

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
FOR THE YEAR ENDED 31 DECEMBER 2014

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
CONTENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	PAGE
<u>ESTATES</u>	
General Trust Estate	
Statement of Financial Performance	<u>1 GTE</u>
Statement of Financial Position	<u>1 GTE</u>
Bishopric Estate	
Statement of Financial Performance	<u>2 BE</u>
Statement of Financial Position	<u>2 BE</u>
Dean and Chapter Estate	
Statement of Financial Performance	<u>3 DC</u>
Statement of Financial Position	<u>3 DC</u>
<u>INVESTMENT FUND REPORTS</u>	
Balanced Growth Fund	
Statement of Financial Performance	<u>4 BGF</u>
Statement of Financial Position	<u>4 BGF</u>
Mohaka Forest Fund	
Statement of Financial Performance	<u>5 MF</u>
Statement of Financial Position	<u>5 MF</u>
Fixed Income Fund	
Statement of Financial Performance	<u>6 FIF</u>
Statement of Financial Position	<u>6 FIF</u>
Reserve Fund	
Statement of Financial Performance	<u>7 RF</u>
Statement of Financial Position	<u>7 RF</u>
Insurance Proceeds Fund	
Statement of Financial Performance	<u>8 IPF</u>
Statement of Financial Position	<u>8 IPF</u>
Cathedral Insurance Proceeds Fund	
Statement of Financial Performance	<u>9 CIPE</u>
Statement of Financial Position	<u>9 CIPE</u>
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	10-18

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
FOR THE YEAR ENDED 31 DECEMBER 2014

Trustee 

Trustee 

Date 

**GENERAL TRUST ESTATE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Investment Income			
Interest - Mortgage		18,214	4,156
Parish Donations		1,500,000	-
Balanced Growth Fund		477,582	584,277
Sundry Income		46,824	-
Investment Revaluations		(46,001)	380,666
Insurance Proceeds - Richards Estate		-	1,528,162
Total Income		1,996,619	2,497,261
EXPENDITURE			
Management Fee - CPT	Note 18	33,620	28,696
Property Management Costs		155,468	151,693
Mohaka Forest Expenses		33,361	25,666
General Expenses		496	9,277
Donation - Transitional Cathedral		4,276,371	-
Grant Diocese of Christchurch	Note 4	434,414	388,718
Total Expenditure		4,933,730	604,051
Net Surplus/ (Deficit)		(2,937,111)	1,893,210

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	NOTE/PAGE	2014 \$	2013 \$
CURRENT ASSETS			
Accounts Receivable		43,273	28,902
Diocesan Grant Paid in Advance		36,065	-
GTE Parish Insurance Balance		97,240	-
Properties Managed on Behalf of Diocese		7,772	-
Working Capital Advance to CPT		-	100,000
Total Current Assets		184,350	128,902
CURRENT LIABILITIES			
Accounts Payable		5,470	-
Provision for Valuations		10,170	-
Properties Managed on Behalf of Diocese		7,668	-
Total Liabilities		23,308	-
Net Current Assets		161,042	128,902
NON CURRENT ASSETS			
Investments			
Mortgage (Cathedral Grammar School)		53,198	61,358
Mohaka Forest Fund	5 MF	2,990,000	3,036,000
Richards Estate Land (at Market Value)		466,666	466,666
Balanced Growth Fund	4 BGF	6,567,276	9,682,368
CPT Cashflow Advance		200,000	-
Total Investments		10,277,140	13,246,392
Total Non Current Assets		10,277,140	13,246,392
Net Assets		10,438,182	13,375,294
EQUITY			
Capital		7,397,832	10,374,648
Balanced Growth Fund Revaluation Reserve		849,940	678,312
Share Mohaka Forest Fund Revaluation		2,138,436	2,215,410
Retained Earnings		51,974	106,924
Closing Balance		10,438,182	13,375,294

BISHOPRIC ESTATE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014

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 under the An

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Investment Income			
Balanced Growth Fund Revaluation		247,343	245,594
Endowment & Fabric Fund		17,832	20,499
Grants	Note 5	10,000	40,000
Donation		-	145
Total Income		<u>275,175</u>	<u>306,238</u>
EXPENSES			
Expenses			
Management Fee - CPT	Note 18	110,757	116,154
Administration		9,502	15,538
		65,544	68,345
Bishopric Estate Direct Costs		<u>185,803</u>	<u>200,037</u>
Net Surplus		<u>89,372</u>	<u>106,201</u>

