements were approved on behalf of the Board on 7 October 2022

Dave Johnston
Chairperson

JMAdamson
Trustee

Goldsmith Fox PKF Audit

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

CASH FLOW STATEMENT
For the Year Ended 30 June 2022

	Notes	2022	2021
Cash flows from Operating Activities			
Receipts from Exchange Transactions			
Dividends Received		1,140,450	949,811
Company Debenture Interest		3,326,489	3,698,682
Other Interest Received		1,041,977	1,374,022
Interest Received - Bank Deposits		59,495	11,359
Money Market Interest		65,115	19,785
Gross Rental Income		3,965,530	3,876,654
Other Revenue		106,028	60,598
		9,705,084	9,990,911
Payments			
Management Fee Expense	5,14	1,220,359	1,096,390
Rental Property Expenses		468,968	227,959
Other Expenses	6	321,686	247,166
		2,011,013	1,571,515
Net Cash flows from Operating Activities		7,694,071	8,419,396
Cash Flows from Investing Activities			
Receipts from Investing Activities			
Shares		51,083,652	39,963,655
Company Debentures		55,183,445	21,742,130
Private Equity		69,245	371,821
Loans	14	11,892,329	3,101,077
Bank Deposits		70,482	-
		118,299,153	65,178,683
Payments			
Shares		64,041,245	48,840,399
Company Debentures		69,400,047	44,534,757
Loans	14	-	1,850,000
Bank Deposits		-	268,491
		133,441,292	95,493,647
Net Cash flows from Investing Activities		(15,142,139)	(30,314,964)
Cash Flows from Financing Activities			
Receipts			
From Depositors		50,941,336	44,909,380
From Depositors (Capital)		-	39,545,066
		50,941,336	84,454,446
Payments			
Income and Capital Distributions to Depositors	13	827,330	30,469,708
Repayments to Depositors	13	50,601,981	58,834,218
		51,429,311	89,303,926
Net Cash flows from Financing Activities		(487,975)	(4,849,480)
Net Increase / (Decrease) in Cash		(7,936,043)	(26,745,048)
Exchange Rate Movements in Bank Accounts and Cash		-	-
Opening Cash		16,587,479	43,332,528
Closing Cash		8,651,436	16,587,479
This is represented by:			
Cash and Cash Equivalents	7	8,651,436	16,587,479

Goldsmith Fox PKF Audit

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 2022.

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 7 October 2022.

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.

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, non-derivative 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 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 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:

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

Financial Liabilities are derecognised if the MTA's obligations specified in the contract expire, are discharged, or are cancelled.

(a) Financial assets

Financial assets within the scope of *NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through the Statement of Comprehensive Income and Expense.

These are loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The initial recognition category determines subsequent measurement and whether any resulting income and expense is recognised in the Statement of Comprehensive Income and Expense.

The MTA's financial assets include cash and cash equivalents, short-term deposits, receivables from exchange transactions and investments.

All financial assets except for those at fair value through the Statement of Comprehensive Income and Expense 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 MTA 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 Income and Expense

Financial assets at fair value through the Statement of Comprehensive Income and Expense 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 Income 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 Income and Expense.

All financial assets including properties, 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 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 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 income and distribute the net income, after considering the revaluation or devaluation and any realised capital gains or losses.

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.

Company Debentures/Transferable Certificates/Government and Local Body Stock

The fair values are established at balance date by adding the accrued interest from the last interest payment date to balance date to the purchase price of the asset and then amortising any premium or discount over the term of the investment the financial asset on a straight-line basis.
This class of financial assets are 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 MTA's 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) 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.

(d) Impairment of financial assets

The MTA assesses at the end of the reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is assessed as being impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the MTA first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the MTA determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a class of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not Included for reassessment in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in the Statement of Comprehensive Income and Expense.

(e) Financial liabilities

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

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 Income 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 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 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.

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 Income 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 8).

