

CHURCH PROPERTY TRUSTEES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



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FOR THE YEAR ENDED 31 DECEMBER 2015



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CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2015



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

| | Note | 2015 \$000 | 2014 \$000 Restated* |
|---|------|---------------|----------------------------|
| INCOME | | | |
| <u>Estates, Trusts, Funds and Facilities Management</u> | | | |
| Estate Management Fees | | 45 | 47 |
| Investment Fund Management Fees | | 783 | 697 |
| Other Income | | 237 | 295 |
| Total Income Estates, Trusts, Funds and Facilities Management | | 1,065 | 1,039 |
| <u>Earthquake Recovery Programme</u> | | | |
| Cost Recovery | 5 | 974 | 1,680 |
| Other Income | | 6 | 2 |
| Total Income Earthquake Recovery Programme | | 980 | 1,681 |
| TOTAL INCOME | | 2,045 | 2,720 |
| EXPENDITURE | | | |
| <u>Estates, Trusts, Funds and Facilities Management</u> | | | |
| Anglican Centre Costs | | 297 | 217 |
| Other Administration Expenditure | | 279 | 264 |
| Total Expenditure Estates, Trusts, Funds and Facilities Management | | 576 | 481 |
| <u>Earthquake Recovery Programme</u> | | | |
| Anglican Centre Costs | | 153 | 95 |
| Other Administration Expenditure | | 859 | 1,123 |
| Total Expenditure Earthquake Recovery Programme | | 1,012 | 1,218 |
| TOTAL EXPENDITURE | | 1,588 | 1,699 |
| <u>Net Operating Surplus</u> | 6,7 | 457 | 1,021 |

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer Note 11.

CHURCH PROPERTY TRUSTEES
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015



| | Note | 2015 \$000 | 2014 \$000 Restated * |
|--|------|---------------------|-----------------------------|
| ACCUMULATED FUNDS | | | |
| Opening Balance | | 620 | (400) |
| Net surplus for the year | | 457 | 1,021 |
| Transfer to Special Purpose Funds | 8 | (341) | - |
| Closing Balance | | 736 | 620 |
| SPECIAL PURPOSE FUNDS | | | |
| Earthquake Recovery Revenue Reserve | | | |
| Opening Balance | | - | - |
| Transfer from Accumulated Funds | 8 | 341 | - |
| Closing Balance | | 341 | - |
| <u>Total Equity</u> | | <u>1,078</u> | <u>620</u> |

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer Note 11.

CHURCH PROPERTY TRUSTEES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015



| | Note | 2015 \$000 | 2014 \$000 Restated * |
|----------------------------------|------|---------------|-----------------------------|
| EQUITY | | | |
| Accumulated Funds | | 736 | 620 |
| Special Purpose Funds | 8 | 341 | - |
| Total Equity | | 1,078 | 620 |
| CURRENT ASSETS | | | |
| Debtors | | 357 | 364 |
| ANZ Current Accounts | | 788 | 310 |
| Total Current Assets | | 1,144 | 674 |
| CURRENT LIABILITIES | | | |
| Creditors | | 67 | 56 |
| Total Current Liabilities | | 67 | 56 |
| Net Current Assets | | 1,078 | 618 |
| NON CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Archives Shelving | 9 | - | 2 |
| Total Fixed Assets | | - | 2 |
| Total Non Current Assets | | - | 2 |
| Net Assets | | 1,078 | 620 |

Trustee
S J Wakefield

Trustee
C G Murfitt

Date
7th July 2016

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer Note 11.

These statements are to be read in conjunction with the accompanying notes on pages 4 to 7 and the Independent Auditor's Report on page 8.

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

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

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 the Church Property Trustees Act 2003 and with old generally accepted accounting practice in New Zealand and applicable Financial Reporting Standards.

Measurement Base

The measurement base is historical cost.

Differential Reporting

The entity qualifies for differential reporting within the framework for Differential Reporting issued by the New Zealand Institute of Chartered Accounts 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 available differential reporting exemptions.

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

Church Property Trustees are registered as a charitable entity under the Charities Act 2015 which exempts the entity from liability for income tax.

