

CHURCH PROPERTY TRUSTEES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



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CHURCH PROPERTY TRUSTEES
SUMMARY OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



	Page	2011 \$	2010 \$
Net Surplus From INVESTMENT FUNDS			
Balanced Growth Fund	B2	305,650	701,502
Mohaka Forest Fund	B3	76,828	271,640
Investment Property Fund	B4	39,073	58,717
Insurance Proceeds Fund	B11	3,224,302	-
Fixed Interest Fund (see note below)	*	1,840,450	960,499
Reserve Fund	B6	2,039,908	-
Total Net Surplus from Investment Funds		7,526,211	1,992,358
ESTATES			
General Trust Estate	B7	(213,530)	218,593
Bishopric Estate	B8	(109,704)	(40,696)
Dean & Chapter Estate	B9	(31,772)	(3,134)
Total Net Surplus from Estates		(355,006)	174,763
CPT MANAGEMENT ACCOUNT	B10	36,751	94,254
LESS ALLOCATIONS			
General Trust Estate		217,869	569,082
Bishopric Estate		58,898	128,312
Dean & Chapter Estate		23,239	51,849
Parishes and Other Anglican Organisations		1,338,332	1,294,359
Reserve Fund		1,995,165	-
Total Allocations		3,633,503	2,043,602
Net Surplus transferred to Equity		3,574,453	217,773

***Reconciliation of Net Surplus from Fixed Interest Fund**

Net Deficit per Statement of Financial Performance	B5	(1,371,502)	(51,243)
Add back Interest Paid to Investors	B5	1,216,787	1,011,742
Add back transfer to Reserve Fund			
Prior years retained earnings		1,371,502	-
This years operating surplus		623,663	-
Net Surplus Before Allocations		1,840,450	960,499

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



BALANCED GROWTH FUND		2011	2010
	Page	\$	\$
INCOME			
Revaluation of investment portfolio		499,612	931,622
Gain on sale of investments		17,621	-
Interest		22,229	42,634
Share Dividends		6,656	1,408
Unit Trust Distributions		11,107	46,401
Total Income		557,225	1,022,065
EXPENSES			
Brokerage Fees		2,104	-
Interest - Fixed Interest Fund Current Account	B5	28,195	35,307
Management Fees - AMPCI		63,221	63,002
Management Fees - OnePath		34,042	31,609
Management Fees - CPT	B10	120,096	186,545
Tax and Imputation Credits		3,917	4,100
Total Expenditure		251,575	320,563
Net Surplus		305,650	701,502
BALANCED GROWTH FUND ALLOCATIONS			
General Trust Estate	B7	117,729	274,905
Bishopric Estate	B8	51,950	118,149
Dean and Chapter Estate	B9	20,572	47,562
Parishes and Other Anglican Organisations (Note 16)		115,399	260,886
Total Allocations		305,650	701,502

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



MOHAKA FOREST FUND		2011	2010
	Page	\$	\$
INCOME			
Investment Income			
Change In Value of Forest (Unrealised)		100,000	296,678
Total Income		100,000	296,678
EXPENDITURE			
Insurance		4,550	5,284
Legal Fees		1,850	-
Management Fees - Forest Manager		2,758	7,301
Management Fees - CPT	B10	10,461	8,944
Rates		3,312	3,269
Subscriptions		241	240
Total Expenditure		23,172	25,038
Net Surplus		76,828	271,640
MOHAKA FOREST FUND ALLOCATIONS			
Investment Revaluation			
General Trust Estate (92%)	B7	92,000	272,944
Parishes and Other Anglican Organisations (8%) (Note 16)		8,000	23,734
		100,000	296,678
Share of Expenses			
General Trust Estate (92%)	B7	(21,318)	(23,035)
Parishes and Other Anglican Organisations (8%) (Note 16)		(1,854)	(2,003)
		(23,172)	(25,038)
Total Allocations		76,828	271,640

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



INVESTMENT PROPERTY FUND		2011	2010
Anglican Church House		\$	\$
	Page		
INCOME			
Rent		93,771	104,217
Investment Income			
Change In Market Value of Property (Unrealised) (Note 2)		-	5,000
Loss on Sale		(12,121)	-
Insurance Proceeds		976	-
Total Income		82,626	109,217
EXPENDITURE			
Insurance		1,959	2,399
Management Fees - CPT		3,919	4,238
Rates		4,334	6,450
Rent		26,813	29,250
Repairs & Maintenance		6,528	7,528
Valuation Fees		-	635
Total Expenditure		43,553	50,500
Net Surplus		39,073	58,717
INVESTMENT PROPERTY FUND ALLOCATIONS			
Net Rent			
General Trust Estate	B7	29,458	40,498
Bishopric Estate	B8	6,948	9,298
Dean And Chapter Estate	B9	2,667	3,922
		39,073	53,718
Investment Revaluation			
General Trust Estate	B7	-	3,769
Bishopric Estate	B8	-	865
Dean And Chapter Estate	B9	-	365
		-	4,999
Total Allocations		39,073	58,717

