

**FINANCIAL STATEMENTS OF CHURCH PROPERTY TRUSTEES, ESTATES & FUNDS INVESTED
FOR THE YEAR ENDED 31 DECEMBER 2012**

FINANCIAL STATEMENTS OF CHURCH PROPERTY TRUSTEES, ESTATES & FUNDS INVESTED
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CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

Church Property Trustees is governed by it's own Act of Parliament (Anglican (Diocese of Christchurch) Church Property Trust Act 2003) and the Anglican Church Trusts Act 1981. The function of CPT is to hold and administer trust property in accordance with these Acts and with the terms of the trusts that CPT holds property on.

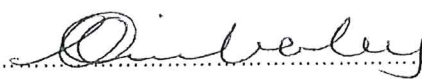
	Ref	2012 \$	2011 \$
INCOME			
Estate Management Fees	21	45,359	46,325
Investment Fund Management Fees	21	577,248	284,172
Other Income		175,302	179,915
TOTAL INCOME		797,909	510,412
EXPENDITURE			
Anglican Centre Costs		387,789	250,118
Other Administration Expenditure		358,053	180,028
TOTAL EXPENDITURE		745,842	430,146
Net Operating Surplus/(Deficit)		52,067	80,266
NON OPERATING EARTHQUAKE EXPENDITURE			
	Page		
Building and Property Contributions to Parishes		14,013	-
Rebuild The Faith Of Canterbury		139,775	-
Design Guidelines		101,513	-
Recharge of Design Guidelines to IPF	13 IPF	(101,513)	-
Rebuild As An Event		20,000	-
		173,788	
Net Surplus/(Deficit)	Note 20	(121,721)	80,266

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
CURRENT ASSETS			
Recharge of Design Guidelines to IPF	13 IPF	101,513	10,017
Fixed Interest Fund	11 FIF	26,721	-
Insurance		-	340,112
Parish Insurance		-	146,480
Funds Held On Trust	2	105,635,520	49,645,882
Total Current Assets		105,763,754	50,142,492
CURRENT LIABILITIES			
Creditors		3,225	20,763
GTE Working Capital Advance	6 GTE	100,000	-
Advance - Fixed Interest Fund		-	333,935
Provision for Insurance Valuations	16	19,992	19,083
Trust Money Owed	2	105,635,520	49,645,882
Total Current Liabilities		105,758,738	50,019,663
Net Current Assets		5,016	122,828
NON CURRENT ASSETS			
Fixed Assets	18	4,612	8,523
Investments			
Anglican Centre Partnership		41,185	41,183
Total Non Current Assets		45,796	49,705
Net Assets		50,812	172,533

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Ref	2012 \$	2011 \$
Balance at 1 January 2012		172,533	92,267
Net surplus/(deficit) for the year	1 CPT	(121,721)	80,266
Balance 31 December 2012		50,812	172,533

Trustee 

Trustee 

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 12 below)

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Revenue Recognition

Income includes investment income earned on funds held in trust for Parishes and other Anglican organisations.

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% p.a. on cost
Software	33% p.a. on cost
Motor Vehicles	25% p.a. on cost
Archives	10 - 20% p.a. 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.

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

2. FUNDS HELD ON TRUST

Fund Held on Trust by CPT as follows:

Beneficiary Owner	Page Reference	\$
General Trust Estate	6 GTE	11,482,080
Bishopric Estate	7 BE	3,071,803
Dean & Chapter Estate	8 DC	1,227,637
BGF Parish Funds	9 BGF	6,571,129
Mohaka Forest Parish Funds	10 MF	208,000
Fixed Interest Fund	11 FIF	23,303,243
Reserve Fund	12 RF	1,794,240
Insurance Proceeds Fund	13 IPF	57,977,388
Total		105,635,520

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

GENERAL TRUST ESTATE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

General Trust Estate means the property held by the Church Property Trustees on trust for the general purposes of the Church in the Diocese.

