

2013

Financial Statements  
of Church Property  
Trustees, Estates &  
Funds Invested

**FINANCIAL STATEMENTS OF CHURCH PROPERTY TRUSTEES, ESTATES & FUNDS INVESTED**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**FINANCIAL STATEMENTS OF CHURCH PROPERTY TRUSTEES, ESTATES & FUNDS INVESTED**  
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**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**CHURCH PROPERTY TRUSTEES**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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	2013 \$	2012 \$
<b>INCOME</b>			
Estate Management Fees	21	47,354	45,359
Investment Fund Management Fees	21	773,445	577,248
Other Income		225,729	175,302
<b>TOTAL INCOME</b>		<b>1,046,528</b>	<b>797,909</b>
<b>EXPENDITURE</b>			
Anglican Centre Costs		422,039	387,789
Other Administration Expenditure		629,717	334,879
<b>TOTAL EXPENDITURE</b>		<b>1,051,756</b>	<b>745,842</b>
<b>Net Operating Surplus/(Deficit)</b>		<b>(5,228)</b>	<b>52,067</b>
<b>NON OPERATING EARTHQUAKE EXPENDITURE</b>			
Building and Property Contributions to Parishes		-	14,013
Rebuild The Faith Of Canterbury & Website		-	139,775
Rebuild As An Event		(6,336)	20,000
		<b>(6,336)</b>	<b>173,788</b>
<b>Net Surplus/(Deficit)</b>	<b>Note 20</b>	<b>1,108</b>	<b>(121,721)</b>

**CHURCH PROPERTY TRUSTEES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31st DECEMBER 2013**

	Ref	2013	2012
		\$	\$
<b>CURRENT ASSETS</b>			
Debtors		25,932	101,513
Fixed Interest Fund	11 FIF	26,900	26,721
Parish Insurance		94,592	-
Diocesan Land & Buildings held on Trust	2 & 23	219,554,606	-
Funds Held On Trust	2	105,033,313	105,635,520
<b>Total Current Assets</b>		<b>324,735,343</b>	<b>105,763,754</b>
<b>CURRENT LIABILITIES</b>			
Creditors		19,931	3,225
GTE Working Capital Advance	6 GTE	100,000	100,000
Provision for Insurance Valuations	16	19,990	19,992
Diocesan Land & Buildings held on Trust	2 & 23	219,554,606	-
Trust Money Owed	2	105,033,313	105,635,520
<b>Total Current Liabilities</b>		<b>324,727,840</b>	<b>105,758,738</b>
<b>Net Current Assets</b>		<b>7,502</b>	<b>5,016</b>
<b>NON CURRENT ASSETS</b>			
<b>Fixed Assets</b>	18	3,236	4,612
<b>Investments</b>			
Anglican Centre Partnership		41,183	41,185
<b>Total Non Current Assets</b>		<b>44,418</b>	<b>45,796</b>
<b>Net Assets</b>		<b>51,920</b>	<b>50,812</b>

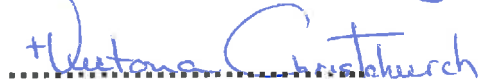
**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Ref	2013	2012
		\$	\$
Balance at 1 January 2013		50,812	172,533
Net surplus/(deficit) for the year	1 CPT	1,108	(121,721)
Balance 31 December 2013		<b>51,920</b>	<b>50,812</b>

Trustee



Trustee



Date



**CHURCH PROPERTY TRUSTEES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 2013**

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.

A full valuation in compliance with NZIAS16 was not undertaken because of cost constraints. The 2013 Annual Accounts, for the first time, record the land and buildings at current GV. Land and buildings are not depreciated but recorded as at their rateable value. The costs involved in obtaining valuations solely for financial purposes on an ongoing basis would outweigh any benefit derived by the readers of these financial statements.

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 has been one change which has a material effect on the measurement of income or financial position. All Diocesan Land and Buildings held on Trust have been included in the CPT Statement of Financial Position for the first time. All other policies have been applied on a basis consistent with those used in previous years.