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



FIXED INTEREST FUND		2011	2010
	Page	\$	\$
INCOME			
Interest - Short Term Deposits		54,020	32,769
Interest - Reserve Fund		-	46,673
Interest - Loans and Mortgages		68,301	74,584
Interest - Advance Balanced Growth Fund	B2	28,195	35,307
Revaluation of AMP Portfolio		1,912,136	995,808
Total Income		2,062,652	1,185,142
EXPENDITURE			
Management Fee - AMPCI		69,966	59,974
Management Fee - CPT	B10	150,789	162,714
Computer Expenses		1,447	1,955
Interest Paid to Parishes and Other Anglican Organisations (Note 16)		1,216,787	1,011,742
Total Expenditure		1,438,989	1,236,385
Operating Surplus/(Deficit)		623,663	(51,243)
Transferred to Reserve Fund			
Prior Years Retained Earnings	B6	1,371,502	-
Operating Surplus	B6	623,663	-
		(1,371,502)	(51,243)
Net Deficit			

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



RESERVE FUND		2011	2010
	Page	\$	\$
INCOME			
Transfer from Fixed Interest Fund			
Prior Years Retained Surplus	B5	1,371,502	-
This Years Net Surplus	B5	623,663	-
Interest		44,743	-
Total Income		2,039,908	-
Net Surplus		2,039,908	-

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



GENERAL TRUST ESTATE		2011	2010
	Page	\$	\$
INCOME			
Rent			
Anglican Church House	B4	29,457	40,498
Richards Estate		97,900	144,105
Investment Income			
Interest - Mortgage		2,533	2,751
Balanced Growth Fund	B2	117,726	274,905
Anglican Church House Revaluation	B4	-	3,769
Mohaka Forest Revaluation	B3	92,000	272,944
Richards Estate Property Revaluation (Note 2)			12,716
Adfund - Return of Capital		-	14,978
Total Income		339,616	766,666
EXPENDITURE			
Operating Expenditure			
Management Fee - CPT	B10	28,138	27,445
Property Manager Costs	B10	126,795	88,593
Mohaka Forest Expenses	B3	21,318	23,035
Grant			
Diocese of Christchurch (Note 5)		450,579	409,000
Total Expenditure		626,830	548,073
Operating (Deficit)/Surplus		(287,214)	218,593
EARTHQUAKE			
Insurance Proceeds		790,350	-
Loss Due to Write-off of Damaged Buildings		(716,666)	-
Net (Deficit)/Surplus		(213,530)	218,593

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



BISHOPRIC ESTATE		2011	2010
	Page	\$	\$
INCOME			
Rent			
Bean Street		-	992
Anglican Church House	B4	6,948	9,298
Investment Income			
Balanced Growth Fund	B2	51,950	118,149
Anglican Church House Revaluation	B4	-	865
Loss on Sale of Bean Street		-	(8,662)
Grants Received			
Diocesan Grant (Note 3)		40,851	40,598
Total Income		99,749	161,240
EXPENDITURE			
Bishop of Christchurch			
Motor Vehicle		8,946	4,545
Stipend and Allowances		100,941	90,101
Travel		8,904	13,306
Lambeth Travel		1,725	1,725
Administration			
Depreciation		10,756	10,294
Hospitality		1,361	5,825
Management Fee - CPT	B10	15,175	15,186
Office Accommodation		3,413	9,100
Office and Sundry Expenses		5,166	3,863
Secretarial Services		48,700	47,652
Telephone Tolls and Postage		4,366	339
Total Expenditure		209,453	201,936
Net Deficit		(109,704)	(40,696)

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



DEAN AND CHAPTER ESTATE		2011	2010
	Page	\$	\$
INCOME			
Rent			
Anglican Church House	B4	2,667	3,922
Investment Income			
Balanced Growth Fund	B2	20,572	47,562
Anglican Church House Revaluation	B4	-	365
Total Income		23,239	51,849
EXPENDITURE			
Operating Expenses			
Management Fees - CPT	B10	3,011	2,983
Grant			
Christchurch Cathedral (Note 4)		52,000	52,000
Total Expenditure		55,011	54,983
Net Deficit		(31,772)	(3,134)