	Ref	2012 \$	2011 \$
INCOME			
Investment Income			
Interest - Mortgage		2,309	2,533
Balanced Growth Fund	9 BGF	624,295	117,725
Mohaka Forest Fund Revaluation	10 MF	368,000	92,001
Richards Estate Property Revaluation		-	(716,666)
Insurance Proceeds		6,397	790,351
Rent		18,905	127,358
Total Income		1,019,905	413,302
EXPENDITURE			
Management Fee - CPT	21	27,621	28,138
Property Management Costs - CPT		122,475	126,794
Mohaka Forest Expenses	12	34,410	21,322
General Expenses		1,860	-
Grant Diocese of Christchurch		457,982	450,578
Total Expenditure		644,348	626,832
Net Surplus/ (Deficit)	Note 4	375,557	(213,530)

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
CURRENT ASSETS			
Accounts Receivable		839,560	835,655
Advance - FIF		-	2,917
Diocesan Grant not drawn down in prior periods		81,635	-
Working Capital Advance to CPT	2 CPT	100,000	-
Balanced Growth Fund	9 BGF	6,704,006	6,792,660
Total Current Assets		7,725,201	7,631,232
CURRENT LIABILITIES			
Accounts Payable		2,760	5,679
Diocesan Grant not drawn down in prior periods		81,635	-
Total Liabilities		84,395	5,679
Net Current Assets		7,640,806	7,625,553
NON CURRENT ASSETS			
Investments			
Mortgage (Cathedral Grammar School)		69,279	76,970
Mohaka Forest Fund (Note 7)	10 MF	2,392,000	2,024,000
Richards Estate Buildings (at Market Value)	3	1,380,000	1,380,000
Total Investments		3,841,279	3,480,970
Total Non Current Assets		3,841,279	3,480,970
Net Assets		11,482,080	11,106,523
EQUITY			
Balance at 1 January 2012		11,106,523	11,390,732
Net Surplus/(Deficit) (excluding Mohaka Forest)		41,967	213,530
Share Mohaka Forest Fund Revaluation (Note 12)		333,590	70,679
Closing Balance		11,482,080	11,106,523

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

BISHOPRIC ESTATE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

CPT holds the Bishopric Estate on trust to use the capital and income of the Estate to provide, amongst other things, a suitable residence for the Bishop, pay all the running costs, the Bishop's stipend, secretarial support and other expenses.

	Ref	2012 \$	2011 \$
INCOME			
Investment Income			
Balanced Growth Fund Revaluation	9 BGF	279,504	51,950
Grants		41,200	40,851
Rent - Anglican Church House		-	6,948
Total Income		<u>320,704</u>	<u>99,749</u>
EXPENSES			
Expenses		106,949	120,516
Administration		70,876	88,937
Bishopric Estate Direct Costs		<u>177,825</u>	<u>209,453</u>
Net Surplus/ (Deficit)	Note 5	<u>142,879</u>	<u>(109,704)</u>

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
CURRENT ASSETS			
Balanced Growth Fund	9 BGF	3,101,196	2,951,405
Sundry Debtors		2,782	1,011
Total Current Assets		<u>3,103,978</u>	<u>2,952,416</u>
CURRENT LIABILITIES			
Accounts Payable		21,526	19,250
Provision for Lambeth Conference	16	16,874	15,149
Total Current Liabilities		<u>38,401</u>	<u>34,399</u>
Net Current Assets		<u>3,065,578</u>	<u>2,918,017</u>
NON CURRENT ASSETS			
Total Fixed Assets	18	<u>6,225</u>	<u>10,907</u>
Net Non Current Assets		<u>6,225</u>	<u>10,907</u>
Net Assets		<u>3,071,803</u>	<u>2,928,924</u>
EQUITY			
Balance at 1 January 2012		2,928,924	2,819,220
Net Surplus/(Deficit)		142,879	(109,704)
Closing Balance		<u>3,071,803</u>	<u>2,928,924</u>

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

DEAN & CHAPTER ESTATE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

CPT holds the Dean and Chapter Estate on trust to use the capital and income of the Estate to provide, amongst other things, housing and a stipend for the Dean of Christchurch.