**CHURCH PROPERTY TRUSTEES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**2. FUNDS HELD ON TRUST**

Funds Held on Trust by CPT as follows:

<b>Beneficiary Owner</b>	<b>Page Reference</b>	<b>2013</b>	<b>2012</b>
		\$	\$
General Trust Estate	6 GTE	13,375,294	11,482,080
Bishopric Estate	7 BE	3,178,004	3,071,803
Dean & Chapter Estate	8 DC	1,278,133	1,227,637
BGF Parish Funds	9 BGF	7,049,951	6,571,129
Mohaka Forest Parish Funds	10 MF	264,000	208,000
Fixed Interest Fund	11 FIF	24,848,338	23,303,243
Reserve Fund	12 RF	889,055	1,794,240
Insurance Proceeds Fund	13 IPF	54,150,538	57,977,388
<b>Total</b>		<b>105,033,313</b>	<b>105,635,520</b>

Land & Building Values Held on Trust by CPT as follows

<b>District</b>	<b>Land Values</b>	<b>Improvements</b>	<b>Capital Value</b>
Ashburton District Council	2,388,500	4,088,500	6,477,000
Chatham Islands Council	186,000	71,000	257,000
Christchurch City Council	105,619,503	63,417,003	169,036,506
Hurunui District Council	1,446,000	1,548,000	2,994,000
Mackenzie District Council	4,063,000	1,224,100	5,287,100
Selwyn District Council	6,488,500	3,956,000	10,444,500
Timaru District Council	5,818,000	8,340,500	14,158,500
Waimakariri District Council	3,684,000	2,759,000	6,443,000
Waimate District Council	319,000	660,000	979,000
Wairoa District Council	1,000,000	40,000	1,040,000
Westland District Council	982,000	1,456,000	2,438,000
	<b>131,994,503</b>	<b>87,560,103</b>	<b>219,554,606</b>

**CHURCH PROPERTY TRUSTEES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**GENERAL TRUST ESTATE**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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	2013 \$	2012 \$
<b>INCOME</b>			
<b>Investment Income</b>			
Interest - Mortgage		4,156	2,309
Balanced Growth Fund	9 BGF	584,277	624,295
Investment Revaluations - (Mohaka Forest & Richards Estate Land)		380,666	368,000
Insurance Proceeds - Richards Estate		1,528,162	6,397
Rent		-	18,905
<b>Total Income</b>		<b>2,497,261</b>	<b>1,019,905</b>
<b>EXPENDITURE</b>			
Management Fee - CPT	21	28,696	27,621
Property Management Costs - CPT Business As Usual Cost		151,693	122,475
Mohaka Forest Expenses	12	25,666	34,410
General Expenses		9,277	1,860
Grant Diocese of Christchurch		388,718	457,982
<b>Total Expenditure</b>		<b>604,051</b>	<b>644,348</b>
<b>Net Surplus/ (Deficit)</b>	<b>Note 4</b>	<b>1,893,210</b>	<b>375,557</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31st DECEMBER 2013**

	Ref	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Accounts Receivable		28,902	839,560
Diocesan Grant not drawn down in prior periods		105,701	81,634
Working Capital Advance to CPT	2 CPT	100,000	100,000
<b>Total Current Assets</b>		<b>234,603</b>	<b>1,021,194</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable		-	2,759
Diocesan Grant not drawn down in prior periods		105,701	81,635
<b>Total Liabilities</b>		<b>105,701</b>	<b>84,394</b>
<b>Net Current Assets</b>		<b>128,902</b>	<b>936,800</b>
<b>NON CURRENT ASSETS</b>			
<b>Investments</b>			
Mortgage (Cathedral Grammar School)		61,358	69,279
Mohaka Forest Fund	10 MF	3,036,000	2,392,000
Richards Estate Land (at Market Value)	3	466,666	1,380,000
Balanced Growth Fund	9 BGF	9,682,368	6,704,006
<b>Total Investments</b>		<b>13,246,392</b>	<b>10,545,286</b>
<b>Total Non Current Assets</b>		<b>13,246,392</b>	<b>10,545,286</b>
<b>Net Assets</b>		<b>13,375,294</b>	<b>11,482,082</b>
<b>EQUITY</b>			
Capital		10,374,648	9,403,846
Balanced Growth Fund Revaluation Reserve		678,312	393,628
Share Mohaka Forest Fund Revaluation		2,215,410	1,597,076
Revenue Reserve		106,924	87,532
<b>Closing Balance</b>		<b>13,375,294</b>	<b>11,482,082</b>