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



MANAGEMENT ACCOUNT		2011	2010
	Page	\$	\$
INCOME			
Management Fees			
Anglican Development Fund		-	765
Balanced Growth Fund	B2	120,096	186,545
Bishopric Estate	B8	15,175	15,194
Dean and Chapter Estate	B9	3,011	2,983
Fixed Interest Fund	B5	150,789	162,714
General Trust Estate	B7	28,138	27,445
Insurance Proceeds Fund	B11	2,826	-
Insurance - Management Fee		30,471	25,952
Mohaka Forest Fund	B3	10,461	8,944
Other Trusts		4,190	3,852
Property Manager Costs Recovered	B7	126,795	88,593
Property Management		13,399	14,732
Sundry Income		5,061	11,733
Total Income		510,412	549,452
EXPENDITURE			
Administration (Service Level Agreement)			
Building and Parking		32,180	73,172
Communication		23,578	-
Information Technology		24,149	25,663
Office Equipment Expenses		7,203	7,679
Staff Provisions		1,131	1,154
Staffing		142,763	171,554
Stationery, Printing and Postage		19,114	18,700
Other Administration			
Audit Fees		9,770	9,900
Assets Written off due to EQ Damage		1,405	-
Depreciation		9,494	14,252
Insurance		5,105	5,893
Legal Fees		1,895	1,583
Management Fee - Simes Property		7,200	9,313
Parish Property Maintenance Contributions		-	23,581
Property Manager		105,523	69,302
Property Valuations		2,210	4,250
Rebuild the Faith of Canterbury		33,288	-
Sundry Expenses		16,394	8,726
Telephone and Tolls		1,756	1,730
Vehicle and Travel Expenses		15,076	10,740
Web Hosting		4,200	-
Total Expenditure		463,434	457,192
Net Operating Surplus		46,978	92,260

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



MANAGEMENT ACCOUNT (cont)	2011	2010
	\$	\$
EARTHQUAKE		
Insurance Proceeds		
Business Interruption September Event	26,897	1,994
Claims Preparation	5,620	-
Hereford Street Contents	44,140	-
Material Damage	491,085	-
Total Insurance Proceeds	567,742	1,994
Insurance Costs		
Business Interruption September Event	26,897	-
Hereford Street Contents	36,430	
Material Damage	484,328	
Sundry	514	
Vicarage Rentals	29,800	
Total Insurance Expenditure	577,969	-
Net Earthquake (Deficit)/Surplus	(10,227)	1,994
<u>Net Surplus</u>	<u>36,751</u>	<u>94,254</u>

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2011



INSURANCE PROCEEDS FUND		2011	2010
	Page	\$	\$
INCOME			
Revaluation of investment portfolio		41,504	-
Total Income		41,504	-
EXPENSES			
Management Fees - CPT	B10	2,826	-
Total Expenditure		2,826	-
Net Operating Surplus		38,678	-
EARTHQUAKE			
Insurance Proceeds (Note 19)		3,266,571	-
Expenses (Note 19)		80,947	-
Net Earthquake Proceeds		3,185,624	-
Net Surplus		3,224,302	-

CHURCH PROPERTY TRUSTEES
STATEMENT OF MOVEMENTS IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2011



EQUITY	Page	2011 \$	2010 \$
Fixed Interest			
Opening Balance		1,371,502	1,422,745
Net Deficit	B5	<u>(1,371,502)</u>	<u>(51,243)</u>
Closing Balance		-	1,371,502
Reserve Fund			
Opening Balance		-	-
Net Surplus	B6	<u>2,039,908</u>	<u>-</u>
Closing Balance		2,039,908	-
General Trust Estate			
Opening Balance		11,320,053	11,101,460
Net (Deficit)/Surplus	B7	<u>(213,530)</u>	<u>218,593</u>
Closing Balance		11,106,523	11,320,053
Bishopric Estate			
Opening Balance		3,038,629	3,079,325
Net Deficit	B8	<u>(109,704)</u>	<u>(40,696)</u>
Closing Balance		2,928,925	3,038,629
Dean and Chapter Estate			
Opening Balance		1,203,461	1,206,595
Net Deficit	B9	<u>(31,772)</u>	<u>(3,134)</u>
Closing Balance		1,171,689	1,203,461
Management Account			
Opening Balance		102,494	8,240
Net Surplus	B10	<u>36,751</u>	<u>94,254</u>
Closing Balance		139,245	102,494
Insurance Proceeds Fund			
Opening Balance		-	-
Net Surplus	B11	<u>3,224,302</u>	<u>-</u>
Closing Balance		3,224,302	-
TOTAL EQUITY		<u>20,610,592</u>	<u>17,036,139</u>