	Ref	2012 \$	2011 \$
INCOME			
Rent Anglican Church House		-	2,667
Balanced Growth Fund	9 BGF	110,922	20,572
Total Income		110,922	23,239
EXPENDITURE			
Management Fees - CPT	21	2,974	3,011
Grant to Cathedral		52,000	52,000
Total Expenditure		54,974	55,011
Net Surplus/(Deficit)	Note 6	55,948	(31,772)

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
CURRENT ASSETS			
Balanced Growth Fund	9 BGF	1,231,972	1,171,619
Sundry Debtors		-	70
Total Current Assets		1,231,972	1,171,689
Liabilities			
Sundry Creditors		4,335	-
Net Assets		1,227,637	1,171,689
EQUITY			
Balance at 1 January 2012		1,171,689	1,203,461
Net Surplus/(Deficit)		55,948	(31,772)
Closing Balance		1,227,637	1,171,689

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

BALANCED GROWTH FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

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. There are no capital reserves within the BGF as capital gains and losses are apportioned between investors according to units held at year end. The BGF is the investment and income vehicle for the three main estates.

	Ref	2012 \$	2011 \$
INCOME			
Revaluation of Investment Portfolio		1,852,078	499,612
Gain on Sale of Investments		-	17,621
Interest		26	22,229
Share Dividends		7,828	6,656
Unit Trust Distributions		1,784	11,107
Total Income		1,861,716	557,225
EXPENSES			
Brokerage		-	2,104
Interest - Advance Fixed Interest Fund	11 FIF	16,213	28,195
Interest - Advance IPF	13 IPF	22,084	-
Management Fees - AMPCI		63,972	63,221
Management Fees - OnePath		32,138	34,042
Management Fees - CPT	21	121,273	120,096
Tax and Imputation Credits		-	3,917
Total Expenditure		255,681	251,575
Net Surplus/(Deficit)	Note 14	1,606,035	305,650
BALANCED GROWTH FUND ALLOCATIONS			
General Trust Account	6 GTE	624,295	117,729
Bishopric Estate	7 BE	279,504	51,950
Dean and Chapter	8 DC	110,921	20,572
Parishes and other Anglican Organisations		591,315	115,399
		1,606,035	305,650

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
INVESTMENTS			
Cash		4,080	4,007
Fixed Interest		7,461,852	7,255,213
Property		1,481,979	1,177,527
Alternate Strategy		979,099	841,634
Australasian Equities		4,673,540	4,431,093
International Equities		3,798,229	3,725,482
Total Investments		18,398,779	17,434,957
CURRENT LIABILITIES			
Advance - Fixed Interest Fund	11 FIF	790,476	166,926
Sundry Creditors		-	8,143
Parishes and other Anglican Organisations	17	6,571,129	6,344,205
General Trust Estate	6 GTE	6,704,006	6,792,660
Bishopric Estate	7 BE	3,101,196	2,951,405
Dean and Chapter Estate	8 DC	1,231,972	1,171,619
Total Liabilities		18,398,779	17,434,957
Net Assets		-	-

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

MOHAKA FOREST FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

The Mohaka Forest Fund is an Investment where the General Trust Estate is the principal shareholder together with three Parish investors.

	Ref	2012 \$	2011 \$
INCOME			
Change in Value of Forest (Unrealised)		400,000	100,000
Expenses Recovery		37,402	23,176
TOTAL INCOME		437,402	123,176
EXPENDITURE			
Insurance		5,875	4,550
Legal Fees		-	1,850
Management Fees - CPT	21	10,937	10,461
Management Fees - Forest Manager		17,274	2,758
Rates		3,315	3,316
Subscriptions		-	241
Total expenditure		37,402	23,176
Net Surplus/(Deficit)	Note 12	400,000	100,000
MOHAKA FOREST FUND ALLOCATIONS			
Investment Revaluation			
General Trust Estate (92%)	6 GTE	368,000	92,000
Parish and other Anglican Organisations (8%)	17	32,000	8,000
Total Allocations		400,000	100,000
Total Allocations		400,000	100,000