Changes in Accounting Policies

There have been no changes in the above accounting policies. All policies have been applied on a basis consistent with those used in previous years.

2. CONTINGENCIES

Assets

There are no contingent assets outstanding as at 31 December 2015.

Liabilities

ANZ Visa Cards (3) Limit: \$10,000 (2014: \$10,000).

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. CREDIT RISK

Financial instruments which potentially subject the Church Property Trustees to credit risk principally consist of bank balances, debtors and creditors. The normal investor risks are associated with the different asset classes.

4. RELATED PARTIES

The Anglican Centre

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. The SLA cost allocations are agreed annually.

During 2014 the Anglican Centre Partnership repaid the capital advanced by Church Property Trustees when the partnership was formed. The value of the investment in the Anglican Centre is \$1.00.

Wynn Williams

Jeremy Johnson, (the Diocesan Chancellor) of Wynn Williams, provided legal services to Church Property Trustees to the value of \$22,590 (2014: \$25,454) The transactions were at an arms length basis.

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 \$38,777 (2014: \$92,128). The transactions were at an arms length basis.

Colliers International

Gary Sellars, (a member of the Board of Trustees) is a Director of Colliers International, an entity which provided valuation services to the Church Property Trustees to the value of \$5,232 (2014:\$14,420). The transactions were at an arms length basis.

5. COST RECOVERY

Cost recovery of 2010 – 2014 Church Property Trustees earthquake recovery expenses.

The insurance settlement allowed Church Property Trustees to recover direct expenses incurred in prior year's accounts.

Church Property Trustees Facilities cost recovery was \$100k. While salary expenses for the period 2010 – 2014 were more than \$100k, Church Property Trustees took the view that sufficient should be recovered only for the repayment of the loan from the General Trust Estate.

6. NET OPERATING SURPLUS

Church Property Trustees Net Operating Surplus is stated after charging:

| | 2015 | 2014 |
|-----------------|-----------|-----------|
| | \$000 | \$000 |
| Occupancy Costs | 57 | 69 |
| Audit Fees | 19 | 14 |
| Depreciation | 2 | 1 |
| | <u>78</u> | <u>84</u> |

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

7. CHURCH PROPERTY TRUSTEES SURPLUS

2015

The surplus of \$457k for 2015 was possible due to the size of the various investment portfolios managed by Church Property Trustees. As the Recovery project progresses, funds under management will run down as will the management fees levied on these funds.

2014

Part of the global insurance settlement included the additional expenses incurred by Church Property Trustees, to manage the increased workload, brought about by the series of earthquakes in Canterbury. During this time Church Property Trustees depleted its reserves and had to borrow from the General Trust Estate so that it could operate. The \$1.02million surplus has resulted from a one off recovery from the insurance proceeds for these expenses.

8. SPECIAL FUNDS

\$341k of the 2015 surplus has been set aside to be used at the discretion of Church Property Trustees to assist the Recovery programme in the future. A provision has not been booked in the accounts as generally accepted accounting practice does not allow for provisions of a general nature. This fund will be added to in the future if operating surpluses become available.

9. FIXED ASSETS

| Asset Category | 2015 \$000 | | | 2014 \$000 | | |
|------------------|---------------|-----------------------------|------------|---------------|-----------------------------|------------|
| | Cost | Accumulated Depreciation | Book Value | Cost | Accumulated Depreciation | Book Value |
| Archive Shelving | 6 | 6 | - | 6 | 4 | 2 |

10. OPERATING LEASE

Church Property Trustees has the following operating lease obligations for motor vehicles.

| | Within 12 Months \$000 | > 12 Months \$000 | Total \$000 |
|--------------------|---------------------------|----------------------|----------------|
| Motor Vehicles (2) | 12 | 7 | 19 |

11. PRIOR YEAR RESTATEMENT

A reclassification project has been undertaken to provide greater clarity around "ownership" of assets and liabilities. This project has resulted in reclassification of the following assets and liabilities:

Land and Buildings

Land and buildings have been removed from the accounts of Church Property Trustees. Land and buildings are now reported in the Land and Buildings Held in Trust special purpose financial statements of the Estates and Trusts Held and Administered by Church Property Trustees.

