



Presbyterian Church of Aotearoa New Zealand

Stuart Mutch
Ernst & Young
PO Box 490
Wellington

18 September 2018

Dear Sirs

This letter of representations is provided in connection with your audit of the consolidated financial statements of Presbyterian Church of Aotearoa New Zealand ("the entity") and its subsidiary (collectively "the group") for the year ended 30 June 2018. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the entity and group as of 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

We understand that the purpose of your audit of our consolidated financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (New Zealand), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 21 July 2017, for the preparation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
2. We acknowledge, as those charged with governance of the group, our responsibility for the fair presentation of the consolidated financial statements. We believe the consolidated financial statements referred to above present fairly, in all material respects, the financial position, financial performance and cash flows of the entity and group in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and are free of material misstatements, including omissions. We have approved the consolidated financial statements.
3. The significant accounting policies adopted in the preparation of the consolidated financial statements are appropriately described in the consolidated financial statements.
4. As those charged with governance of the group, we believe that the group has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the group's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud, that may have affected the group (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - ▶ Involving financial improprieties
 - ▶ Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the group's financial statements
 - ▶ Related to laws or regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the group's business, its ability to continue in business, or to avoid material penalties
 - ▶ Involving management, or employees who have significant roles in internal control, or others
 - ▶ In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - ▶ Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
 - ▶ Additional information that you have requested from us for the purpose of the audit and
 - ▶ Unrestricted access to persons within the group from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the Resource Committee held through the year.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the group's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. We have disclosed to you, and the group has complied with, all aspects of contractual agreements that could have a material effect on the consolidated financial statements in the event of non-compliance.

D. Ownership of Assets

1. The group has satisfactory title to all assets appearing in the statement of financial position, and there are no liens or encumbrances on the group's assets, nor has any asset been pledged as collateral. All assets to which the group has satisfactory title appear in the statement of financial position.
2. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.
3. We have considered the requirements of PBE IPSAS 26 *Impairment of Cash-Generating Assets* when assessing the carrying values of non-current assets and in ensuring that no non-current assets are stated in excess of their recoverable amount.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have all guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

F. Use of the Work of a Specialist

5. We agree with the findings of the specialists that we engaged to evaluate the valuation of investment property and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

G. Independence

1. We are not aware of any act or omission on the part of the group that does or may impact on your ability to comply with your independence obligations as auditor of the group. We have brought to your attention any items which we consider may affect your ability to remain independent of the group and we will continue to work with you to maintain the independence of the audit relationship.

H. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the consolidated financial statements or notes thereto.

I. Electronic Presentation of the Financial Statements

1. With respect to publication of the financial statements on our website, we acknowledge that:

- a) we are responsible for the electronic presentation of the financial statements;
- b) we will ensure that the electronic version of the audited financial statements and the auditor's report on the website will be identical to the final signed hard copy version;
- c) we will clearly differentiate between audited and unaudited information in the construction of the group's web site as we understand the potential risk of misrepresentation;
- d) we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published;
and
- e) we will not present the auditor's report on the full financial statements with extracts only of the full financial statements.

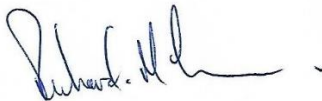
J. Reduced Disclosure Regime

1. In our opinion, the group qualifies for Tier 2 for-profit Accounting Standards as defined in XRB A1 Accounting Standards Framework because it is not publicly accountable (as defined) and is not a large for-profit public sector entity (as defined).

Yours faithfully



Jenny Flett - Convenor



Richard McLean - Deputy Convenor