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
NON CURRENT ASSETS			
Cost of Forest			
Balance at beginning of the year		877,076	877,076
		877,076	877,076
Revaluation Reserve			
Balance at beginning of the year		1,322,924	1,222,924
General Trust Estate share of revaluation (92%)	6 GTE	368,000	92,000
Parish Investors share of revaluation (8%)	17	32,000	8,000
		1,722,924	1,322,924
Total Non Current Assets		2,600,000	2,200,000
Net Assets		2,600,000	2,200,000
LIABILITIES			
General Trust Estate (92%)	6 GTE	2,392,000	2,024,000
Parish Investors (8%) (Note 17)	17	208,000	176,000
		2,600,000	2,200,000
Net Assets		-	-

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

FIXED INTEREST FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

The Fixed Interest Fund is an investment vehicle for a variety of trusts. Trust funds invested in the FIF are credited with interest at a uniform rate determined from time to time by the Trustees.

	Ref	2012 \$	2011 \$
INCOME			
Interest - Short Term Deposits		116,642	54,020
Interest - Loans and Mortgages		62,387	68,301
Interest - Advance Balanced Growth Fund	9 BGF	16,213	28,195
Revaluation of AMPCI Portfolio		1,172,540	1,912,136
Total Income		1,367,783	2,062,652
EXPENDITURE			
Management Fee - AMPCI		70,340	69,966
Management Fee - CPT	21	212,800	150,789
Interest Paid to Investors	17	1,418,738	1,216,787
Computer Expenses		1,869	1,447
Total Expenditure		1,703,747	1,438,989
Net Operating Surplus/(Deficit) taken to Reserve Fund	Note 15	(335,964)	623,663

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
CURRENT ASSETS			
Accounts Receivable		483,973	286,870
Advance - CPT Management Account		-	333,935
Advance - Diocesan Cash flow		562	134,313
Advance - Balanced Growth Fund	9 BGF	790,476	166,926
Advance - Rebuild the Faith of Canterbury		-	31,405
Advance - Reserve Fund		305,922	-
Cash Call Accounts		776,347	958,954
Total Current Assets		2,357,281	1,912,402
Investments			
AMPCI NZ Cash Fund		17,425	16,872
AMPCI Fixed Interest Fund		11,343,495	9,990,595
AMPCI Short Duration Fund		10,304,406	9,556,444
Total Investments		21,665,326	19,563,911
Total Current Assets		24,022,607	21,476,313
CURRENT LIABILITIES			
Accounts Payable		163,533	314,412
Advance - Reserve Fund		-	629,230
Advance - General Trust Estate		-	2,917
Advance - CPT	2 CPT	26,721	-
Advance - Insurance Proceeds Fund	13 IPF	1,581,903	-
Parishes and other Anglican Organisations	17	23,303,243	21,545,881
Total Current Liabilities		25,075,399	22,492,439
Net Current Assets		(1,052,792)	(1,016,126)
NON CURRENT ASSETS			
Investments			
Mortgages		1,052,792	1,016,126
Net Assets		-	-

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

RESERVE FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

The Church Property Trustees are required to maintain and administer a Reserve Fund under S36 of the Anglican (Diocese of Christchurch) Church Property Trust Act 2003. 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.

	Ref	2012 \$	2011 \$
INCOME			
Interest		91,080	44,743
Total Income		<u>91,080</u>	<u>44,743</u>
EXPENDITURE			
Brokerage		784	-
Total Expenditure		<u>784</u>	<u>-</u>
Net Surplus/(Deficit) transferred from FIF	11 FIF	(335,964)	623,663
Net Operating Surplus/(Deficit)	Note 15	<u>(245,668)</u>	<u>668,406</u>