Transitional Cathedral Loan

The Transitional Cathedral loan has also been reclassified and removed from Church Property Trustees statement of Financial Position. It is now reported as an asset of the Insurance Proceeds Fund reported in the special purpose financial statements of Funds Held and Administered by Church Property Trustees where the funds were originally advanced from. The liability is to Land and Buildings Held in

CHURCH PROPERTY TRUSTEES
NOTES TO THE FINANCIAL STATEMENTS
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Trust reported in the special purpose financial statements of Estates and Trusts Held and Administered by Church Property Trustees.

Funds Held on Trust

Funds held on trust have been removed from the financial accounts of Church Property Trustees. These are reported in the collective special purpose financial statements entitled Funds Held and Administered by Church Property Trustees.

Comparatives have been adjusted to reflect the above changes.

Impact on Statement of Financial Position

| | Previously Reported 2014 \$000 | Adjustment 2014 \$000 | Restated Balance 2014 \$000 |
|--------------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| Assets | | | |
| Debtors | 395 | (31) | 364 |
| Land & Buildings Held on Trust | 148,965 | (148,965) | - |
| Funds Held on Trust | 171,603 | (171,603) | - |
| Net Impact | 320,963 | (320,599) | 364 |
| Liabilities | | | |
| Creditors | 96 | (40) | 56 |
| Transitional Cathedral Loan | 2,557 | (2,557) | - |
| Land & Buildings Held on Trust | 146,408 | (146,408) | - |
| Net Impact | 149,061 | (149,005) | 56 |

Impact on Statement of Financial Performance

| | Previously Reported 2014 \$000 | Adjustment 2014 \$000 | Restated Balance 2014 \$000 |
|----------------------------------|--------------------------------------|-----------------------------|-----------------------------------|
| Income | | | |
| Cost Recovery | 992 | 687 | 1,680 |
| Sundry Income | 197 | 100 | 297 |
| Net Impact | 1,189 | 787 | 1,976 |
| Expenditure | | | |
| Anglican Centre Costs | 562 | (250) | 312 |
| Other Administration Expenditure | 811 | 577 | 1,387 |
| Net Impact | 1,373 | 326 | 1,699 |

Impact on the Statement of Movements in Equity

| | Previously Reported 2014 \$000 | Adjustment 2014 \$000 | Restated Balance 2014 \$000 |
|--------------------------|--------------------------------------|-----------------------------|-----------------------------------|
| Accumulated Funds | | | |
| Opening Balance | 52 | (452) | (400) |
| Net Surplus | 559 | 461 | 1,021 |
| Net Impact | 611 | 9 | 620 |

Independent Auditor's Report

To the trustees of Church Property Trustees

Report on the Financial Statements

We have audited the financial statements of Church Property Trustees ("the body corporate") on pages 1 to 7, which comprise the statement of financial position of the body corporate as at 31 December 2015, statement of financial performance and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the trustees of the body corporate, as a body. Our audit has been undertaken so that we might state to the members of the body corporate those matters we are required to state to them in an auditor's 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 body corporate and the trustees of the body corporate, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as 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 the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the 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 we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

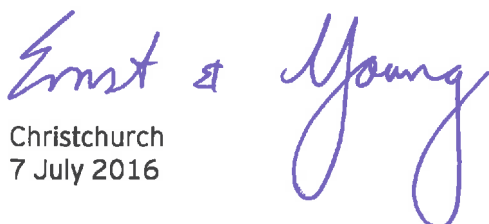
Other than in our capacity as auditor we have no relationship with, or interest in, the body corporate.

Opinion

In our opinion, the financial statements on pages 1 to 7 present fairly, in all material respects, the financial position of the body corporate as at 31 December 2015 and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Other Matter

The financial statements of the body corporate for the year ended 31 December 2014, were audited by another auditor who expressed a modified opinion on those financial statements on 4 June 2015. Their audit report included qualification in respect of the departure from FRS3 relating to land and buildings being recorded at latest rateable value; departure from FRS3 relating to buildings not being depreciated over their useful life; and departure from SSAP17 relating to investment properties and properties intended for sale being recorded at latest rateable value.



Christchurch
7 July 2016