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE/PAGE	2014 \$	2013 \$
CURRENT ASSETS			
Sundry Debtors		3,716	1,642
Total Current Assets		<u>3,716</u>	<u>1,642</u>
CURRENT LIABILITIES			
Accounts Payable		30,782	27,296
Provision for Lambeth Conference	Note 16	20,325	18,599
Total Current Liabilities		<u>51,107</u>	<u>45,895</u>
Net Current Assets		<u>(47,391)</u>	<u>(44,253)</u>
NON CURRENT ASSETS			
Investments			
Balanced Growth Fund	4 BGF	3,314,767	3,222,258
Fixed Assets		<u>3,314,767</u>	<u>3,222,258</u>
Net Non Current Assets		<u>-</u>	<u>-</u>
Net Assets		<u>3,267,376</u>	<u>3,178,004</u>
EQUITY			
Opening Balance	Note 5	3,178,004	3,071,803
Net Surplus/(Deficit)		89,372	106,201
Closing Balance		<u>3,267,376</u>	<u>3,178,004</u>

DEAN & CHAPTER ESTATE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014

CPT holds the Dean and Chapter Estate on trust to provide, amongst other things, housing and a stipend for the Dean of Christchurch. Anglican (Diocese of Christchurch) Church Property Trust Act 2003, Part 3, Sections 17-19.

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Rent Rec'd Balance		-	62
Balanced Growth Fund		106,016	105,608
Total Income		106,016	105,670
EXPENDITURE			
Management Fees - CPT	Note 18	3,836	3,120
General Expenses		-	54
Grant to Cathedral Chapter	Note 6	52,000	52,000
Total Expenditure		55,836	55,174
Net Surplus	Note 6	50,180	50,496

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE/PAGE	2014 \$	2013 \$
NON CURRENT ASSETS			
Investments			
Balanced Growth Fund	4 BGF	1,328,313	1,278,133
Total Current Assets		1,328,313	1,278,133
Net Assets		1,328,313	1,278,133
EQUITY			
Opening Balance		1,278,133	1,227,637
Net Surplus/(Deficit)		50,180	50,496
Closing Balance	Note 6	1,328,313	1,278,133

BALANCED GROWTH FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014

Distributions from the Balanced Growth Fund (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.

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Revaluation of Investment Portfolio		1,548,816	1,675,966
Interest		35,991	7,474
Share Dividends		8,997	18,229
Unit Trust Distributions		<u>14,446</u>	<u>11,487</u>
Total Income		1,608,250	1,713,156
EXPENSES			
Interest - Advance Insurance Proceeds Fund		-	1,826
Management Fees - AMPCI		-	31,877
Management Fees - OnePath		-	24,147
Management Fees - External		12,166	12,068
Administration Fees - CPT	Note 18	<u>104,938</u>	<u>127,596</u>
Total Expenditure		117,104	197,513
Net Surplus Allocated to Investors	Note 14	1,491,146	1,515,643

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE/PAGE	2014 \$	2013 \$
INVESTMENTS			
Cash		764,171	277,096
AMPCI - Capital Global Multi Asset Fund		12,548,101	13,034,601
Aspiring Asset Management Ltd		3,087,490	2,945,366
Fixed Income Fund		-	1,935,267
Mint Asset Management		2,180,470	-
Milford Asset Management		584,748	-
Brook Alpha Fund		-	2,575,035
Private Equity		567,590	453,735
Undistributed Funds		-	11,610
Total Investments		19,732,570	21,232,710
CURRENT LIABILITIES			
Sundry Creditors		44,968	-
Parishes and other Anglican Organisations	Note 17	8,477,246	7,049,951
General Trust Estate	1 GTE	6,567,276	9,682,368
Bishopric Estate	2 BE	3,314,767	3,222,258
Dean and Chapter Estate	3 DC	<u>1,328,313</u>	<u>1,278,133</u>
Total Liabilities		19,732,570	21,232,710
Net Assets		-	-