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011



	Note	2011 \$	2010 \$
EQUITY			
Fixed Interest Fund	14	-	1,371,502
Reserve Fund		2,039,908	-
General Trust Estate Capital		11,106,523	11,320,053
Bishopric Estate Capital		2,928,925	3,038,629
Dean & Chapter Estate Capital		1,171,689	1,203,461
Management Account Capital		139,245	102,494
Insurance Proceeds Fund		3,224,302	-
Total Equity		20,610,592	17,036,139
Represented By			
CURRENT ASSETS			
Cash and Deposits	12	1,418,838	807,575
Accounts Receivable		1,062,017	196,823
Cash Flow Advance - Diocese of Christchurch	10	134,312	220,306
Balanced Growth Fund Investment Portfolio	13	17,482,956	17,926,656
Fixed Interest Fund AMPCI Investment Portfolio	14	19,563,911	16,678,070
Insurance Proceeds Fund Investment Portfolio		3,300,082	-
Parish Insurance Receivable		146,481	64,514
Insurance Claims Recievable		340,112	-
Mortgages (Current Portion)		141,027	140,042
Total Current Assets		43,589,736	36,033,986
CURRENT LIABILITIES			
Accounts Payable		419,604	159,838
Provisions	15	34,232	28,166
Parishes and Other Anglican Organisations	16	27,613,175	25,656,657
Total Current Liabilities		28,067,012	25,844,661
Net Current Assets		15,522,724	10,189,325
NON CURRENT ASSETS			
Fixed Assets	17	19,430	39,069
Investments			
Anglican Centre Partnership		41,183	41,183
Mortgages (Non-current Portion)		952,070	1,100,339
NZ Government Stock		495,185	899,557
Richards Estate Property	2	1,380,000	2,096,666
Anglican Church House Property		-	570,000
Mohaka Forest Property		2,200,000	2,100,000
Total Non Current Assets		5,087,868	6,846,814
NET ASSETS		20,610,592	17,036,139

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26/04/2012

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Church Property Trustees is constituted as a Body Corporate under "The Anglican (Diocese of Christchurch) Church Property Trust Act 2003". This legislation defines the powers and responsibilities of the Church Property Trustees.

The Church Property Trustees is registered as a charitable entity under the Charities Act 2005. Registration number CC36062.

Basis of Preparation

The financial statements have been prepared in accordance with this legislation and with generally accepted accounting practice in New Zealand and applicable Financial Reporting Standards, except where departures from these standards have been specifically stated under specific accounting policies below.

Measurement Base

The measurement base is historical cost, modified by the revaluation of equities and unit trusts to market value, investment properties to market value or rating valuation and forestry valuation to net present value of future cash flows.

Differential Reporting

The entity qualifies for differential reporting within the framework for Differential Reporting issued by the New Zealand Institute of Chartered Accountants as:

- It is not publicly accountable within the meaning ascribed to that term by paragraphs 4.15 to 4.16 of the framework; and
- it qualifies under the size criteria.

The financial statements have been prepared taking advantage of all available differential reporting exemptions.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Investments in Equities

Units in equity based unit trusts and shares are recorded at market value as at the last day of trading on or prior to balance date.

Investments in Fixed Interest

Units in fixed interest based funds are recorded at market value as at the last day of trading on or prior to balance date.

Investments in Property

Investment properties are stated at market value and are not depreciated because of this. Their value is re-assessed annually at balance date by registered valuers Colliers International.

Investment in Forestry

The value of the forest crop is based on the determination of the net present value (NPV) of future cash flows at a discount rate of 8%, associated with the development and harvesting of the forest, as determined by the Forestry Manager. Forest land is valued at the latest Rating Valuation.

The NPV of Cash flows relating to the potential revenue from the sale of carbon credits under the Government's Emissions Trading Scheme has not been included in the valuation. (See Note 11 below)

Revenue Recognition

Income includes investment income earned on funds held in trust for Parishes and other Anglican organisations. This income is taken directly to the statement of financial performance and is allocated in proportion to investment holdings.

Interest and rents are recognised as income in the period in which they are earned. Dividends are recorded when they are received.

Unit trust net investment income consists of realised and unrealised gains, income and expenses.

Accounts Receivable

Accounts receivable are stated at their expected realisable value.