**CHURCH PROPERTY TRUSTEES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**BISHOPRIC ESTATE**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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	2013 \$	2012 \$
<b>INCOME</b>			
<b>Investment Income</b>			
Balanced Growth Fund Revaluation	9 BGF	245,594	263,553
Endowment & Fabric Fund	9 BGF	20,499	15,951
<b>Grants</b>		40,000	41,200
<b>Rent - Anglican Church House</b>		145	-
<b>Total Income</b>		<b>306,238</b>	<b>320,704</b>
<b>EXPENSES</b>			
<b>Expenses</b>		116,154	106,949
<b>Administration</b>		83,883	70,876
<b>Bishopric Estate Direct Costs</b>		<b>200,037</b>	<b>177,825</b>
<b>Net Surplus/ (Deficit)</b>	<b>Note 5</b>	<b>106,201</b>	<b>142,879</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31st DECEMBER 2013**

	Ref	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Sundry Debtors		1,641	2,782
<b>Total Current Assets</b>		<b>1,641</b>	<b>2,782</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable		27,296	21,526
Provision for Lambeth Conference	16	18,599	16,874
<b>Total Current Liabilities</b>		<b>45,895</b>	<b>38,401</b>
<b>Net Current Assets</b>		<b>(44,254)</b>	<b>(35,619)</b>
<b>NON CURRENT ASSETS</b>			
<b>Investments</b>			
Balanced Growth Fund	9 BGF	3,222,258	3,101,196
<b>Fixed Assets</b>		<b>3,222,258</b>	<b>3,101,196</b>
<b>Net Non Current Assets</b>		<b>-</b>	<b>6,225</b>
<b>Net Assets</b>		<b>3,178,004</b>	<b>3,071,803</b>
<b>EQUITY</b>			
Balance at 1 January 2013		3,071,803	2,928,924
Net Surplus/(Deficit)		106,201	142,879
<b>Closing Balance</b>		<b>3,178,004</b>	<b>3,071,803</b>

**CHURCH PROPERTY TRUSTEES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**DEAN & CHAPTER ESTATE**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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	2013 \$	2012 \$
<b>INCOME</b>			
Rent Rec'd Balance		62	-
Balanced Growth Fund	9 BGF	105,608	110,922
<b>Total Income</b>		<b>105,670</b>	<b>110,922</b>
<b>EXPENDITURE</b>			
Management Fees - CPT	21	3,120	2,974
General Expenses		54	-
Grant to Cathedral		52,000	52,000
<b>Total Expenditure</b>		<b>55,174</b>	<b>54,974</b>
<b>Net Surplus/( Deficit)</b>	<b>Note 6</b>	<b>50,496</b>	<b>55,948</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31st DECEMBER 2013**

	Ref	2013 \$	2012 \$
<b>NON CURRENT ASSETS</b>			
<b>Investments</b>			
Balanced Growth Fund	9 BGF	1,278,133	1,231,972
<b>Total Current Assets</b>		<b>1,278,133</b>	<b>1,231,972</b>
<b>Liabilities</b>			
Sundry Creditors		-	4,335
<b>Net Assets</b>		<b>1,278,133</b>	<b>1,227,637</b>
<b>EQUITY</b>			
Balance at 1 January 2013		1,227,637	1,171,689
Net Surplus/(Deficit)		50,496	55,948
<b>Closing Balance</b>		<b>1,278,133</b>	<b>1,227,637</b>

**CHURCH PROPERTY TRUSTEES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**BALANCED GROWTH FUND**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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	2013 \$	2012 \$
<b>INCOME</b>			
Revaluation of Investment Portfolio		1,675,966	1,852,078
Interest		7,474	26
Share Dividends		18,229	7,828
Unit Trust Distributions		11,487	1,784
<b>Total Income</b>		<b>1,713,156</b>	<b>1,861,716</b>
<b>EXPENSES</b>			
Interest - Advance Fixed Interest Fund			16,213
Interest - Advance Insurance Proceeds Fund		1,826	22,084
Management Fees - AMPCI		31,877	63,972
Management Fees - OnePath		24,147	32,138
Management Fees - Eriksens		12,068	-
Administration Fees - CPT	21	127,596	121,273
<b>Total Expenditure</b>		<b>197,513</b>	<b>255,681</b>
<b>Net Surplus/( Deficit)</b>	<b>Note 14</b>	<b>1,515,643</b>	<b>1,606,035</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31st DECEMBER 2013**