MOHAKA FOREST FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Change in Value of Forest (Unrealised)		(50,000)	700,000
Expenses Recovery		33,667	27,898
TOTAL INCOME		(16,333)	727,898
EXPENDITURE			
Insurance		11,114	8,139
Management Fees - CPT	Note 18	12,500	13,000
Management Fees - Forest Manager		6,169	3,271
Rates		3,884	3,489
Total expenditure		33,667	27,898
Net Surplus/(Deficit)		(50,000)	700,000
MOHAKA FOREST FUND ALLOCATIONS			
Investment Revaluation			
General Trust Estate (92%)		(46,000)	644,000
Parish and other Anglican Organisations (8%)		(4,000)	56,000
Total Allocations		(50,000)	700,000

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE/PAGE	2014 \$	2013 \$
NON CURRENT ASSETS			
Cost of Forest			
Opening Balance		877,076	877,076
		877,076	877,076
Revaluation			
Opening Balance		2,422,924	1,722,924
General Trust Estate share of revaluation (92%)		(46,000)	644,000
Parish Investors share of revaluation (8%)		(4,000)	56,000
		2,372,924	2,422,924
Total Non Current Assets		3,250,000	3,300,000
Net Assets		3,250,000	3,300,000
LIABILITIES			
General Trust Estate (92%)	1 GTE	2,990,000	3,036,000
Parish Investors (8%)	Note 17	260,000	264,000
		3,250,000	3,300,000
Net Assets		-	-

FIXED INCOME FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014

The Fixed Income Fund (FIF) 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.

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Interest - Short Term Deposits		124,032	73,284
Interest - Loans and Mortgages		56,001	50,922
Revaluation of AMPCI Portfolio		1,646,993	435,734
Total Income		1,827,026	559,939
EXPENDITURE			
Management Fees - External		10,740	38,311
Administration Fee - CPT	Note 18	149,318	296,178
Interest Paid to Investors		1,108,016	1,217,024
Total Expenditure		1,268,074	1,551,512
Net Operating Surplus taken to Reserve Fund	7 RF	558,952	(991,573)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE/PAGE	2014 \$	2013 \$
CURRENT ASSETS			
Accounts Receivable		55,750	130,687
Advance - Diocesan Cash flow		-	45
Advance - Reserve Fund	7 RF	(558,952)	991,573
Advance - CPT	8 IPF	163,746	332,314
Cash Call Accounts		933,234	2,817,837
Term Deposits		1,545,266	-
Total Current Assets		2,139,044	4,272,456
Investments			
AMPCI NZ Cash Fund		-	17,974
AMPCI Fixed Interest Fund		9,660,357	-
AMPCI Short Duration Fund		5,726,114	21,838,348
AMP Multi Asset Fund		5,689,799	-
Harbour Income Fund		8,053,627	-
Total Investments		29,129,897	21,856,322
Total Current Assets		31,268,941	26,128,779
CURRENT LIABILITIES			
Accounts Payable		73,190	107,736
Advance - Balanced Growth Fund		-	1,935,267
Advance - CPT		-	26,900
Total Current Liabilities		73,190	2,069,902
Net Current Assets		31,195,751	24,058,876
NON CURRENT ASSETS			
Investments			
Mortgages		1,169,847	789,462
Investors Funds	Note 17	32,365,598	24,848,338

RESERVE FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014

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.

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Interest		40,580	86,388
Total Income		40,580	86,388
Net Surplus/(Deficit) transferred from Fixed Income Fund	6 FIF	558,952	(991,573)
Net Operating Surplus	Note 15	599,532	(905,969)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE/PAGE	2014 \$	2013 \$
CURRENT ASSETS			
ANZ Bank Call Account		123,997	91,450
Fixed Income Fund Investment		-	458,668
Net Surplus/(Deficit) to be Transferred to/from FIF	6 FIF	558,952	(991,573)
Fixed Interest Fund		409	4,781
Net Current Assets		683,358	(436,674)
NON CURRENT ASSETS			
Investments			
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
Total Investments		805,229	1,325,729
Net Assets		1,488,587	889,055
EQUITY			
Opening Balance		889,055	1,794,240
Net Surplus/(Deficit)		599,532	(905,185)
Closing Balance		1,488,587	889,055
LIABILITIES			
FIF Reserve		1,488,587	889,055
		1,488,587	889,055
Net Assets		-	-

INSURANCE PROCEEDS FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014

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.