Fixed Assets

Furniture and Fittings, Motor Vehicles and Office Equipment are recorded at cost less accumulated depreciation.

Depreciation

Depreciation has been calculated using the straight line basis, whereby cost is written off evenly over the expected economic life of the assets assuming nil residual values. Depreciation rates used are as follows:

Furnishings & Equipment	10 - 33% pa on cost
Software	33% pa on cost
Motor Vehicles	25% pa on cost
Archives	10 - 20% pa on cost

Goods and Services Tax

The accounts are prepared on a GST exclusive basis except for accounts receivable and accounts payable.

Taxation

Church Property Trustees are registered as a charitable entity under the Charities Act 2005 which exempts the entity from liability for income tax.

CHANGES TO ACCOUNTING POLICIES

There have been no changes which would have a material effect on the measurement of income or financial position. All policies have been applied on basis consistent with those used in previous years.

2. PROPERTY VALUATIONS

Property	Owned By	Date of Valuation	Valuer	Basis of Valuation	Valuation 2011 (\$)	Valuation 2010 (\$)
Richards Estate Properties	General Trust Estate	Dec-11	Carl Graham BCOM (VPM), MPINZ Registered Valuer	Market	1,380,000	2,096,666

3. BISHOPRIC ESTATE

Background

The Bishopric Estate is administered by Church Property Trustees under section 14 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003 ("The Act"). The estate was established to hold capital and income to provide for costs associated with maintaining the Bishop.

Annual Grant Received from Diocese \$40,851 (2010: \$40,598)

The Standing Committee of the Diocese agreed to finance part of the Bishopric Estate costs in the 2011 Year in order to maintain the capital of the Estate (2010: \$40,598). The grant is reviewed on an annual basis. Trustees continue to work with the Diocese on strategies to maintain the capital of the Bishopric Estate.

Net Assets

	2011 \$	2010 \$
ASSETS		
Current Assets		
Debtors	169	540
Investments		
Balanced Growth Fund	2,951,405	2,945,616
Investment Property Fund	-	98,654
Fixed Assets	10,907	19,649
Lay Minister Medallions	840	840
Total Assets	2,963,321	3,065,299
LIABILITIES		
Accounts Payable	19,247	13,246
Provision for Lambeth Conference	15,149	13,424
Total Liabilities	34,396	26,670
Net Assets	2,928,925	3,038,629

4. DEAN AND CHAPTER ESTATE

Background

The Dean and Chapter Estate is administered by Church Property Trustees under section 17 of the Act. The estate was established to hold capital and income primarily to provide for housing and stipend for the Dean of Christchurch.

Annual Grant Paid to Christchurch Cathedral \$52,000 (2010: \$52,000)

The Dean and Chapter Estate pays an annual grant (phased evenly by month) to the Christchurch Cathedral towards the costs of the Dean. The amount is based on what the Trustees have determined is sustainable to maintain the capital value of the Estate.

Net Assets

	2011 \$	2010 \$
ASSETS		
Investments		
Balanced Growth Fund	1,171,619	1,161,842
Sundry Debtors	70	-
Investment Property Fund	-	41,619
Net Assets	1,171,689	1,203,461

5. GENERAL TRUST ESTATE

Background

The General Trust Estate is administered by Church Property Trustees. It was established to provide capital and income for expenses in connection with the management and maintenance of properties owned by Church Property Trustees and for payment of the Diocesan Grant.

Annual Grant Paid to Diocese \$450,579 (2010: \$409,000)

The General Trust Estate pays an annual grant (phased evenly by month) to the Diocese of Christchurch to assist with general operations. The amount is based on what the Trustees have determined is sustainable to maintain the capital value of the Estate.

Net Assets

	2011 \$	2010 \$
ASSETS		
Accounts Receivable	838,572	39,200
Investments		
Balanced Growth Fund	6,792,660	6,743,024
Forest Fund	2,024,000	1,932,000
Property Fund	-	429,727
Mortgage	76,970	84,437
Richards Estate Property	1,380,000	2,096,666
Total Assets	11,112,202	11,325,054
LIABILITIES		
Accounts Payable	5,679	5,001
Net Assets	11,106,523	11,320,053

6. COMMITMENTS

Mohaka Forest Project

The forest consists of 142 hectares of radiata pine and was established in 1995, with harvesting planned to take place after approximately 25 years subject to considerations arising from the Government's Emissions Trading Scheme (see Note 11 below). The projected costs to completion, including future silviculture operations related to the area destroyed by fire and subsequently replanted have been estimated at \$164,610 (2010 \$181,650).