	Ref	2013 \$	2012 \$
<b>INVESTMENTS</b>			
AMPCI - Cash		277,096	4,080
AMPCI - Capital Global Multi Asset Fund		13,034,601	-
Aspiring Asset Management Ltd		2,945,366	-
Fixed Interest Fund	11 FIF	1,935,267	7,461,852
Brook Alpha Fund		2,575,035	-
Private Equity		453,735	-
Overseas & Other Equities		-	10,932,847
Undistributed Funds		11,610	-
<b>Total Investments</b>		<b>21,232,710</b>	<b>18,398,779</b>
<b>CURRENT LIABILITIES</b>			
Advance - Fixed Interest Fund	11 FIF	-	790,476
Parishes and other Anglican Organisations	17	7,049,951	6,571,129
General Trust Estate	6 GTE	9,682,368	6,704,006
Bishopric Estate	7 BE	3,222,258	3,101,196
Dean and Chapter Estate	8 DC	1,278,133	1,231,972
<b>Total Liabilities</b>		<b>21,232,710</b>	<b>18,398,779</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>

**CHURCH PROPERTY TRUSTEES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**MOHAKA FOREST FUND**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	Ref	2013 \$	2012 \$
<b>INCOME</b>			
Change in Value of Forest (Unrealised)		700,000	400,000
Expenses Recovery		27,898	37,402
<b>TOTAL INCOME</b>		<b>727,898</b>	<b>437,402</b>
<b>EXPENDITURE</b>			
Insurance		8,139	5,875
Management Fees - CPT	21	13,000	10,937
Management Fees - Forest Manager		3,271	17,274
Rates		3,489	3,315
<b>Total expenditure</b>		<b>27,898</b>	<b>37,402</b>
<b>Net Surplus/( Deficit)</b>	<b>Note 12</b>	<b>700,000</b>	<b>400,000</b>
<b>MOHAKA FOREST FUND ALLOCATIONS</b>			
<b>Investment Revaluation</b>			
General Trust Estate (92%)		644,000	368,000
Parish and other Anglican Organisations (8%)	17	56,000	32,000
<b>Total Allocations</b>		<b>700,000</b>	<b>400,000</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31st DECEMBER 2013**

	Ref	2013 \$	2012 \$
<b>NON CURRENT ASSETS</b>			
<b>Cost of Forest</b>			
Balance at beginning of the year		877,076	877,076
		<b>877,076</b>	<b>877,076</b>
<b>Revaluation</b>			
Balance at beginning of the year		1,722,924	1,322,924
General Trust Estate share of revaluation (92%)		644,000	368,000
Parish Investors share of revaluation (8%)	17	56,000	32,000
		<b>2,422,924</b>	<b>1,722,924</b>
<b>Total Non Current Assets</b>		<b>3,300,000</b>	<b>2,600,000</b>
<b>Net Assets</b>		<b>3,300,000</b>	<b>2,600,000</b>
<b>LIABILITIES</b>			
General Trust Estate (92%)	6 GTE	3,036,000	2,392,000
Parish Investors (8%)	17	264,000	208,000
		<b>3,300,000</b>	<b>2,600,000</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>

**CHURCH PROPERTY TRUSTEES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**FIXED INTEREST FUND**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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	2013 \$	2012 \$
<b>INCOME</b>			
Interest - Short Term Deposits		73,284	116,642
Interest - EPB		3,558	-
Interest - Loans and Mortgages		47,364	62,387
Interest - Advance Balanced Growth Fund		-	16,213
Revaluation of AMPCI Portfolio		435,734	1,172,540
<b>Total Income</b>		<b>559,939</b>	<b>1,367,783</b>
<b>EXPENDITURE</b>			
Management Fee - AMPCI		38,311	70,340
Management Fee - CPT	21	296,178	212,800
Interest Paid to Investors	17	1,217,024	1,418,738
Computer Expenses		-	1,869
<b>Total Expenditure</b>		<b>1,551,512</b>	<b>1,703,747</b>
<b>Net Operating Surplus/(Deficit) taken to Reserve Fund</b>	<b>Note 15</b>	<b>(991,573)</b>	<b>(335,964)</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31st DECEMBER 2013**