4.10 Income Tax

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

4.11 New standards, amendments and interpretations not yet effective nor early adopted

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 made to PBE IPSAS 1 which has become effective from 1 January 2022. These amendments provided for more disclosures regarding the going concern of the reporting entity in light of the COVID-19 pandemic. This has been fully adopted.
PBE IPSAS 2 Cash Flow Statements
The amendments to this Standard have been incorporated into the Cash Flow Statement by introducing a number of new disclosures.
PBE IPSAS 40 PBE Combinations
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.
PBE IFRIS 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.
PBE FRS 48 Service Performance Reporting
This standard was issued in November 2017 by the New Zealand Accounting Standards Board (NZASB) External Reporting Board (XRB) and establishes requirements for Tier 1 and Tier 2 public benefit entities to select and present service performance information. This standard has become effective for reporting periods beginning on or after 1 January 2022 with early adoption permitted.

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Amongst other things, PBE FRS 48 requires that this information includes:

- sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this; and
- information about what the entity has done during the reporting period in working towards its broader aims and objectives.

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 14. As at 30 June 2022 an amount of $416,428 was payable to the Board of Administration (also see notes 9 and 14).

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:

	2022	**2021**
Investment Information Systems	39,420	32,956
Brokerage	172,175	132,779
Custody Security Services	69,977	36,065
Governance Costs	8,250	10,446
Audit fee (see Note 12)	13,286	12,250
Travel Costs	-	4,056
Subscriptions	1,687	1,589
Printing and Stationery Costs	6,867	5,484
Other Expenses	10,633	8,450
Totals	**322,295**	**244,078**

7. Cash and Cash Equivalents

Part of cash and cash equivalents (2022: $21,154 – 2021: $513) 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 exchange gain of $183,858 was recognised (2021: $210,417 – Loss).

8. Investment Properties

	2022	2021
Great North and Newton Road, Auckland	$42,500,000	$39,500,000
Izone Drive, 30 Link Drive Rolleston, Christchurch	$29,875,000	$29,250,000
	$72,375,000	$68,750,000

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

Great North and Newton Road, Auckland

	2022	2021
Beginning Carrying Value	$39,500,000	$34,000,000
Net gains or losses from fair value adjustments	$3,000,000	$5,500,000
End of the Period Carrying Value	$42,500,000	$39,500,000

Izone Drive, 30 Link Drive Rolleston, Christchurch

	2022	2021
Beginning Carrying Value (MTA Share)	$29,250,000	$26,500,000
Net gains or losses from fair value adjustments	$625,000	$2,750,000
End of the Period Carrying Value (MTA Share)	$29,875,000	$29,250,000

Valuations have been provided by:

Great North and Newton Road, Auckland

Mr. S Keenan and Mr. G Tee of Savills New Zealand, registered valuers.
This investment property is tenanted by John Andrew Ford.

The last rent review was 31 January 2017 and then every five years on 1 March (the next being 1 March 2022 through to the expiry of the lease on 31 January 2032). MTA have given formal notice of the new rental amount and are awaiting a response.

The major assumptions made in the valuation report are:

- For the purposes of the valuation the lease payments are net, the term of the lease is 20 years with 5 yearly rent reviews.
- The valuation assumes that the property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion.
- The assessment of value has regard to the existing lease obligations and commitments and disregards any possibility of either a premium payable by a specific third party or the property being sold under forced sale conditions.
- The valuer has assessed an appropriate yield (Equated Market Yield) to apply as at 30 June 2022 of 4.50% (2021:4.60%) with a quoted discount rate of 6.50% (2021:7.00%).

- The market value has been determined using the capitalisation of yield and the discount rate and applying these to the annual lease payment and then reconciled the values together with the other information presented in the full report.

Izone Drive, 30 Link Drive Rolleston, Christchurch

In 2022 the valuation for 30 Link Road in Christchurch was undertaken by Mr. C. Stanley of TelferYoung, registered valuer. The same valuer was used in 2021.

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 2021. The next rent review will occur in 2024. Rents will increase based upon the lesser of Consumers Price Index or market rent.