Maui Capital Indigo Fund Limited

The BGF holds 300,000 shares in Maui Capital Indigo Fund Limited. Issue price for the shares was \$1.00. As at 31 December 2011, the shares were called up to 69 cents per share. Further calls of up to 15 cents per share may be made at the discretion of the Board of the fund and would be payable within 20 business days notice. No calls will be made after the expiry of the Investment Period. The investment period for the fund will run to the earlier of the fifth anniversary of the offer closing date (17 March 2008) and the date the Board of the fund determines that no further calls will be made.

Pohutukawa Private Equity II Limited

The BGF holds 300,000 shares in Pohutukawa Private Equity II Limited. Issue price for the shares was \$1.00. As at 31 December 2011, the shares were called up to 37 cents per share. The remaining 63 cents per share is payable in tranches. Calls will be for a minimum of 10 cents per share and will be subject to 30 days advance notice to the investor. The Board of the fund has complete discretion over all such calls.

7. CONTINGENCIES

Assets

There are no contingent assets outstanding as at 31 December 2011 except for those related to earthquake damage noted below (2010:nil).

Liabilities

National Bank Card Visa Limit \$5,000 (2010 \$5,000).

Clergy Housing

The Church Property Trustees are required to provide a suitable residence or housing allowance for the Bishop and Dean of Christchurch. As both the Bishop and Dean chose to purchase their own houses and receive a housing allowance there is a possibility that houses may need to be purchased for future Bishops and/or Deans. This would result in the utilisation of investment capital and consequent reduction in income but also an elimination of the housing allowance expense. While it is not possible to accurately assess the overall financial impact in advance, there is a risk that it would reduce the net income available to fund the expenses of these Estates.

8. FINANCIAL INSTRUMENTS

All financial instruments, including Accounts Receivable and Payables are recognised in the Statement of Financial Position. The Trustees have not entered into any off-Statement of Financial Position instruments. The carrying value of financial instruments is equivalent to their fair value.

9. CREDIT RISK

Financial instruments which potentially subject the Church Property Trustees to credit risk principally consist of bank balances, public company/corporation debentures, government and local body stock, loans, mortgages and company shares. The normal investor risks are associated with the different asset classes.

10. RELATED PARTIES

The Anglican Centre

The Church Property Trustees shares premises, fixtures and fittings, office equipment and staffing resources with the Diocese of Christchurch and Anglican Care.

A service level agreement (SLA) was entered into in November 2005 with the Anglican Centre. The purpose of the SLA is to apportion shared costs including building and parking, equipment, information technology, provisions, salaries and wages, stationery/printing and postage and archives. The SLA is negotiated annually.

Diocese of Christchurch

The Diocese of Christchurch invests in the Fixed Interest Fund and the Balanced Growth Fund on the same terms and conditions as other investors.

The Church Property Trustees provide short term cash flow funding to the Diocese of Christchurch on an arms length basis. The funding is unsecured, interest is charged at 5.4% p.a. and the loan is repayable on demand. The balance of the loan as at 31 December 2011 was \$134,312 (2010: \$220,306)

Meares Williams

Richard Gray, Partner of Meares Williams, an entity which provided legal services to the Church Property Trustees to the value of \$3,011 (2010: \$6,132) is a member of the Board of Trustees. The transactions were at an arms length basis.

Colliers International

Gary Sellars, Director of Colliers International, an entity which provided valuation services to the Church Property Trustees to the value of \$5,650 (2010: \$6,507) is a member of the Board of Trustees. The transactions were at an arms length basis.

11. MOHAKA FOREST

Emissions Trading Scheme

The Trustees are participating in the Emissions Trading Scheme and have claimed New Zealand units ("NZU's") in accordance with Schedule 6 of the Climate Change Response (Emissions Trading) Amendment Act 2008:

2008	4,093
2009	4,393
2010	4,594
2011	5,161
Total	18,241

The value of carbon credits have not been included in the accounts.

12. CASH AND DEPOSITS

	2011 \$	2010 \$
National Bank - Cheque	507,617	71,893
National Bank - Call	431,213	202,234
National Bank - Reserve Fund Call	459,884	25,737
RaboDirect - Call	20,123	507,711
Total Cash and Deposits	1,418,837	807,575

13. BALANCED GROWTH FUND ("BGF")

Distributions

Distributions from the BGF are determined by the Church Property Trustees based on the long-term sustainable distribution rates recommended in the Statement of Investment Policies and Objectives (SIPO). Distributions are recognised in the financial statements when they are paid in cash.