	Ref	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Accounts Receivable		130,687	483,973
Advance - Diocesan Cash flow		45	562
Advance - Balanced Growth Fund	9 BGF	-	790,476
Advance - Insurance Proceeds Fund		228,474	-
Advance -Reserve Fund	12 RF	991,573	305,922
Advance -Parish Work in Progress - Earthquake Prone Buildings		103,840	-
Cash Call Accounts		2,817,837	776,347
Reserve Fund		889,055	1,794,240
<b>Total Current Assets</b>		<b>5,161,511</b>	<b>4,151,521</b>
<b>Investments</b>			
AMPCI NZ Cash Fund		17,974	17,425
AMPCI Fixed Interest Fund		-	11,343,495
AMPCI Short Duration Fund		21,838,348	10,304,406
<b>Total Investments</b>		<b>21,856,322</b>	<b>21,665,326</b>
<b>Total Current Assets</b>		<b>27,017,834</b>	<b>24,022,607</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable		107,736	163,533
Advance - Balanced Growth Fund	9 BGF	1,935,267	-
Advance - CPT	2 CPT	26,900	26,721
Parishes and other Anglican Organisations		24,848,338	23,303,243
Reserve Fund		889,055	1,794,240
<b>Total Current Liabilities</b>		<b>27,807,295</b>	<b>25,287,736</b>
<b>Net Current Assets</b>		<b>(789,462)</b>	<b>(1,052,792)</b>
<b>NON CURRENT ASSETS</b>			
<b>Investments</b>			
Mortgages		789,462	1,052,792
<b>Net Assets</b>		<b>-</b>	<b>-</b>

**CHURCH PROPERTY TRUSTEES**  
**NOTES TO THE FINANCIAL STATEMENTS]**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**RESERVE FUND**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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	2013 \$	2012 \$
<b>INCOME</b>			
Interest		86,388	91,080
<b>Total Income</b>		<b>86,388</b>	<b>91,080</b>
		-	
<b>EXPENDITURE</b>			
Brokerage		-	784
<b>Total Expenditure</b>		<b>-</b>	<b>784</b>
Net Surplus/(Deficit) transferred from Fixed Interest Fund	11 FIF	(991,573)	(335,964)
<b>Net Operating Surplus/(Deficit)</b>	<b>Note 15</b>	<b>(905,185)</b>	<b>(245,668)</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31st DECEMBER 2013**

	Ref	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
ANZ Bank Call Account		91,450	352,016
Fixed Interest Fund Investment		458,668	436,636
Fixed Interest Fund		-	30,043
Accrued Interest		4,781	6,280
<b>Net Current Assets</b>		<b>554,899</b>	<b>824,975</b>
<b>NON CURRENT ASSETS</b>			
<b>Investments</b>			
NZ Government Stock - Maturity Date 15/02/2016		495,185	495,185
Rabobank Bond - Maturity Date 16/05/2018		310,044	310,044
Term Deposit - Maturity Date 19/11/2014		520,500	500,000
<b>Total Investments</b>		<b>1,325,729</b>	<b>1,305,229</b>
Net Surplus/(Deficit) to be Transferred to/from FIF		(991,573)	(335,964)
<b>Net Assets</b>		<b>889,055</b>	<b>1,794,240</b>
<b>EQUITY</b>			
Balance at 1 January 2013		1,794,240	2,039,908
Net Surplus/(Deficit)		(905,185)	(245,668)
<b>Closing Balance</b>		<b>889,055</b>	<b>1,794,240</b>
<b>LIABILITIES</b>			
FIF Reserve	11 FIF'	889,055	1,794,240
		<b>889,055</b>	<b>1,794,240</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>

**CHURCH PROPERTY TRUSTEES**  
NOTES TO THE FINANCIAL STATEMENTS  
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**INSURANCE PROCEEDS FUND**  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 DECEMBER 2013

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	2013 \$	2012 \$
<b>INCOME</b>			
Revaluation of investment portfolio		1,741,226	1,980,732
Interest		68,701	65,782
<b>Total Income</b>		<b>1,809,927</b>	<b>2,046,514</b>
<b>EXPENSES</b>			
CPT Management Fees	21	336,672	232,238
Management Fees - AMP		69,211	99,044
<b>Total Expenditure</b>		<b>405,883</b>	<b>331,282</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>Note 22</b>	<b>1,404,045</b>	<b>1,715,232</b>