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
CURRENT ASSETS			
ANZ Bank Call Account		352,016	459,884
Fixed Interest Fund Investment		436,636	452,909
Fixed Interest Fund		30,043	5,567
Accrued Interest		6,280	2,701
Net Current Assets		<u>824,975</u>	<u>921,061</u>
NON CURRENT ASSETS			
Investments			
NZ Government Stock - Maturity Date 15/02/2016		495,185	495,184
Rabobank Bond - Maturity Date 16/05/2018		310,044	-
Term Deposit - Maturity Date 19/11/2013		500,000	-
Total Investments		<u>1,305,229</u>	<u>495,184</u>
Net Surplus/(Deficit) to be Transferred to/from FIF		<u>(335,964)</u>	<u>623,663</u>
Net Assets		<u>1,794,240</u>	<u>2,039,908</u>
EQUITY			
Balance at 1 January 2012		2,039,908	1,371,502
Net Surplus/(Deficit)		<u>(245,668)</u>	<u>668,406</u>
Closing Balance		<u>1,794,240</u>	<u>2,039,908</u>

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

INSURANCE PROCEEDS FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

The Insurance Proceeds Fund represents the funds received from ACS to date on account of insurance claims. Those funds are held on the same trusts as the land and buildings to which the insurance payments relate.

	Ref	2012 \$	2011 \$
INCOME			
Revaluation of investment portfolio		1,980,732	41,504
Interest		65,782	-
Total Income		<u>2,046,514</u>	<u>41,504</u>
EXPENSES			
CPT Management Fees	21	232,238	2,826
Management Fees - AMP		99,044	-
Total Expenditure		<u>331,282</u>	<u>2,826</u>
Net Operating Surplus/(Deficit)	Note 22	<u><u>1,715,232</u></u>	<u><u>38,678</u></u>

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2012

	Ref	2012 \$	2011 \$
CURRENT ASSETS			
Bank		295,523	-
Debtors		2,894,161	-
2012 Parish Insurance Premium Balance		1,101,877	-
WIP Capital Buildings		10,011,006	80,947
WIP Design Guidelines	2 CPT	101,513	-
Advance - Fixed Interest Fund	11 FIF	1,581,903	(75,780)
Total Current Assets		<u>15,985,983</u>	<u>5,167</u>
CURRENT LIABILITIES			
Creditors		970,746	-
Parish 2012 Insurance Goodwill Offering		216,506	-
Parishes Insurance Proceeds		44,962,385	3,305,249
WIP Capital Buildings		10,011,006	80,947
WIP Design Guidelines	2 CPT	101,513	-
Increase In Value of Assets to Diocese		1,715,232	-
Net Current Liability		<u>57,977,388</u>	<u>3,386,196</u>
INVESTMENTS			
AMPCI - Cash		20,861,665	2,140,016
AMPCI - Responsible Investment Leaders		6,397,159	501,418
AMPCI - Fixed Interest		6,307,758	497,199
AMPCI - Listed Property		2,093,240	161,449
AMPCI Fixed Interest (Short Duration)		6,331,583	-
Total Investments		<u>41,991,406</u>	<u>3,300,082</u>
Net Assets		<u><u>-</u></u>	<u><u>-</u></u>

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3. PROPERTY VALUATIONS (Page 6 GTE)

Property	Owned By	Date of Valuation	Valuer	Basis of Valuation	Valuation 2012 (\$)	Valuation 2011 (\$)
Richards Estate Properties	General Trust Estate	Dec-11	Carl Graham BCOM (VPM), MPINZ Registered Valuer	Market	1,380,000	1,380,000

The land value has not been changed for 2012 due to the reasons:

- That the Trustees are yet to sell the land on Colombo St to CERA (forced sale)
- The Trustees are in receipt of a conditional offer for Fishers Corner.

However since the 31st December 2012 the following valuations and Insurance Settlements documents have been received. CPT share of the valuations and settlement documents is:

Insurance Settlements - Buildings	\$
Fishers Corner	637,329
Colombo St	638,971
Total Settlement	1,276,300

Valuations of Land	\$	Valuation Date
Fishers Corner	560,000	27 th February 2013
Colombo St	915,000	4 th December 2012
Total Valuation	1,475,000	

This value is unrealised at the time the Annual Accounts are being prepared and no costs have been accounted for.