The other assumptions made in the valuation report are:

- Assumed that the instructions and subsequent information supplied by the MTA contain a full and frank disclosure of all information that is relevant.
- There are no easements, rights of way or encroachments except those shown on the Computer Freehold Registers or in the valuation.
- The valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by a current survey or report and/or advice from a Registered Surveyor. If any encroachments are noted by the survey report the valuer reserves the right to review their valuation.
- There are no notices currently issued against the property and the valuer has made no enquiries in this regard. They have not inspected the plant and equipment or obtained any advice on its condition or suitability. In the course of preparing this report they have relied upon information provided by the MTA.
- The valuer has inspected all readily accessible parts of the improvements considered necessary for the purposes of our valuation. They have not sighted a sighted a structural survey of the improvements, nor its plant and equipment, by a qualified engineer. The valuer is not a building construction and/or structural expert, and is therefore unable to certify as to structural soundness of the improvements.
- The valuation is plus GST (if any).
- The valuer has assessed an appropriate effective market yield to apply as at 30 June 2022 of 6.50% on market income (2021: 7.50%) with an internal rate of return of 7.68% (2021:7.72%), a weighted average lease duration of 4.7 years (2021:5.7 years).

9. Creditors

An amount of $416,428 in Creditors represents Management Fees payable to the Board of Administration (2021 - $298,087). Also see Note 14.

As at balance date there were unsettled purchases of investments of $704,214 (2021: $8,169,644).

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 (2021: $15,453).

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

10. 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.

Changes in the fair value of the hedge contracts are recorded in the Statement of Comprehensive Revenue and Expense, together with the changes in the fair value of the hedged items.

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"*.

As at 30 June 2022 the MTA had a forward exchange contract with a fair value loss of $484,013 (2021 – $1,558,166-loss). The hedging contracts in place at balance date are as follows:

Fair Value of Hedging Contracts 30 June 2022

Purchase Date	Purchase Amount	Currency	Maturity Date	Gain (Loss)
27 June 2022	$NZ1,058,009.23	AUD	30 September 2022	(7,055)
27 June 2022	$NZ1,862,348.18	EUR	30 September 2022	6,012
27 June 2022	$NZ2,208,353.03	SEK	30 September 2022	9,112
27 June 2022	$NZ39,996,822.37	USD	30 September 2022	(492,082)
			Total	**(484,013)**

Fair Value of Hedging Contracts 30 June 2021

Purchase Date	Purchase Amount	Currency	Maturity Date	Gain (Loss)
1 June 2021	$NZ1,406,067	AUD	29-Sepember 2021	(13,234)
1 June 2021	$NZ3,333,333	EUR	29-Sepember 2021	(28,786)
1 June 2021	$NZ2,294,010	SEK	29-Sepember 2021	(19,656)
1 June 2021	$NZ32,994,645	USD	29-Sepember 2021	(1,394,838)
9 June 2021	$NZ83,009	EUR	29-Sepember 2021	(154)
9 June 2021	$NZ347,014	SEK	29-Sepember 2021	1,789
22 June 2021	$NZ(208,262)	EUR	29-Sepember 2021	(1,205)
25 June 2021	$NZ5,755,131	USD	29-Sepember 2021	(63,809)
25 June 2021	$NZ2,154,282	USD	29-Sepember 2021	(23,885)
30 June 2021	$NZ5,445,064	USD	29-Sepember 2021	(8,958)
30 Jun 2021	$NZ3,300,472	USD	29-Sepember 2021	(5,430)
			Total	**(1,558,166)**

Realised losses on hedging contracts for the 12 months ended 30 June 2022 amounted to $5,897,671 (2021 – $3,250,657 gains).

11. Equity Reserves

Building Maintenance Reserve

	2022	2021
Opening Balance-Building Maintenance Reserve	1,361,965	1,236,089
Add Current Year's Provision	127,326	127,328
Less Building Maintenance Expenses Incurred	-	(1,452)
Closing Balance-Building Maintenance Reserve	1,489,291	1,361,965

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 2022 was $127,326 (2021: $127,328) with no write backs to the Provision for actual work undertaken on the John Andrew Ford building during the year (2021: $1,452).