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Revaluation of investment portfolio		1,785,604	1,741,226
Interest		607,123	68,701
Hedge Surplus/(Loss)		124,925	-
Total Income		2,517,652	1,809,927
EXPENSES			
Administration Fees - CPT	Note 18	218,525	336,672
Management Fees - External		10,380	69,211
Total Expenditure		228,905	405,883
Net Operating Surplus		2,288,747	1,404,045

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE/PAGE	2014 \$	2013 \$
CURRENT ASSETS			
Bank		1,664,959	1,766,667
Debtors		1,520,827	57,941
2012 Parish Insurance Premium Balance		-	1,101,877
GST Project WIP		200,949	-
WIP Capital Buildings	Note 20	24,276,847	13,415,377
Total Current Assets		27,663,582	16,341,861
INVESTMENTS			
AMPCI - Capital Global Multi Asset Fund		8,922,202	10,001,197
AMPCI - Fixed Interest (Short Duration)		10,420,114	11,272,291
IPF Brook Income Fund		-	4,024,580
IPF Harbour Short Duration		10,430,072	12,510,609
IPF Harbour Income Fund		9,616,023	-
Schroders RRF CPI+3.5%		5,155,568	-
Loan to CPT - Transitional Cathedral	Note 20	1,257,257	-
Total Investments		45,801,236	37,808,677
CURRENT LIABILITIES			
Creditors		425,228	-
Parish 2012 Insurance Goodwill Offering		-	241,242
Parishes Insurance Proceeds		45,052,994	1,145,237
Cathedral Insurance Proceeds		-	37,716,163
Work in Progress - Capital Buildings	Note 20	25,534,104	13,415,377
Fixed Income Fund Advance - Earthquake Prone Buildings WIP	6 FIF	163,746	228,474
Increase In Value of Assets		2,288,747	1,404,045
Net Current Liability		73,464,818	54,150,538
Net Assets		-	-

CATHEDRAL INSURANCE PROCEEDS FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2014

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. There are no comparatives as the Cathedral IPF funds were not transferred to a separate insurance proceeds fund until 2014. They had been accounted for separately within the IPF itself until that point.

	NOTE/PAGE	2014 \$	2013 \$
INCOME			
Revaluation of investment portfolio		1,690,720	-
Interest/ Dividends		578,645	-
Total Income		2,269,365	-
EXPENSES			
Administration Fee - CPT	Note 18	211,445	-
Management Fees - External		8,261	-
Total Expenditure		219,706	-
Net Operating Surplus		2,049,659	-

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE/PAGE	2014 \$	2013 \$
CURRENT ASSETS			
Bank		472,482	-
Debtors		113,243	-
Total Current Assets		585,725	-
INVESTMENTS			
AMPCI - Capital Global Multi Asset Fund		8,470,184	-
AMPCI - Fixed Interest (Short Duration)		8,237,083	-
CIPF Harbour Short Duration		5,821,814	-
CIPF Harbour Income Fund		11,664,299	-
Schroders RRF CPI+3.5%		5,733,639	-
Total Investments		39,927,019	-
CURRENT LIABILITIES			
Creditors		407,802	-
Cathedral Insurance Proceeds		38,055,283	-
Increase In Value of Assets		2,049,659	-
Net Current Liability		40,512,744	-
Net Assets		-	-

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements are special purpose financial statements that have been prepared to show only the income, expenditure, assets and liabilities of the estates and funds under management by Church Property Trustees. They do not include any of the income, expenditure, assets or liabilities belonging to Church Property Trustees itself. The Anglican (Diocese of Christchurch) Church Property Trust Act 2003, Section 34 requires the Church Property Trustees to report annually and provide access to an audited set of accounts to Standing Committee, Synod and investors. A set of audited financial statements of Church Property Trustees can be obtained from the Charities website.

The special purpose is to enable readers to gain more detail on the estates and funds than is available in the Church Property Trustees audited financial statements.

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)

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.

Goods and Services Tax

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

Taxation

The Anglican Diocesan entities are exempt from liability for income tax.

CHANGES TO ACCOUNTING POLICIES

All policies have been applied on a basis consistent with those used in previous year(s).

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. PROPERTY VALUATIONS (Page 6 GTE)

Property	Owned By	Date of Valuation	Valuer	Basis of Valuation	Valuation 2014 (\$)	Valuation 2013 (\$)
Richards Estate Land	General Trust Estate	Feb-13	Fiona Stewart B.Prop.ANZIV SPINZ	Market	466,667	466,667

Valuations completed by:
 Knight Frank Ltd
 F M STEWART
 B.Prop. ANZIV/SPINZ

4. GENERAL TRUST ESTATE (Page 1 GTE)

Background

The General Trust Estate is administered by Church Property Trustees. The Estate exists to support the financial needs of the Diocese of Christchurch.