**STATEMENT OF FINANCIAL POSITION**  
AS AT 31st DECEMBER 2013

	Ref	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Bank		1,766,667	295,523
Debtors		57,941	2,894,161
2012 Parish Insurance Premium Balance		1,101,877	1,101,877
WIP Design Guidelines		-	101,513
WIP Capital Buildings		13,415,377	10,011,006
Advance - Fixed Interest Fund		-	1,581,903
<b>Total Current Assets</b>		<b>16,341,861</b>	<b>15,985,983</b>
<b>CURRENT LIABILITIES</b>			
Creditors		-	970,746
Parish 2012 Insurance Goodwill Offering		241,242	216,506
Parishes Insurance Proceeds		38,861,400	44,962,385
Work in Progress - Design Guidelines		-	101,513
Work in Progress - Capital Buildings		13,415,377	10,011,006
Fixed Interest Fund	11 FIF	228,474	-
Increase In Value of Assets to Diocese		1,404,045	1,715,232
<b>Net Current Liability</b>		<b>54,150,538</b>	<b>57,977,388</b>
<b>INVESTMENTS</b>			
AMPCI - Cash		-	20,861,665
AMPCI - Capital Global Multi Asset Fund		10,001,197	-
AMPCI - Overseas & Other Investments		-	14,798,157
AMPCI - Fixed Interest (Short Duration)		11,272,291	6,331,583
IPF Brook Income Fund		4,024,580	-
IPF Harbour Short Duration		12,510,609	-
<b>Total Investments</b>		<b>37,808,677</b>	<b>41,991,406</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>

CHURCH PROPERTY TRUSTEES  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 31 DECEMBER 2013

**3. PROPERTY VALUATIONS (Page 6 GTE)**

Property	Owned By	Date of Valuation	Valuer	Basis of Valuation	Valuation 2013 (\$)	Valuation 2012 (\$)
Richards Estate Properties	General Trust Estate	Feb-13	Fiona Stewart B.Prop.ANZIV SPINZ	Market	466,667	1,380,000

The land value has been changed with a new valuation dated 27<sup>th</sup> February 2013.  
 Note: Received since the 31<sup>st</sup> December 2012 – CERA payment for the sale of Colombo St land.

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 \$388,718 (2012: \$457,982)

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.

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 \$40,000 (2012: \$41,000)

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.

CHURCH PROPERTY TRUSTEES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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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 (2012: \$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 \$113,962 (2012 \$141,860).

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 2013, 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 2013, 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 2013, 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 2013 except for those related to earthquake damage noted below.

### Liabilities

ANZ Visa Card Limit \$5,000 (2012: \$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.

## 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 2013 was \$44. (2012: \$562)

**CHURCH PROPERTY TRUSTEES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Wynn Williams

Jeremy Johnson of Wynn Williams, an entity which provided legal services to the Church Property Trustees to the value of \$492,294 (2012: \$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 \$2,242 (2012: \$2,812) is a member of the Board of Trustees. The transactions were at an arms length basis.

Deloitte

Steven Wakefield, Partner at Deloitte, an entity which provided services to Church Property Trustees to the value of \$150,218 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
2013	6,769
<b>Total</b>	<b>25,010</b>

Carbon Values 2013

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	\$644,000
Less Expenses	\$25,666
Change in Equity	\$618,334

**13. CASH AND DEPOSITS**

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
ANZ - Cheque	2,813,476	772,123
ANZ Bank - Call	1,766,667	295,522
ANZ - Reserve Fund Call	91,450	788,652
RaboDirect - Call	4,359	4,223
<b>Total Cash and Deposits</b>	<b>4,675,952</b>	<b>1,860,520</b>

#### 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 Eriksen & Associates and concluded that the investment strategy recommended by the SIPO would enable investment objectives to be met over the long-term.

##### 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 bench marked against the ANZ Bank twelve month term deposit rate for deposits \$250,000 and over:

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
FIF	6.00%	6.00%	6.00%	5.50%	5.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.00%	4.00%
ANZ	4.20%	4.20%	4.10%	4.10%	4.10%	4.00%	4.00%	4.00%	3.85%	3.85%	3.85%	3.95%

##### 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 \$889,055 (2012: \$1,794,240).

#### 16. PROVISIONS

	2013 \$	2012 \$
Lambeth Travel Fund	18,599	16,874
Insurance Valuation Fund	19,990	19,992
<b>Total Provisions</b>	<b>38,589</b>	<b>36,866</b>

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.