Valuations completed by:

Knight Frank Ltd
F M STEWART
B.Prop.ANZIV/SPINZ

4. GENERAL TRUST ESTATE (Page 6 GTE)

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 held by Church Property Trustees on behalf of the Diocese and for payment of the Diocesan Grant.

Annual Grant Paid to Diocese \$457,982 (2011: \$450,579)

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.

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Movements in Equity of the General Trust Estate

The allocations to and from reserves are calculated on the following basis agreed by the Trustees in 2007.

- The income that may be drawn down each year from the BGF is 4.5% of the capital.
- The income is to be paid on the Average Net Assets during the financial year.
- The remainder of the income/(deficit) is to be allocated to capital reserves.

5. BISHOPRIC ESTATE (Page 7 BE)

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 \$41,000 (2011: \$40,851)

The Standing Committee of the Diocese agreed to finance part of the Bishopric Estate costs in the 2012 Year in order to maintain the capital of the Estate. 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.

Movements in Equity of the Bishopric Estate.

The allocations to and from reserves are calculated on the following basis agreed by the Trustees in 2007.

- The income that may be drawn down each year from the BGF is 4.5% of the capital.
- The income is to be paid on the Average Net Assets during the financial year.
- The remainder of the income/(deficit) is to be allocated to capital reserves.

6. DEAN AND CHAPTER ESTATE (Page 8 DC)

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.

Movements in Equity of the Dean & Chapter Estate.

The allocations to and from reserves are calculated on the following basis agreed by the Trustees in 2007.

- The income that may be drawn down each year from the BGF is 4.5% of the capital.
- The income is to be paid on the Average Net Assets during the financial year.
- The remainder of the income/(deficit) is to be allocated to capital reserves.

7. COMMITMENTS

Mohaka Forest Project (Majority Shareholder is the General Trust Estate) (Page 10 MF)

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 12 below). The projected costs to completion, including future silviculture operations related to the area destroyed by fire and subsequently replanted have been estimated at \$141,860 (2010 \$164,610).

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Maui Capital Indigo Fund Limited

The Balanced Growth Fund holds 300,000 shares in Maui Capital Indigo Fund Limited. Issue price for the shares was \$1.00. As at 31 December 2012, 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.

Maui Capital Aqua Fund Limited

The BGF holds 200,000 shares in Maui Capital Aqua Fund Limited. Issue price for the shares was \$1.00. As at 31 December 2012, the shares were called up to 15 cents per share. Further calls of up to 85 cents per share may be made at the discretion of the Board of the fund and would be payable within 20 business days notice.

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 2012, the shares were called up to 47 cents per share. The remaining 53 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.

8. CONTINGENCIES

Assets

There are no contingent assets outstanding as at 31 December 2012 except for those related to earthquake damage noted below.

Liabilities

National Bank Card Visa Limit \$5,000 (2011: \$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.

9. 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.

10. 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.

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11. 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 reduce and 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 2012 was \$562. (2011: \$134,312)

Meares Williams

Richard Gray, Partner of Meares Williams, an entity which provided legal services to the Church Property Trustees to the value of \$7,398 (2011: \$3,011) was a member of the Board of Trustees until November 2012. The transactions were at an arms length basis.

Wynn Williams

Jeremy Johnson of Wynn Williams, an entity which provided legal services to the Church Property Trustees to the value of \$304,365 is the Diocesan Vice-Chancellor. 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 \$2,812 (2011: \$5,650) is a member of the Board of Trustees. The transactions were at an arms length basis.

12. MOHAKA FOREST (Pages 6 GTE & 10 MF)

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

Carbon Values 2012

Currently the carbon market has collapsed due to the use of 'junk credits' flooding the market from Eastern Europe.

GTE Share Mohaka Forest Fund Revaluation

Revaluation	\$368,000
Less Expenses	\$34,410
Change in Equity	\$333,590

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012

13. CASH AND DEPOSITS

Across all Trust Funds held by CPT on behalf of the Diocese and Parishes.

	2012 \$	2011 \$
National Bank - Cheque	772,123	507,617
National Bank - Call	295,522	431,213
National Bank - Reserve Fund Call	788,652	459,884
RaboDirect - Call	4,223	20,123
Total Cash and Deposits	1,860,520	1,418,837

14. BALANCED GROWTH FUND ("BGF") (Page 9 BGF)

Distributions

Distributions to investors 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.