The balance in the Undistributed Capital Reserves (2022: $0 – (2021: $307,580)) relates to undistributed amounts to depositors held back from the current and previous years' distribution. During the 12 months ending 30 June 2022 the balance was fully distributed to depositors.

12. Auditor's Remuneration

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

Total amount recognised for as an audit expense is $13,286 (2021: $12,250). No non-audit services were provided by PKF Goldsmith Fox Audit for the period ending 30 June 2022 (2021: Nil).

13. Distributions to Depositors

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

14. 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 income 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. The MTA made a secured loan available to PACT 2086 Trust.

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

2021

The management fee expense on the Income Fund is charged at 6.50% (2020 6.5%) of rental and other investment income. The management fee expense on the Growth and Income Fund was calculated at 0.5% (2020 0.5%) of the total assets in the Fund. This management fee was paid to the Board of Administration, Methodist Church of New Zealand (also see Note 5).

2022

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 2022 was $1,338,700. The management fee is to be adjusted from 1 July 2022 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 7.00% (2021 6.5%) 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).

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 2022 until 2024. The total amount that may be advanced to the Board of Administration is $2,400,000 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 $2,128,097 (2021: $2,169,453).

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 18.

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 $8,250 to Leonard Knight Limited (2021: $3,750).

Consulting International Limited
Jane Davel was the former Chairperson of MTA. Jane Davel is also a director and shareholder of Consulting International Ltd. MTA made no payments to Consulting International Ltd during 2022 (2021: $4,328).

No other trustee of MTA is paid a remuneration.

15. 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. Jane Davel was the Chairperson of MTA in prior periods (also see Note 14 regarding payments made to Leonard Knight Limited and Consulting International 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 14. The management fee expense disclosed in Note 14 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 “fulltime-equivalents (FTE’s) for Senior Management Group) receiving remuneration is as follows:

	2022	2021
Number of Individuals (FTEs)	1.0	1.0

16. 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 income 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**
	2022	**2021**	
Deposits on Call	0.88%	0.25%	Simple annual average floating daily rate
Debentures/Bonds	0.73% to 5.73%	1.98% to 6.85%	Fixed to maturity (Yields)

Liabilities (Depositors Funds)	**2022**	**2021**	
Income Fund	0.00% to 3.58%	(3.04% to 3.83%)	quarterly
Growth and Income Fund	1.41% to 1.90%	(1.98% to 2.74%)	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.

17. Capital Commitments

The MTA have approved loans to Christchurch Methodist Mission of up to $1,000,000 for five years secured by a first mortgage over the Mission's property at 91 Harewood Road, Christchurch title reference CB43B/1080). A new loan agreement was signed in May 2022. The amount outstanding as at balance date is $500,000 (2021: $1,000,000) (also see Note 14).

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 roll over of an existing loan that had expired. As at balance date $2,128,097 (2021:$2,169,453) was payable by the Board of Administration (also see Note 14).

In November 2019 the MTA had approved a loan to the Grafton Downs Limited of up to $4,300,000 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 2021 the loan was fully repaid (also see Note 14).

The MTA has approved a loan to the Airedale Property Trust of up to $25,400,000 for five years secured by a first mortgage over property at 63 Allendale Road (title reference NA601/63), Auckland. During the financial year ending 30 June 2022 the loan was fully repaid (2021: $24,055,000) but a new loan was advanced for $13,000,000 for 5 years (expiry date being 5 October 2026) secured on all the land in NA 48C/1002 being Lot 1 DP73772 and Lot 9 DP22201.

The MTA has approved a loan to Wesley Wellington Mission Incorporated of 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

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WN715/22. As at balance date $3,495,575 (2021: $3,778,778) was payable by Wesley Wellington Mission Incorporated (also see Note 14).

In April 2022 the MTA offered a loan to Wesley Wellington Mission Incorporated to help fund the Caernarvon Drive Flaxmere Social Housing Development. The total loan offered is $2,700,000. The terms of that offer were set out in a letter of offer dated 26 April 2022. As at balance date there had been no advances made on this loan.