CHURCH PROPERTY TRUSTEES  
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Valuation of parish property for insurance purposes occurs on a four year cycle. The last round of valuations was completed 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. As at 31<sup>st</sup> December 2013 no invoice had been received for the 2013 valuations and the cost will be included in the 2014 Annual Accounts.

**17. PARISHES AND OTHER ANGLICAN ORGANISATIONS**

Investments

	<b>2013</b>	<b>2012</b>
	\$	\$
Fixed Interest Fund	24,848,338	23,303,243
Balanced Growth Fund	7,049,951	6,571,129
Mohaka Forest Fund	264,000	208,000
<b>Total</b>	<b>32,162,289</b>	<b>30,082,372</b>

Reconciliation of Movement in Parishes and Other Anglican Organisations Holdings

	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Movement in Holdings</b>		
Fixed Interest Fund	1,545,095	1,757,362
Balanced Growth Fund	478,822	226,926
Mohaka Forest Fund	56,000	32,000
<b>Total Increase in Holdings</b>	<b>2,079,917</b>	<b>2,016,288</b>
<b>REPRESENTED BY:</b>		
<b>INCOME</b>		
Fixed Interest Fund - Interest	1,217,024	1,418,738
Balanced Growth Fund - Revaluation	559,666	591,315
Mohaka Forest - Revaluation	56,000	32,000
<b>Total Income</b>	<b>1,832,690</b>	<b>2,042,053</b>
<b>EXPENSES</b>		
Mohaka Forest Operating Expenses	2,232	2,992
<b>Total Expenses</b>	<b>2,232</b>	<b>2,992</b>
<b>Net Surplus</b>	<b>1,830,458</b>	<b>2,039,061</b>
<b>NET CASH DEPOSITED/(WITHDRAWN)</b>		
Fixed Interest Fund	328,071	338,624
Balanced Growth Fund	(80,844)	(364,389)
Mohaka Forest Fund	2,232	2,992
<b>TOTAL CASH MOVEMENT</b>	<b>249,459</b>	<b>(22,773)</b>
<b>Total Increase in Holdings</b>	<b>2,079,917</b>	<b>2,016,288</b>

## 18. FIXED ASSETS

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

2013					2012			
Asset Category	Cost	DEPN	Accum Depn	2013 Book Value	Cost	DEPN	Accum Depn	2012 Book Value
Archive Shelving	5,986	1,376	2,750	3,236	5,986	1,374	1,373	4,612
<b>Total</b>	<b>5,986</b>	<b>1,376</b>	<b>2,750</b>	<b>3,236</b>	<b>5,986</b>	<b>1,374</b>	<b>1,373</b>	<b>4,612</b>

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

2013					2012			
Asset Category	Cost	DEPN	Accum Depn	2013 Book Value	Cost	DEPN	Accum Depn	2012 Book Value
Furniture & Fittings	44,990	4,242	44,990	0	44,990	745	34,763	4,242
Bishop's Seal	1,430	798	1,430	0	1,430	143	632	798
Office Equipment	2,947	1,185	2,947	0	2,947	738	1,763	1,185
<b>Total</b>	<b>49,367</b>	<b>6,225</b>	<b>49,367</b>	<b>0</b>	<b>49,367</b>	<b>1,626</b>	<b>37,158</b>	<b>6,225</b>

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	-	15,150	15,150
Storage	105,062	175,105	280,167
<b>Total</b>	<b>105,062</b>	<b>190,255</b>	<b>295,317</b>

CHURCH PROPERTY TRUSTEES  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 31 DECEMBER 2013

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**20. CPT (Pages 1 CPT & 2 CPT)**

CPT Net operating surplus/deficit is stated after charging:

	2013 \$	2012 \$
Building and Parking	43,686	24,941
Audit Fees	10,000	10,000
Depreciation	1,375	3,912
<b>Total</b>	<b>55,061</b>	<b>38,853</b>

**21. CPT MANAGEMENT FEES**

<b>Estate Management Fees</b>	2013	2012
General Trust Estate	28,696	27,621
Bishopric Estate	15,538	14,764
Dean and Chapter Estate	3,120	2,974
<b>Investment Fund Management Fees</b>		
Balanced Growth Fund	127,595	121,273
Fixed Interest Fund	296,178	212,800
Insurance Proceeds Fund	336,672	232,238
Mohaka Forest Fund	13,000	10,937
<b>Total</b>	<b>820,799</b>	<b>622,607</b>

**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.

Insurance Proceeds and Expenses

At balance date all material insurance proceeds and related expenditure were reported in the financial statements.