15. FIXED INTEREST FUND ("FIF") (Page 11 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 benchmarked against the National/ANZ Bank twelve month term deposit rate for deposits \$250,000 and over:

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
FIF	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.00%	6.00%	6.00%	6.00%	6.00%
NB	4.40%	4.40%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.10%	4.10%

Reserves

The Church Property Trustees maintains a Reserve Fund in order to:

- (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 \$1,794,240 (2011: \$2,039,908).

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012

16. PROVISIONS

	2012 \$	2011 \$
Lambeth Travel Fund	16,874	15,149
Insurance Valuation Fund	19,992	19,083
Total Provisions	36,866	34,232

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 2013. The valuations were delayed for one year until 2013 to allow for clarity around earthquake damage to buildings and property. Valuations are expected to cost approximately \$20,000.

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012

17. PARISHES AND OTHER ANGLICAN ORGANISATIONS

Investments

	2012 \$	2011 \$
Fixed Interest Fund	23,303,243	21,545,881
Balanced Growth Fund	6,571,129	6,344,203
Mohaka Forest Fund	208,000	176,000
Total	30,082,372	28,066,084

Reconciliation of Movement in Parishes and Other Anglican Organisations Holdings

	2012 \$	2011 \$
Movement in Holdings		
Fixed Interest Fund	1,757,362	2,057,002
Balanced Growth Fund	226,926	(108,484)
Mohaka Forest Fund	32,000	8,000
Total Increase in Holdings	2,016,288	1,956,518
REPRESENTED BY:		
INCOME		
Fixed Interest Fund - Interest	1,418,738	1,216,787
Rent	-	34,409
Balanced Growth Fund - Revaluation	591,315	115,399
Mohaka Forest - Revaluation	32,000	8,000
Total Income	2,042,053	1,374,595
EXPENSES		
Mohaka Forest Operating Expenses	2,992	1,854
Rental Property Management Fees - CPT	-	1,978
Total Expenses	2,992	3,832
Net Surplus	2,039,061	1,370,763
NET CASH DEPOSITED/(WITHDRAWN)		
Fixed Interest Fund	338,624	807,784
Balanced Growth Fund	(364,389)	(223,883)
Mohaka Forest Fund	2,992	1,854
TOTAL CASH MOVEMENT	(22,773)	585,755
Total Increase in Holdings	2,016,288	1,956,518

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012

18. FIXED ASSETS

Fixed Assets are held within CPT (Page 2 CPT) as follows:

2012					2011			
Asset Category	Cost	DEPN	Accum Depn	2012 Book Value	Cost	DEPN	Accum Depn	2011 Book Value
Archive Shelving	5,986	1,374	1,373	4,612	5,986	-	-	5,986
Property Database	37,502	687	37,502	-	37,502	3,603	36,815	687
FinPower	7,576	1,849	7,575	-	7,576	2,500	5,726	1,849
Total	51,064	3,909	46,450	4,612	51,064	6,103	42,542	8,522

Fixed Assets as held within the Bishopric Estate (Page 7 BE) as follows:

2012					2011			
Asset Category	Cost	DEPN	Accum Depn	2012 Book Value	Cost	DEPN	Accum Depn	2011 Book Value
Motor Vehicle	36,394	3,058	36,394	-	36,394	9,173	33,336	3,058
Furniture & Fittings (see note below re variance)	44,990	745	34,763	4,242	44,990	2,322	34,018	4,986
Bishop's Seal	1,430	143	632	798	1430	143	489	941
Office Equipment	2,947	738	1,763	1,185	2,947	1,739	1,025	1,922
Total	85,761	4,684	73,552	6,225	85,761	13,377	68,868	10,907

The balance of the Furniture and Equipment (\$5,986) was written off in the 2011 year.

The Archive Shelving is shown within the CPT Accounts and therefore is not included in the Estates and Investment Fund Accounts.