Annual Grant Paid to Diocese \$434,414 (2013: \$388,718)

The General Trust Estate pays an annual grant (phased evenly by month) to the Diocese of Christchurch to assist with general operations. The value of the grant is determined based on Diocesan requirements and after taking into consideration inflation protection of 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.

GTE Gift to the Transitional Cathedral

The substantial drop in value of the GTE from \$13m to \$10m is due in large part to the gift of \$4.2m to the construction of the Transitional Cathedral.

5. BISHOPRIC ESTATE (Page 2 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 \$10,000 (2013: \$40,000)

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. The 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 3 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 the Cathedral Chapter \$52,000 (2013: \$52,000)

The Dean and Chapter Estate pays an annual grant (phased evenly by month) to the Cathedral Chapter towards the costs of the Dean. The value of the grant is determined based on Chapter's requirements and after taking into consideration inflation protection of 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 5 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 \$81,812 (2013 \$113,962).

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 2014, the shares were called up to 77 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 2014, the shares were called up to 30 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 2014, the shares were called up to 61 cents per share. The remaining 0.49 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. A reduction in equity payment was received in October reducing the share value to 0.45 as at 31 December 2014.

IPF Contracts

Contractor commitments exist as at 31 December to the value of \$54,228. These are retentions and a final progress payment.

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

8. CONTINGENCIES

Assets

There are no contingent assets outstanding as at 31 December 2014.

Liabilities

ANZ Visa Card Limit \$5,000 (2013: \$5,000).

Clergy Housing

The Bishopric and Dean & Chapter Estates are required to provide a suitable residence or housing allowance for the Bishop and Dean respectively. 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.

Hedging

The Trustees approved the purchase of \$AUS denominated investments during 2014. This was subject to suitable hedging being in place to remove currency movement from the calculation of value of the investment itself. This is as indicated in the SIPO.

10. CREDIT RISK

Financial instruments which potentially subject the investors 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

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.

When required, the General Trust Estate provides 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 2014 was \$0. (2013: \$44)

Explanation: Arms Length

The transactions were at an arms-length basis. This means that the person concerned played no part in the decision making that led to their firm being hired to perform any services.

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Wynn Williams

Jeremy Johnson, (the Diocesan Vice-Chancellor) of Wynn Williams, provided legal services to the Church Property Trustees on behalf of Funds and Estates to the value \$197,009 (2013: \$472,617). The transactions were at an arms-length basis. Additional work was commissioned by Church Property Trustees on behalf of Parishes for conveyancing and other matters regarding property. These invoices have been paid by the Parishes concerned and are approximately \$5,000.

Colliers International

Gary Sellars, (a member of the Board of Trustees) is Director of Colliers International, an entity which provided valuation services to the Church Property Trustees to the value of \$2,250. The transactions were at an arms-length basis. (2013: \$2,242)

Deloitte

Steven Wakefield, (a member of the Board of Trustees) is a Partner at Deloitte, an entity which provided services to Church Property Trustees to the value of \$286,149. The transactions were at an arms-length basis. (2013: \$150,218)

12. MOHAKA FOREST

Emissions Trading Scheme

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

2008	4,093
2009	4,393
2010	4,594
2011	5,161
2013	6,769
Total	25,010

Carbon Values 2014

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	-\$46,000
<u>Less Expenses</u>	<u>\$30,974</u>
Change in Equity	-\$76,974

13. CASH AND DEPOSITS

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

	2014	2013
	\$	\$
ANZ - Cheque	613,995	2,813,476
ANZ Bank - Call	3,517,629	1,766,667
ANZ - Reserve Fund Call	123,996	91,450
RaboDirect - Call	4,500	4,359
Total Cash and Deposits	4,260,120	4,675,952

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

14. BALANCED GROWTH FUND ("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 INCOME FUND ("FIF")

Distributions

Interest is credited to investors in the FIF quarterly. Interest rate reviews are conducted regularly by Church Property Trustees. The rate is set at a level to allow investors to receive a consistent income, with surplus income being transferred to the Reserve Fund to allow income smoothing when returns are lower. The following table shows interest rates paid to investors during the financial year and bench marked against the ANZ Bank 30 Day Term Deposit rate for deposits \$5,000 and over. All investments administered by the Church Property Trustees on behalf of investors are liquid and may be redeemed on 5 working days written notice.