An independent review of the investment strategy, including the distribution rate, was conducted by AON New Zealand ("AON") during the 2009 financial year. AON concluded that the investment strategy recommended by the SIPO would enable investment objectives to be met over the long-term. However, there would be a significant number of individual years within any ten year period when objectives probably would not be achieved.

Reserves

There are no capital reserves within the BGF as capital gains and losses are apportioned between investors according to units held at year end.

Investment Portfolio

	2011		2010	
	\$	%	\$	%
New Zealand Cash	4,006	0%	3,930	0%
New Zealand Fixed Interest	7,255,213	41%	6,529,982	36%
Australasian Equities	4,431,093	25%	4,674,380	26%
International Equities (Unhedged)	3,725,482	21%	4,754,177	27%
New Zealand Property (Listed)	1,177,528	7%	1,270,409	7%
Alternative Strategy	889,634	5%	693,778	4%
Total Investment Portfolio	17,482,956	100%	17,926,656	100%

14. FIXED INTEREST FUND ("FIF")

Distributions

Interest is credited to investors in the FIF quarterly. Interest rates reviews are conducted regularly by Church Property Trustees. The following table shows interest rates paid to investors during the financial year bench marked against the National Bank twelve month term deposit rate for deposits \$250,000 and over:

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
FIF	6.50%	6.50%	6.50%	5.50%	5.50%	5.50%	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
NB	4.41%	-	-	3.68%	4.35%	4.35%	4.35%	4.35%	4.35%	4.10%	4.10%	4.10%

Reserves

The Church Property Trustees are required to maintain and administer a Reserve Fund under S(36) of the Act. At the end of the financial year the trustees must transfer the net surplus of the Fixed Interest Fund to the Reserve Fund. The net annual income derived from investments in the Reserve Fund may be applied by the Church Property Trustees, with the agreement of standing committee, in one or more of the following ways.

- (1) to augment the Reserve fund

- (2) to stabilise or increase the income of the Fixed Interest Fund
- (3) to replace losses of capital in the Fixed Interest Fund

Capital in the Reserve Fund at year end was \$2,039,908 (2010: \$1,371,502). In the previous financial year the Reserve Fund was included in the capital of the Fixed Interest Fund.

AMP Capital Investors ("AMPCI") Investment Portfolio

	2011		2010	
	\$	%	\$	%
Fixed Interest	9,990,595	51%	11,992,626	72%
Fixed Interest - Short Duration	9,556,444	49%	4,669,148	28%
Cash Fund	16,872	0%	16,296	0%
Total Invested With AMPCI	19,563,911	100%	16,678,070	100%

15. PROVISIONS

	2011 \$	2010 \$
Lambeth Travel Fund	15,149	13,424
Insurance Valuation Fund	19,083	14,742
Total Provisions	34,232	28,166

The Lambeth travel fund provides for expenses in relation to the Lambeth Conference which is held every ten years. The next conference is due to be held in 2018. Expected costs for the conference are \$25,500.

Valuation of parish property for insurance purposes occurs on a four year cycle. The next round of valuations is due in 2012. Valuations are expected to cost approximately \$20,000.

16. PARISHES AND OTHER ANGLICAN ORGANISATIONS

Investments

	2011 \$	2010 \$
Fixed Interest Fund	21,092,972	19,035,970
Balanced Growth Fund	6,344,203	6,452,687
Mohaka Forest Fund	176,000	168,000
Total	27,613,175	25,656,657

Reconciliation of Movement in Parishes and Other Anglican Organisations Holdings

	2011 \$	2010 \$
Movement in Holdings		
Fixed Interest Fund	2,057,002	2,657,605
Balanced Growth Fund	(108,484)	(124,410)
Mohaka Forest Fund	8,000	24,000
Total Increase in Holdings	1,956,518	2,557,195
REPRESENTED BY:		
INCOME		
Fixed Interest Fund - Interest	1,216,787	1,011,742
Rent	34,409	50,687
Balanced Growth Fund - Revaluation	115,399	260,886
Mohaka Forest - Revaluation	8,000	23,734
Total Income	1,374,595	1,347,049
EXPENSES		
Mohaka Forest Operating Expenses	1,854	2,003
Rental Property Management Fees - CPT	1,978	2,915
Total Expenses	3,832	4,918
Net Surplus	1,370,763	1,342,131
NET CASH DEPOSITED/(WITHDRAWN)		
Fixed Interest Fund	807,784	1,598,091
Balanced Growth Fund	(223,883)	(385,296)
Mohaka Forest Fund	1,854	2,269
TOTAL CASH MOVEMENT	585,755	1,215,064
Total Increase in Holdings	1,956,518	2,557,195