19. OPERATING LEASE

Church Property Trustees have the following operating lease obligations for motor vehicles and a storage facility at Grange Street:

	12 Months	> 12 Months	Total
Motor Vehicle	-	19,761	19,761
Storage	105,062	280,167	385,229
Total	105,062	299,928	404,990

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012

20. CPT (Pages 1 CPT & 2 CPT)

CPT Net operating surplus/deficit is stated after charging:

Building and Parking	24,941
Audit Fees	10,000
Depreciation	3,912
Total	38,853

21. CPT MANAGEMENT FEES

Estate Management Fees	
General Trust Estate	27,621
Bishopric Estate	14,764
Dean and Chapter Estate	2,974
Investment Fund Management Fees	
Balanced Growth Fund	121,273
Fixed Interest Fund	212,800
Insurance Proceeds Fund	232,238
Mohaka Forest Fund	10,937
Total	622,607

22. 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

At balance date there were material insurance proceeds and related expenditure not reported in the financial statements as the data was not available. Where insurance proceeds and expenditures are known, they have been reported in the IPF accounts.

The Trustees estimate that the cost of fully responding to the earthquake-related damage incurred by the Diocese is approximately \$91m (excluding the Cathedral). Insurance recoveries (excluding the Cathedral) are projected to total approximately \$61m resulting in an estimated shortfall of \$30m. It is intended that this shortfall will be met through property rationalisation, grants and fundraising.

The Christchurch Cathedral suffered significant damage in the earthquakes, resulting in insurance payments of approximately \$39m. The tower has since been deconstructed and the remaining buildings have been uninsured since April 2011. Contents yet to be retrieved are also uninsured. The Trustees are currently considering the rebuild of the Cathedral as well as a Traditional (new) and Contemporary option. The estimated potential shortfall in available insurance funds, depending on the options and timeframe to build, ranges from \$29m to \$216m.

In late 2011 the CPT/Diocesan insurer ACS (was 'Ansvar') advised that it was discontinuing the issuance of policies and would be exiting the NZ insurance market. In 2012 ACS became a standalone entity without any external guaranteed support. ACS applied for and received the

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

approval of the court for a Contingent Scheme of Arrangement. Due to these factors, as well as the uncertainties mentioned previously, it is not possible to estimate with any certainty the insurance recoveries that will be received.

The Trustees are overseeing an Earthquake Prone Buildings (EPB) program across the Diocese. The process of identifying EPBs and undertaking remedial and strengthening works is estimated to cost \$11m and take until March 2016.

A decision by the Trustees in 2012 to deconstruct the Cathedral is the subject of a legal challenge taken by the Great Christchurch Buildings Trust (GCBT). The interim decision of the High Court on this matter in late 2012 has been challenged by the GCBT and was recently heard in the Court of Appeal. A decision of the Court of Appeal is pending. The Trustees intend reporting back to the High Court on their choice of a Cathedral in May 2012, allowing the High Court to finalise its decision. Costs have been sought by both CPT and the GCBT.

The Trustees applied to the High Court in early 2013 for direction as to whether the use of \$4m of Cathedral insurance monies for the construction of the Transitional Cathedral was lawful. The High Court has found that the act was unlawful and is now subject to a further hearing as to the matter of relief.

23. CHANGE IN FORMAT OF ACCOUNTS

There have been some changes in the accounting format to help the users of the financial statements. This is largely to enable a better understanding of Church Property Trustees and its function as a vehicle for the different estates and funds.

As a result, the order of the statements has been updated to allow a more fluent set of financial statements and the statement of financial position has been updated to allow the true assets and liabilities of Church Property Trustees to be distinguished from those held on half of the other estates and funds. Furthermore, the information in the statement of financial performance has been condensed to allow better understanding.

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 1CPT to 23, which comprise the statement of financial position as at 31 December 2012, 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 1CPT to 23:

- 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 2012 and of its financial performance for the year then ended.

A handwritten signature in blue ink, appearing to read 'BDO Christchurch'.

BDO Christchurch

20 May 2013

**Christchurch
New Zealand**