At the date of writing, the ACS Global Settlement has been agreed and the monies received.

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.

**CHURCH PROPERTY TRUSTEES**  
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The Christchurch Cathedral suffered significant damage in the earthquakes, resulting in insurance payments of approximately \$41m. 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 have resolved to replace the damaged cathedral with a contemporary cathedral.

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 at least 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 on July 2012 the Court of Appeal provided a judgment clarifying the terms of the Cathedral Trust, and the Supreme Court declined an application for leave to appeal that decision. However, the Trustees remain subject to a stay preventing them from taking further action to deconstruct the Cathedral.

The Trustees have reported back to the High Court regarding its preference for the construction of a contemporary cathedral. The High Court has yet to discharge the stay but a hearing has been scheduled for 29 April 2014 on the Trustees' application for the stay to be discharged. Costs have been sought by both parties. 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. In April 2013 The High Court has found that the act was unlawful. The Trustees have committed to refunding any moneys taken from the Cathedral Trust and so have opted to discontinue the application made by them for relief as well as to apply to the Court for directions as to the basis on which insurances proceeds paid out under the contents policy are held. A hearing was held on 29 April 2014 to consider the application by the Trustees to amend its claim and is now subject to a further hearing as to the matter of relief.

## **23. LAND AND BUILDINGS**

### Diocesan Land & Buildings

The 2013 annual accounts record the land and buildings held on trust for the first time. They are included at the most recent Rateable Valuation available from the relevant Local Territorial Authority. No comparative information is available.

Land and buildings are not depreciated, rather included at their rateable value.

A full valuation in compliance with NZ IAS16 was not undertaken because of cost constraints – the costs involved in obtaining valuations solely for financial reporting purposes on an ongoing basis would outweigh any benefit derived by the readers of these financial statements.

A breakdown of the land and buildings held on trust can be seen in Note 2, Page 5.

**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 22, which comprise the statement of financial position as at 31 December 2013, 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***Valuation of forest*

As explained in the accounting policies, the forest is recorded at its latest rateable valuation. This is a departure from Statement of Standard Accounting Practice (SSAP) 17 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. As there has been no determination of the net current value, the financial effect of this departure cannot be determined.

*Valuation of diocesan land and buildings held on trust*

As explained in Note 23, the diocesan land and buildings held on trust are recorded at their latest rateable valuation. Financial Reporting Standard (FRS) 3 Property, Plant and Equipment requires land and buildings to be valued at their fair value as determined by a registered valuer. The Trustees have not stated land and buildings at fair value, which constitutes a departure from FRS 3.

As there has been no determination of the fair value of those land and buildings stated at rateable value the financial effect of this departure cannot be determined.

*Depreciation of diocesan buildings held on trust*

As explained in Note 23, the diocesan buildings held on trust are not depreciated. Financial Reporting Standard (FRS) 3 Property, Plant and Equipment requires buildings to be depreciated over their useful life based on their revalued amount. The Trustees have not depreciated buildings, which constitutes a departure from FRS 3. As there has been no determination of the depreciation, the financial effect of this departure cannot be determined.

*Investment properties held on trust*

There are some investment properties included within the diocesan land and buildings held on trust. As explained in Note 23, the diocesan land and buildings held on trust are recorded at their latest rateable valuation. This is a departure from Statement of Standard Accounting Practice (SSAP) 17 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. As there has been no determination of the level of investment properties or their net current value, the financial effect of this departure cannot be determined.

*Comparative figure for diocesan land and buildings held on trust*

As explained in Note 23, the diocesan land and buildings held on trust have been included for the first time with no comparative disclosed. Financial Reporting Standard (FRS) 2 Presentation of Financial Reports requires comparative figures to be given for all items in the financial statements. The Trustees have not disclosed the comparative figure for diocesan land and buildings held on trust, which constitutes a departure from FRS 2. As there has been no determination of the comparative value, the financial effect of this departure cannot be determined.

In these respects alone, we have not obtained all the information and explanations that we have required to form an opinion on the statement of financial position.

**Qualified Opinion on Financial Position**

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph the financial statements on pages 1CPT to 22:

- 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 2013 and of its financial performance for the year then ended.

*BDO Christchurch*

BDO Christchurch

1 May 2014

Christchurch  
New Zealand