17. FIXED ASSETS

	2011 \$				2010 \$			
	Cost	Depn	Accum Depn	Book Value	Cost	Depn	Accum Depn	Book Value
Asset Category								
Motor Vehicles	36,394	9,173	33,336	3,058	36,394	9,174	24,164	12,230
Property Data Base	37,502	3,603	36,815	687	37,502	7,208	33,212	4,291
Office Equipment	2,947	1,739	1,025	1,922	8,739	1,948	6,679	2,059
Furniture & Fittings	44,990	2,322	34,018	10,973	41,279	2,320	26,991	14,287
Bishop's Seal	1,430	143	489	941	1,430	143	346	1,084
Web Development	3,795	768	3,795	-	3,795	1,253	3,027	768
FinPower	7,576	2,500	5,726	1,849	7,576	2,500	3,226	4,349
Total	134,635	20,249	115,204	19,430	136,714	23,746	97,645	39,069

18. OPERATING LEASE

Church Property Trustees have the following operating lease obligations for motor vehicles:

	12 Months	> 12 Months	Total
Motor Vehicle	1,914	-	1,914
Total	1,914	-	1,914

19. IMPACT OF THE CANTERBURY EARTHQUAKES

Church Buildings, (including Vicarages) and Contents

Buildings and contents owned by the Church Property Trustees were materially affected by the magnitude 6.3 earthquake on 22 February 2011 and to a lesser extent by the magnitude 7.1 earthquake on the 4 September 2010, the magnitude 5.7 and 6.3 earthquakes on 13 June 2011 and the magnitude 6.0 earthquake on 23 December 2011.

The accounting standards require damaged assets to be impaired, however, with the exception of Richards Estate investment property (See note 2) buildings and contents owned by the Church Property Trustees are recorded in the financial statements of Parishes and will be impaired in the financial statements of the respective Parishes.

Insurance Proceeds and Expenses

The accounting standards require insurance proceeds to be recognised as income in the year that they are paid or when settlement is signed off by the Insurer and the insured, what ever occurs first.

At balance date there were material insurance proceeds and related expenditures not reported in the statement of financial position as the Church Property Trustees insurer had not yet made this data available. Where insurance proceeds and expenditures are known, they have been reported.

Contingent Asset in Respect of Insurance Proceeds

The Church Property Trustees insurer is Ansvar. There are two key insurance policies relevant to the recent earthquakes as follows:

- Material Damage – this is a combination of full replacement and indemnity only and covers the Church Property Trustees' properties and contents.
- Business Interruption – lost income in limited circumstances and increased costs are claimable if they arise as a consequence of damage to the Church Property Trustee's buildings for a period of 2 years following each earthquake event.

The quantum of the likely insurance proceeds on both policies cannot be reliably estimated because of the wide range of possible outcomes that will be negotiated with Ansvar following the completion of detailed engineering and financial assessments. It is early in the insurance claims process and will be some time before the Church Property Trustees are able to complete definitive and detailed claims to the underwriters.



INDEPENDENT AUDITOR'S REPORT
To the Members of Church Property Trustees

Report on the Financial Statements

We have audited the financial statements of Church Property Trustees on pages B1 to B22, which comprise the statement of financial position as at 31 December 2011, and the statement of movements in equity, and statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the members of Church Property Trustees, as a body, in accordance with the requirements of Church Property Trustees regulations. Our audit has been undertaken so that we might state to the Church Property Trustees members those matters we are required to state to them in an auditors' 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 Church Property Trustees members, as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Trustees Responsibility for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on financial position and performance.

Other than in our capacity as auditor we have no relationship with, or interests in, Church Property Trustees.

Basis for Qualified Opinion on Financial Position

As stated in the accounting policies, the Trustees have stated the value of the property used in the forest valuation is at rateable value instead of net current value. This is a departure from SSAP17 Accounting for Investment Properties and Properties Intended for Sale, which requires investment properties to be recorded in the Statement of Financial Position at their net current value. The Trustees have not calculated the financial effect of this departure from SSAP17.

In this respect alone, we have not obtained all the information and explanations that we have required.

Qualified Opinion on Financial Position

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph the financial statements on pages B1 to B22:

- Comply with generally accepted accounting practice in New Zealand;
- Present fairly, in all material respects the financial position of Church Property Trustees as at 31 December 2011 and of its financial performance for the year then ended.

BDO Christchurch

BDO Christchurch

26 April 2012

Christchurch
New Zealand