18. Contingent Assets and Liabilities

There are no contingent assets or liabilities at the reporting date. (2021: $Nil).

19. Events after the Reporting Date

There have been no events after balance date.

20. Description of Funds

Income Fund

This fund holds investments with short term maturity dates where the primary focus is on short term investment yields.

Growth and Income Fund

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

21. 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.

22. Other Information

Covid-19 (also known as coronavirus) continues as a pandemic affecting people, businesses and economies across the world. Measures to prevent, contain and delay its spread include isolation of people with the infection, social distancing and vaccinations using one of the approved vaccines, resulting in many people working remotely. During 2021/2022 the government eased the former strict restrictions so as to open the New Zealand economy to the world.

While this effected markets, the investments of the MTA are spread over different world markets. Many countries are opening their boundaries as their governments administer vaccines and systems are put in place to enable travelling. The MTA does not believe that the current restrictions in New Zealand will have a significant impact on the overall risks to its investments and returns.

During 2022 Russia started to use force to take over parts of Ukraine. Many countries considered that Russia had declared war on its neighbour which has forced other countries to act in defence of Ukraine. This was had an impact of trade and has also affected the economic outcomes of many countries. This war has affected inflation and the cost of products and services. The MTA is aware of these outcomes and has factored this into its short- and medium-term projections.

The financial statements have been prepared on a going concern basis and the Board has had to assess whether circumstances likely to occur within one year from the date of approval of these financial statements support this basis of preparation.

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.

In the Statement of Financial Position, "Venture Capital and Infrastructure" has been renamed as "Private Equity" as this better reflects the type of investments being made. Investments amounting to $2,511,550 (2021:$1,547,140) were reclassified from "Shares" to "Private Equity" in the Statement of Financial Position.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of the New Zealand Methodist Trust Association.

Report on the Audit of the Performance Report

Opinion

We have audited the performance report of the New Zealand Methodist Trust Association, which comprises the statement of financial position as at 30 June 2022, and the statement of service performance, statement of comprehensive revenue and expenses, statement of changes in depositors funds, and cash flow statement for the year then ended, and notes to the performance report, including a summary of significant accounting policies.

In our opinion, the accompanying performance report presents fairly, in all material respects, the financial position of the Association as at 30 June 2022, and its service performance, financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards (Not For Profit) – Reduced Disclosure Regime.

This report is made solely to the members, as a body. Our audit work has been undertaken so that we might state to the members 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 Members, for our audit procedures, for this report, or for the opinion we have formed.

Basis for Opinion

We conducted our audit of the statement of service performance, statement of comprehensive revenue and expenses, statement of financial position, statement of changes in depositors funds, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the performance report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance report* section of our report.

We are independent of the Association in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* 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 Performance Report

The Trustees are responsible on behalf of the Association for:

(a) Selecting service performance criteria that are suitable in order to prepare service performance information;
(b) The preparation and fair presentation of the performance report which comprises:
- The statement of service performance; and
- The statement of comprehensive revenue and expenses, statement of financial position, statement of changes in depositors funds, statement of cash flows, statement of accounting polices and notes to the performance report,

in accordance with Public Benefit Entity Standards (Not For Profit) – Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and

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

In preparing the performance report, the Trustees are responsible, on behalf of the Association, 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 Trustee either intend to liquidate the Association or cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report as a whole is 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 performance reports.

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

- Evaluate whether the selected service performance criteria are suitable so as to result in service performance information that is in accordance with the Public Benefit Entity Standards (Not For Profit) – Reduced Disclosure Regime.

- Identify and assess the risks of material misstatement of the performance report, 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 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 Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- 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 trust'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 performance report 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.

- Evaluate the overall presentation, structure and content of the performance report and service performance information, including the disclosures, and whether the performance report and service performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide the Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

PKF Goldsmith Fox Audit

PKF Goldsmith Fox Audit Limited
Christchurch, New Zealand

11 October 2022