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
FIF	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
ANZ	2.6%	2.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Reserve Fund

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 Income Fund
- (3) to replace losses of capital in the Fixed Income Fund

Capital in the Reserve Fund at year end was \$1,488,587 (2013: \$889,055).

16. PROVISIONS

	2014 \$	2013 \$
Lambeth Travel Fund	20,325	18,599
Insurance Valuation Fund	10,170	19,992
Total Provisions	30,495	36,591

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 last round of valuations was completed in 2013.

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

17. PARISHES AND OTHER ANGLICAN ORGANISATIONS

Investments

		2014	2013
		\$	\$
Balanced Growth Fund	4 BGF	8,477,246	7,049,951
Mohaka Forest Fund	5 MF	260,000	264,000
Fixed Income Fund	6 FIF	32,365,598	24,848,338
Total		41,102,844	32,162,289

Reconciliation of Movement in Parishes and Other Anglican Organisations Holdings

	2014	2013
	\$	\$
Movement in Holdings		
Fixed Income Fund	7,517,260	1,545,095
Balanced Growth Fund	1,427,295	478,822
Mohaka Forest Fund	-4,000	56,000
Total Increase in Holdings	8,940,555	2,079,917
REPRESENTED BY:		
INCOME		
Fixed Income Fund - Interest	1,108,016	1,217,024
Balanced Growth Fund - Revaluation	642,376	559,666
Mohaka Forest - Revaluation	-4,000	56,000
Total Income	1,746,392	1,832,690
EXPENSES		
Mohaka Forest Operating Expenses	2,693	2,232
Total Expenses	2,693	2,232
Net Surplus	1,743,699	1,830,458
NET CASH DEPOSITED/(WITHDRAWN)		
Fixed Income Fund	6,409,244	328,071
Balanced Growth Fund	784,919	-80,844
Mohaka Forest Fund	2,693	2,232
TOTAL CASH MOVEMENT	7,196,856	249,459
Total Increase in Holdings	8,940,555	2,079,917

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

18. CPT MANAGEMENT FEES

	2014	2013
	\$	\$
Estate Management Fees		
General Trust Estate	33,620	28,696
Bishopric Estate	9,502	15,538
Dean and Chapter Estate	3,836	3,120
Investment Fund Management Fees		
Balanced Growth Fund	104,938	127,596
Fixed Income Fund	149,318	296,178
Insurance Proceeds Fund	218,525	336,672
Cathedral Insurance Proceeds Fund	211,445	-
Mohaka Forest Fund	12,500	13,000
Total	743,684	820,800

In 2014 the Trustees reduced the CPT funds administration fees, providing further increase in value of the investment to filter back to investors. As an example the FIF administration fee was reduced from 1.2% (2013) to 0.55% (2014).

19. IMPACT OF THE CANTERBURY EARTHQUAKES

Church Buildings, (including Vicarages)

Buildings 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 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 up to \$11m.

A decision by the Trustees in 2012 to deconstruct the Cathedral was the subject of a legal challenge taken by the Great Christchurch Buildings Trust (GCBT). That proceeding ended during the 2014 year when the High Court lifted the stay preventing deconstruction of the Cathedral. Neither party sought costs in that proceeding.

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 refunded the monies

SPECIAL PURPOSE FINANCIAL STATEMENTS OF ESTATES AND FUNDS INVESTED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

taken from the Cathedral Trust by way of a payment from the General Trust Estate. A hearing as to what residual liability, if any exists, took place in April 2015.

At the same time the High Court considered the question of how insurance proceeds relating to the contents in the Cathedral are held and whether those proceeds need to be applied for the site or applied for the purposes of the Cathedral Chapter. The outcome of this case will also determine how the Church Property Trustees should have dealt with the insurance proceeds relating to the contents in other buildings.

20. TRANSITIONAL CATHEDRAL

The loan to CPT for construction of the Transitional Cathedral was previously recorded as an asset in WIP. Construction of the Transitional Cathedral has concluded and the loan is now recorded as such ie a loan.